

Investigating Corporate Social Responsibility Perceptions for Sustainable Development

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ABSTRACT

The Sustainable Development Goals (SDGs) 2030 set by the United Nations have led governments across the globe to restructure their developmental policies and align their national agendas inline with the SDGs. Sustainable development can be achieved through collaborative efforts of governments and the Corporate and Corporate Social Responsibility (CSR) can play a pivotal role in attaining the SDGs. The recent legislative provision of CSR mandate as per New Companies Act 2013 is expected to generate huge financial corpus for socio-economic and developmental activities if implemented in true letter and spirit. Thus it is imperative to create awareness in present and future generations regarding CSR for its effective implementation and to ensure that CSR funds are utilised judiciously and appropriately. The study examined the level of perception of Business students towards CSR. A sample of 600 MBA 2nd year students were selected through random stratified sampling for gender and stream and their levels of perception towards CSR were studied by using PRESOR scale. The findings showed that majority of marketing male students have average or high level of perception towards CSR, while majority of marketing females have low levels. Whereas majority of finance males show average level of perception towards CSR, majority of finance females have average or high level of perception towards CSR. The findings also indicate that there is a substantial percentage of management students with low levels of perception that highlights the need to create awareness among management students so that they can become instrumental in the implementation of CSR mandate for development of the society at large.

KEY WORDS: CORPORATE SOCIAL RESPONSIBILITY, PERCEPTION, SUSTAINABLE DEVELOPMENT

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Received 10th June, 2019

Accepted after revision 20th Aug, 2019

BBRC Print ISSN: 0974-6455

Online ISSN: 2321-4007 CODEN: USA BBRCBA

Thomson Reuters ISI ESC / Clarivate Analytics USA



Crossref

Clarivate
Analytics

NAAS Journal Score 2019: 4.31 SJIF: 4.196

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Online Contents Available at: <http://www.bbrc.in/>

DOI: 10.21786/bbrc/12.3/33

INTRODUCTION

The coming years will be witnessing complexity, uncertainty and rapid change manifested in the form of a bewildering range of global issues like inequity, economic instability, climate change, loss of biodiversity and migration. A lot of efforts are being made across the globe to counter these challenges and the efforts can be fruitful only by targeting the achievement of sustainable development. Sustainable development is the development that aims at meeting the needs of the present situations without compromising on the ability of the future generations to meet their needs (WCED, 1987). It includes two key concepts, the concept of 'needs,' in particular that include the essential needs of the poor, that need to be prioritised and the idea of limitations that are imposed by the state of technology and by the social organization on the ability of the environment to meet present and future needs (Brundtland Report ,United Nations World Commission on Environment and Development). Sustainable development is a development that protects the environment, because a sustainable environment enables sustainable development (Duran et al., 2015).

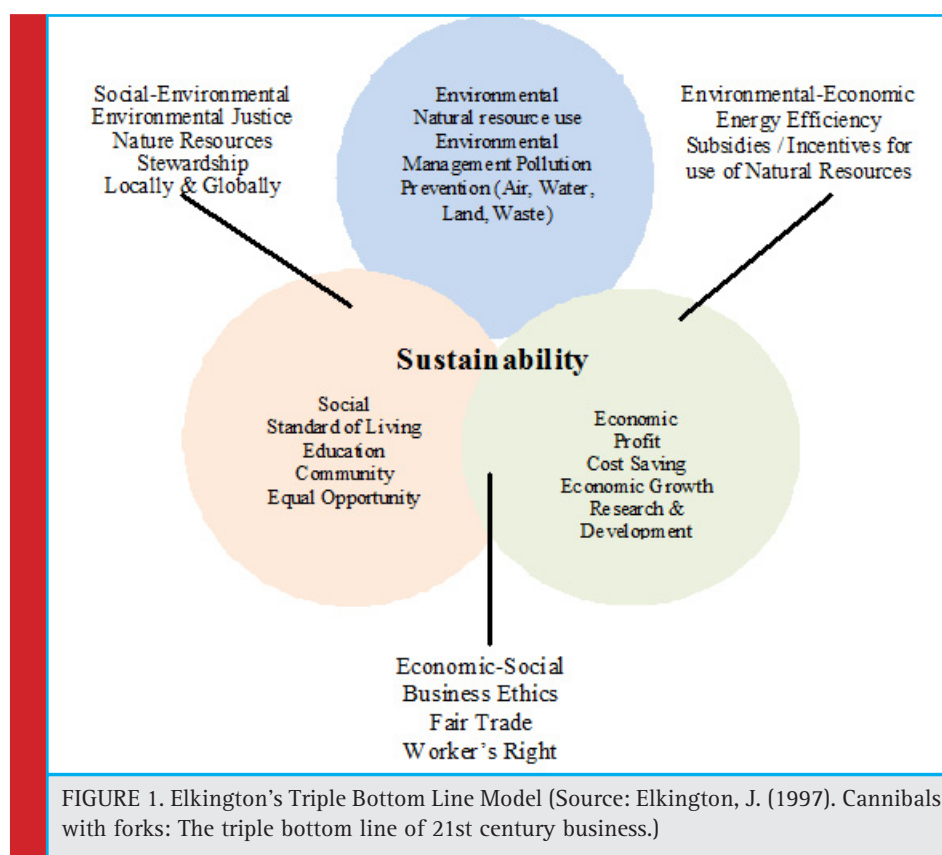
The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, seek to build on the Millennium Development Goals and provide a shared blueprint for bringing in peace and prosperity for people and the planet, now and in the future. The 17 Sustainable Development Goals (SDGs) aim at addressing the global challenges related to poverty, inequality, prosperity, peace, climate, environmental degradation and justice, are integrated and indivisible; and balance the three dimensions of sustainable development: the economic, social and environmental (Knowledge Platform, Sustainable Development Goals, U.N). Several strategies and plans have been adopted for sustainable development & management and many regulatory and incentive policies, standards and indicators for assessment and measurement have been applied (Klarin, 2018), the implementation of the concept significantly depends on the level of socio-economic development, availability of financial resources, technology, and largely on the diverse range of global socio-economic and political goals and interests (Drexhage & Murphy, 2010). The three key elements of the concept identified include the concept of development i.e socio-economic development keeping in view ecological constraints, the concept of needs i.e fair and equal distribution of resources to ensure quality of life for everyone and the concept of future generations i.e exploring ways of long-term usage of resources for required quality of life for coming generations (Klarin, 2018).

Though governments are making various efforts towards attainment of the SDGs, these efforts need to be supported by the community at large, specifically by the Corporate Business houses who can accelerate the process of development, develop and propagate processes to ensure sustainability of development. It has been recognized that private entities, apart from their profit making character, have a crucial role to play in preserving and protecting earth's natural resources and well being of communities (McElhaney 2009) Also, Business processes have both positive and negative impacts on society and the environment and it is the Social Responsibility of organizations to show transparent and ethical behaviour regarding the impacts of its actions on society and the environment, called as Corporate Social Responsibility (CSR). In a modern perspective, CSR is considered as a business model and approach to deal with developments in sustainability and related regulatory mandates in an integrated manner (Alhaddi 2015). Managing business segments alongside value chains in sustainability-oriented contexts demands strategy-driven and implementing momentum. Such sustainability strategies ensure long-term performance required to establish sustainability as determinant driver of innovation and business success, ultimately (Gerner, 2019).

CSR is the strategies adopted by a firm to conduct business in an ethical and society friendly way that is beneficial to society in terms of development. The term CSR has been in debate since 1950's and the concept has gradually evolved in meaning and in practice. The term first gained importance Bowen talked about the social responsibility of business in the 1950's. In the 1970's Friedman propagated the Stockholder Theory (only goal being profit maximization) that the only responsibility of Business is to be answerable to its shareholders and comply with the law. In 1980's Freeman argued that business is responsible towards all stakeholders and that interests of all stakeholders - Financers, customers, employees, suppliers and communities should be kept in harmony (Freeman, 1980).

Carroll's (1979, 1991) model defined CSR as the ways in which organizations can meet the economic, legal, ethical, and discretionary expectations of their stakeholders. Carroll (1998) described these as the four components of a corporate citizen, thus suggesting that socially responsible organizations need to meet society's needs as reflected by these four components.

In the 1990's the emerging theme of sustainability rose and in 1997, Elkington's Triple Bottom line model developed from the concept of sustainable development became popular and gained acceptance in academic and the business world. The model asserted companies to put people, planet and profit i.e social, environmental and economic aspects in a proper balance.



In the 2000's, CSR began to be viewed as a critical link between business strategies and sustainable development (Steurer et al. 2005). The triple bottom line captures the essence of sustainability for measuring impact of business activities on the environment, including both profitability and shareholder values with human, social and environmental capital (Savitz 2006). The Commission of the European Communities defined CSR as the responsibility of an enterprise for its impacts on society (2011).

There have been numerous changes in the area of CSR in the last few decades and governments and international bodies all over the world have taken various initiatives regarding its acceptance and implementation. A milestone step of the Indian Govt. in this direction was to make CSR spend mandatory as per in section 135 in The New Companies Act and India is perhaps among the leading nations to have made CSR legally mandatory. The Act directs companies (for a specified turnover /net worth / profit) to spend 2 % of their average net profits of last 3 financial years on CSR activities and report reasons in case of non compliance. The legislation has attached more importance to CSR and it is important to create awareness about CSR and its implementation (The Companies Act, 2013). The new provisions regarding Corporate Social Responsibility encompass around

20000 companies that will have to spend a particular amount on social and developmental activities.

Corporate Social Responsibility (CSR) is used as a synonym for referring to sustainability, responsible business conduct and human rights. Though different, they all address the responsibility of organisations for their impacts on society as defined by the European Commission in its 2011-2014 strategy on CSR. (EU Multi Stakeholder Forum on Corporate Social Responsibility, 2015). The global megatrends, such as population growth, urbanization and demographic change; resource scarcity and role of renewables; digitalization; climate change, and responsibility and compliance, represent many long-term opportunities and challenges for companies in the future. They also drive demands for sustainable solutions, new technologies and responsible business practices (UPM, 2017).

CSR and sustainability have gradually evolved over the past years and approaches such as shared value, the circular economy, caring economy, conscious capitalism and purpose economy have emerged and new initiatives and frameworks such as GRI, ISO, and UN-SDGs have been developed (Zu, 2019). The consolidation of the concept of Corporate Social Responsibility (CSR) in the business world has increased the demand and need for professionals who are qualified in competences for

responsible management. Sustainable development (at the three economic, social and environmental levels) largely depends on the responsible behaviour of organizations and educational institutions. The need of the hour is to study the perceptions of present generations towards CSR.

Perception towards Corporate Social Responsibility

There may be numerous factors determining socially responsible behaviour of individuals and the factor that is likely to have a significant impact on the inclination of business managers to be engaged in ethical and socially responsible behaviour is the extent to which they agree such behavior to be critical for success and survival of business. Singhapakdi et al. (1996) emphasised that the perceived importance of ethics and social responsibility to organizational effectiveness may be a key determinant of whether an ethical problem will even be perceived in a particular situation and whether it will be considered as a determinant of factors such as importance of stakeholders and deontological norms. Singhapakdi et al. (2001) assert that managers need to first perceive ethics and social responsibility as vital to organizational effectiveness before they behave in a way that will be more ethical and will reflect greater social responsibility. Thus, the perceived importance of ethics and social responsibility to organizational success is considered to be an important determinant of real business behaviour (Shafer, Fukukawa & Lee, 2007). Many scholars and practitioners acknowledge that decision-makers must incorporate ethical and social responsibility considerations in strategic decision-making processes (Velasquez, 1996; Shafer et al., 2007; Vitell et al., 2010).

Singhapakdi et al. (1996) developed a scale to measure perceptions of the importance i.e. perceived role of ethics and social responsibility (PRESOR) to organizational success. The original work represented PRESOR through three factors - social responsibility and profitability, long-term gains, and short-term gains, additional research identified only two factors - importance of ethics and social responsibility and subordination of ethics and social responsibility and the results also merged along two themes—stakeholder and shareholder views. The shareholder view is a narrow view of obligations of business emphasizing importance of organizational profitability and obligations only towards stockholders whereas stockholder view argues that an organization owes responsibility to all stakeholder groups and must act in an ethical and a socially responsible manner. Attitudes of managers towards the importance of corporate ethics and social responsibility influence his business decisions and behaviour in an ethical issue related situations will be based on perception of the possibility of the actions possibly creating a desired outcome. Thus,

perception holds a significant place in regard to practicing and implementing CSR and it is the need of the hour that the role of the management students in promoting CSR is highlighted.

The review of literature reflected that researches on the topic studied PRESOR attitudes of various populations like business students (Simmons et al., 2009) and managers and employees (Kujala, 2010). Studies have also made comparisons between perceptions of students and managers (Cole and Smith, 1996); religiosity and ethical perspectives were also studied as determinants of perception (Shaffer and Simmons, 2008). Researchers found gender to be a significant determinant of perception towards CSR (Gill, 2010, Bhullar, 2019) whereas other studies found that there was no significant impact of gender on perception (Gholipur et al., 2012). Researches also examined differences based on academic backgrounds and streams, while few found no differences (Sharma & Singh, 2018) other studies found significant differences (Sharma & Gupta, 2019). The current quantum of research on CSR does not have many researches that study the levels of perception of business students and the previous work in the field does not indicate any clarity regarding the topic, and thus suggests scope for further research on perception towards CSR.

The growing importance of CSR emphasized by the new legislative provisions regarding CSR mandate highlights the emerging need of understanding the role of business students who are future managers in planning and conducting sustainable business processes. Thus, the investigator felt a need of research for studying perception of business students towards CSR, in the Indian context.

Research Question

What is the level of perception of business students towards CSR?

MATERIALS & METHODS

A sample of 600 MBA 2nd year students was taken for the present study and was selected by random stratification method at two levels for gender (male and female) and stream (marketing and finance). First stratification was done according to gender and 2 groups of 300 male students and 300 female students were selected. In the second stratification, 300 male students were divided according to streams into 2 groups of 150 marketing males & 150 finance males and similarly 300 female students were divided into 2 groups of 150 marketing females and 150 finance females for the present study. PRESOR Scale by Singhapakdi, Vitell, Rallapalli and Kraft (1996) was used to measure Perceived role of Ethics and Social Responsibility.

| Table 1. Table showing percentage of Low, Average and High levels of Perception of Marketing Male group, Marketing Female group, Finance Male group and Finance Female group of Management students towards CSR | | | | | | | |
|---|------|---------------------|-----------------|-------------------|---------------|-----------------|--------|
| | | | Group | | | | Total |
| | | | Marketing Males | Marketing Females | Finance Males | Finance Females | |
| Perception | Low | Count | 40 | 69 | 25 | 28 | 162 |
| | | % within Perception | 24.7% | 42.6% | 15.4% | 17.3% | 100.0% |
| | | % within Group | 26.7% | 46.0% | 16.7% | 18.7% | 27.0% |
| | Avg | Count | 55 | 57 | 102 | 62 | 276 |
| | | % within Perception | 19.9% | 20.7% | 37.0% | 22.5% | 100.0% |
| | | % within Group | 36.7% | 38.0% | 68.0% | 41.3% | 46.0% |
| | High | Count | 55 | 24 | 23 | 60 | 162 |
| | | % within Perception | 34.0% | 14.8% | 14.2% | 37.0% | 100.0% |
| | | % within Group | 36.7% | 16.0% | 15.3% | 40.0% | 27.0% |
| Total | | Count | 150 | 150 | 150 | 150 | 600 |
| | | % within Perception | 25.0% | 25.0% | 25.0% | 25.0% | 100.0% |
| | | % within Group | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Table 1 shows that out of total 150 Marketing Male group, 40 students i.e. 26.7% of the marketing male students had low perception towards CSR, 55 students i.e. 36.7 % of the marketing male students had average perception towards CSR, 55 students i.e. 36.7% of the marketing male students had high perception towards CSR. The results show that majority of marketing male students have high and average level of perception towards CSR and substantial percentage of marketing male students have low level perception towards CSR.

Out of total 150 marketing female group, 69 students i.e. 46 % of the marketing female students had low perception towards CSR, 57 students i.e. 38 % of the marketing female students had average perception towards CSR, 24 students i.e. 16 % of the marketing female students had high perception towards CSR. The results show that majority of marketing female students have low level of perception towards CSR, a substantial percentage of marketing female students have average level perception towards CSR and a relatively small percentage of marketing females have high level of perception towards CSR.

Out of total 150 finance male group, 25 students i.e. 16.7% of the finance male students had low perception towards CSR, 102 students i.e. 68% of the finance male students had average perception towards CSR, 23 students i.e. 14.2% of the finance male students had high perception towards CSR. The results show that majority of finance male students have average level of perception towards CSR, an almost equivalent percentage of finance female students have low and high level perception towards CSR.

Out of total 150 finance female group, 28 students i.e. 18.7% of the finance female students had low percep-

tion towards CSR, 62 students i.e. 41.3% of the finance female students had average perception towards CSR, 60 students i.e. 40% of the finance female students had high perception towards CSR. The results show that majority of finance female students have average and high level of perception towards CSR, and a relatively lesser percentage of finance female students have a low level of perception towards CSR.

RESULTS AND DISCUSSION

It may be concluded from the findings of this study that majority of marketing male students have average or high level of perception towards CSR, while majority of marketing females have low levels. Whereas majority of finance males show average level of perception towards CSR, majority of finance females have average or high level of perception towards CSR. This may be attributed to varied social roles executed by women and men execute and different exposures and trainings given in marketing stream. The findings reflect that a significant number of management students have low level of perception and indicate a need for developing positive attitudes and awareness towards the concept of CSR for building stronger perceptions towards CSR and effective implementation. It is argued that managers who have high CSR perceptions will not just be better in implementing explicit CSR policies but will also ensure making company's day today activities socially responsible. (Dash & Sahoo, 2018). Sustainable development is the strategic base for social responsibility in modern business and satisfying social needs & economic needs by providing degrading natural and social capital is a

necessary condition for survival of a company in long perspective. Corporate commitment to and for sustainability is essential in the challenging times of economic turbulence and rapid changes and is representative of the window of opportunity for revisiting assumptions and value propositions for long-term business models (Gerner, 2019). The findings present important implications for policy makers and academicians and highlights that it is imperative to create awareness in the future generations regarding CSR. Business students are future managers and they need to be made aware of their role in implementing CSR for a sustainable future.

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