

# The Future of Corporate Social Responsibility (CSR): an Empirical Study of Business Students' attitudes toward CSR

Vikkie McCarthy

Austin Peay State University, USA

## ABSTRACT

This paper explores the relationships between students' attitudes toward Corporate Social Responsibility (CSR) and business school education related to CSR. Two hundred and fifty-six students in a medium size public university in middle Tennessee were surveyed. The survey instrument used was created by the American National Business Hall of Fame (ANBHF). This survey has been used in a longitudinal study that has included national surveys in the United States of business students in 1983, 1989, 2005, and 2009. In 2009, the survey was translated by two Egyptian researchers and administered to Egyptian students (Seoudi & El-Bassiouny, 2010). This study concerns what influences students' attitudes toward CSR in order to determine readiness for ethical education. The results of this most recent survey reveal 81% of student respondents believe educational experiences influence ethical standards and 79% believe peer groups influence ethical standards. Whereas, only 61% agreed that family experiences influenced ethical standards and 49% believed that church experiences influenced ethical standards. This study focuses on the correlation between ethical awareness and readiness as important elements in students' development of attitudes to CSR.

**Keywords:** Corporate Social Responsibility, Ethics Education, Business Education

## INTRODUCTION

*Mindfulness is our capacity for awareness and self-knowing...*

*John Kabat-Zinn*

Much like Gulliver, the Man-Mountain in Lilliput, businesses must confine themselves to the "principle high roads" (Swift, 1976). In the global economy these high roads are paved with principles of social responsibility: economic, social and environmental. Corporations are increasingly under pressure to consider the imprint that their business leaves on all levels of economies. The financial footprints of corporations leave their mark on local and global economies. For this reason it is essential that these corporations be mindful of where they step as well as the impact of each step. As future business leaders, students in business schools need to cultivate positive attitudes toward corporate social responsibility (CSR).

Corporations encounter constant changes and challenges. The systems within which goods and services are created from resources are complex. These systems operate within physical and social environments bounded by laws and values. An accepted tenet of CSR is that a corporation receives a social sanction from society that requires a contribution to the growth and development of the society in which it operates (Devinney, 2009). Corporations that operate all over the world operate in a global society where it is much more difficult to determine their contribution to the growth and development is the entire (global) society.

CSR is concerned with the triple bottom-line: People, Planet and Profit. Businesses' role in society has become of increasing concern. Companies that pollute the environment, take advantage of workers, and steal money from stakeholders are seen as unethical. Although ethical development of business students has become the focus of many graduate and undergraduate programs (AACSB, 2005; Datar, 2010), there remains a lack of public trust in business schools (Hooker, 2004; Poldony, 2009). Public mistrust has been primarily born out of high profile business scandals that include financial, environmental and human capital abuses. The response to these events has been to incorporate ethics education that includes CSR into business education. There is a preponderance of evidence supporting the argument for including ethics in business school programs. This inclusion

ranges from stand-alone ethics courses, modules within a course, and ethics teaching embedded in the business curricula (Seoudi & El-Bassiouny, 2010; Lau, 2010; Lau). However, there is relatively little research concerned with the “readiness” of business students for taking ethics courses (Lau, 2010). Student readiness has been found to be a moderating factor in outcomes of business ethics education. In particular, Lau (2010) found that a significant difference between student readiness and ethical awareness and moral reasoning. The Lau (2010) study measured readiness based on student’s agreement with the inclusion of an ethics course in business curriculum (p. 571). This study suggests that readiness should also include whether or not students believe that the influence educational experiences and peer groups influence ethical standards.

## LITERATURE REVIEW

The amount of research testing the effectiveness of business ethics education is quite significant. Ethics studies have involved pre-tests and post-tests as well as comparisons of student groups who have received ethics instruction with groups who have not. Studies attempting to follow the moral development of college students have test attitudes toward ethics at various stages in college life (Stevens, et al, 1993). Most student ethics studies have tested perceptions, attitudes, awareness and sensitivity toward ethically questionable actions/situations (Lau, 2009; May et al, 2009).

Although research studies of ethics education have had mixed results there seems to be much agreement that ethics courses do matter for business students (Gammie & Gammie, 2009; Lau, 2010; Poldony, 2009; Stevens et al, 1993). Business ethics education has been found to have an impact on student’s ethical awareness and moral reasoning (Lau, 2010). Education has also been found to play a mediating role for awareness of corporate social responsibility (Wynd & Mager, 1989) as well as moral efficacy (May et al., 2009).

Students’ moral development has been found to be affected by years in college as well as maturation (Kohlberg, 1972; Stevens et al, 1993). Years of formal education has been found to have a significant correlation with moral development (Peng & Lin, 2009; Rest and Deemer, 1986; Trevino, 1992). Trevino (1992) conducted a longitudinal study of moral development and educational levels in which he found significant correlations. Rest and Deemer (1986) posit that education can replace other kinds of experiences and contributes to “a growing awareness of the social world and one’s place in it,” (p. 57). Moderating factors such as readiness and gender and years in college have been found to influence the effects of ethics education (Lau 2010, Stevens, 1993 etc). Gender has also been found to be a moderator in that women tend to be more concerned about ethical issues as well as have stronger moral attitudes and tend to be more supportive of the role of business in solving social problems (Jones and Gautschi, 1988; Stevens et al, 1993; Gammi and Gammi, 2009; Seoudi & El-Bassiouny, 2010). Religiosity has also been found to be a factor (citations here).

## A CONCEPTUAL MODEL

The main goal of business ethics education is to help students become more aware of and sensitive to the ethical consequences of their actions (Lau, 2010; Peng & Lin, 2009) Ethical Awareness is defined by Lau (2009) as “one’s recognition of an ethical issue of dilemma that may lead to a conflict with ethical standards and/or negative impact on others.” For this study ethical awareness will be represented by items 1-10 on the student survey that related to social responsibility. The belief that educational experiences influence ethical standards is a proxy for readiness. The literature review and hypothesis development leads to the framework presented below. The factor of Corporate Social Responsibility is used as a proxy for ethical awareness.

In developing this conceptual module, questions related to the variables readiness, ethics’ education, and increased ethical awareness were considered. In particular, this study explores three research questions. First, does student readiness for ethical education have a positive impact on ethical awareness? Student readiness an important variable in the study of ethics education that should be explored more thoroughly. Lau’s study (2010) found that student ‘readiness’ influences the results of ethics instruction as a moderating variable. The belief that education influences ethical standards indicates a “readiness” that is a factor in ethical awareness. Second, do students who have taken a formal course in ethics and/or philosophy will have a higher level of ethical awareness than those who have not? Third, does a combination of student readiness and a previous ethics course have the greatest impact on a student’s ethical awareness?

**Table 1: Number of responses for 2015 student study**

	2015	2009
Population of interest	Business students	Business students
Number good responses	256	115

Source: ANBHF2015 Ethics survey

## THE SURVEY INSTRUMENT

The survey instrument used for this study was created by The American National Business Hall of Fame (ANBHF). The ANBHF began an intensive study of ethics in 1983 with a mail survey of randomly selected business leaders, business college faculty and business students. Other studies of university faculty and students were conducted in 1988, 1989 and 1995, 2003 and 2009. In order to obtain the views of these groups in 2003, follow-up studies were commissioned by the Board of Directors of the American National Business Hall of Fame. The 2015 study was undertaken as a continuation of this longitudinal study.

In 2015, College of business students at a public university in middle Tennessee were administered paper and pencil copies of the ANBHF Ethics Survey for Business Students. Surveys were administered by the author in management, Marketing, and Accounting classes. The number of responses collected for the 2009 study was n=256. Table 2 below presents the number of responses from the student survey in 2009.

## MEASURES

Ethical awareness was measured using ten items chosen from the ANBHF Ethics Study. These ten items used a five point Likert scale anchored from 1 being “strongly agreed” to 5 being “strongly disagree” and are listed below. The items were identified by Seoudi and El-Bassiouny’s (2010) as factors of students’ perceptions of Corporate Social Responsibility. This study has identified these factors as ethical awareness. Chronbach’s Alpha was used to test the overall internal consistency of the instrument. The result showed an alpha of 0.65 which shows good overall reliability (see below).

In their study of Egyptian students, Seoudi & El-Bassiouny (2010) conducted a content analysis of the ANBHF Student Ethics survey to identify six factors: Corporate Social Responsibility (CSR); Employee Compliance; Individual Responsibility; Government Responsibility; Advertising and Business Ethics. Using the data from the 2009 Study Survey of American Business PCA was re-run and the same factors were found as in Seoudi and El-Bassiouny’s study. Using Principle Component Analysis, Seoudi & El-Bassiouny (2010) discovered that items 1-10 of the student’s ethics survey composed the factor Corporate Social Responsibility (CSR) is being used in this study as a proxy for ethical awareness.

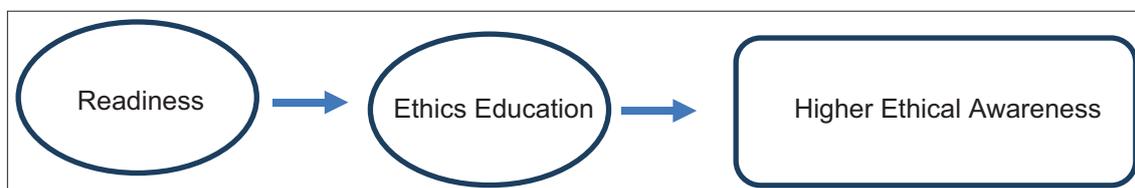
## DATA ANALYSIS

Below are the results from the faculty 2015 survey. Table 3 below presents a summary of the 2015 survey results for each of the ten attitudinal questions related to corporate social responsibility (CRS). CRS is being used as a proxy for ethical awareness. For each question, the percent that agreed with each statement is given. In addition, the average response (low is positive) and the standard deviation for each question are provided. The number of responses completes the information for each group for each question. Question 35 from the ethics survey asks students to what extent do they believe education influences ethical standards. This question was measured on a 5 point Likert scale where 1 equals to a great extent and 5 equals not at all.

Tables 4 and 5 below summarize the student responses to the questions of the influence of educational experiences and peer groups on ethical standards. These two questions were used as indicators for readiness which is defined as “a willingness and a vested interest to learn something,” (Lau, 2009).

**Table 2: Chronbach’s alpha for overall internal consistency reliability statistics**

Cronbach’s alpha	Number of items
0.650	10



**Figure 1: Readiness, Ethics education and Ethical Awareness**

**Table 3: Agreement with items 1-10**

Q#	Question	Year	% strongly agree/agree	n=
1	The corporation has a responsibility to take the lead in solving major social problems such as pollution, discrimination, and safety.	2015	71	254
2	The corporation has a responsibility to not become involved in solving social problems unless doing so becomes a cost of doing business or the opportunity to earn a profit.	2015	35	256
3	The corporation has the responsibility to get involved in social responsibility projects because outside pressures make such an involvement a cost of doing business.	2015	56	254
4	The corporation has a responsibility to promote equal opportunity in hiring and promotion.	2015	92	256
5	The corporation has a responsibility to promote conservation of energy even if doing so means a reduction in profits.	2015	65	253
6	The corporation has a responsibility to conserve natural resources, even if doing so means a reduction in profits.	2015	76	252
7	The corporation has a responsibility to clean up or avoid causing air, noise, and water pollution even if doing so means a reduction in profits.	2015	83	255
8	The corporation has a responsibility to contribute money and management time to civic activities in communities where the firm has plants or offices.	2015	69	254
9	The corporation has a responsibility to help minority owned businesses.	2015	41	256
10	The corporation has a responsibility to be truthful in advertising.	2015	96	256

**Table 4: Influence of educational experiences**

**Q 35. Ethical standards influenced by your educational experiences?**

Answer options	Response percent	Response count n=255
Strongly agree/agree	81	207
Strongly disagree/disagree	5	13
No Opinion	14	35

**Table 5: Peer group pressures**

**Q 30. Ethical standards influenced by peer group pressure**

Answer options	Response percent	Response count n=254
Strongly agree/agree	80	203
Strongly disagree/disagree	9	24
No opinion	11	27

**Table 6: Ethics education**

**Q 48. Did you ever take a formal course in ethics or moral philosophy?**

Answer options	Response percent	Response count n=252
Yes	30	75
No	70	177

Table 6 below shows the number of students surveyed who have taken a formal course in ethics or moral philosophy. Students in the business program at this university must complete a significant number of general education classes prior to be admitted into the College of Business. Two of the general education options include philosophy courses that cover ethics theory. These courses are not required but are an option for fulfilling general education credits.

**SUMMARY**

Students that are open to course content that covers ethical issues such as CSR will benefit the most from this content. Over the past two decades there has been a shift in attitudes toward CSR and its inclusion in business school content is becoming much more prevalent. In 2007, the United Nations created a task force to develop Principles of Responsible Education. These six

principles include the development of business students as promoters of CSR, the incorporation of CSR values into business school curricula, the creation of educational frameworks and materials that promote CSR, and the inclusion of business school students in the global dialog related to CSR. The survey results indicate that

## REFERENCES

- AACSB International (2005). Why Management Education Matters: It's Impact on Individuals, Organizations, and Society. *A Report from an AACSB International Task Force of the Committee on Issues in Management Education*.
- Arlow, P. and Ulrich, T.A. (1985) "Business Ethics and Business School Graduates: A Longitudinal Study". *Akron Business and Economic Review*, vol. 6, pp.13-17.
- Conroy, S. and Emerson, T. (2004) "Business Ethics and Religion: Religiosity as a Predictor of Ethical Awareness Among Students." *Journal of Business Ethics*, vol. 50, pp. 383-396.
- Datar, S.M., Garvin, D.A., & Cullen, P.G. (2010) Rethinking the MBA: Business Education at a Crossroads. Boston, MA: Harvard Business Press.
- Duska, R. (1991) "What's the Point of a Business Ethics Course?" *Business Ethics Quarterly*, vol.1(4), pp. 335-354.
- Gammie, E. and Gammie, B. (2009). "The Moral Awareness of Future Accounting and Business Professionals: The Implications of a Gender Divide". *Pacific Accounting Review*, vol. 21 (1), pp. 48-73.
- Gautschi, F. and Jones, T. (1998) "Enhancing the Ability of Business Students to Recognize Ethical Issues: An Empirical Assessment of the Effectiveness of a Course in Business Ethics." *Journal of Business Ethics*, vol. 17, pp. 205-216.
- Ghoshal, S. (2005). "Bad Management Theories Are Destroying Good Management Practices." *Academy of Management Learning and Education*, vol. 4, pp. 75-91.
- Grunbaum, L. (1997) "Attitudes of Future Managers Towards Business Ethics: A Comparison of Finnish and American Business Students." *Journal of Business Ethics*, vol. 16, pp. 451-463.
- Hooker, J. (2004). The case against business education ethics: A study in bad arguments. *Journal of Business Ethics Education* 1(1): 75-88.
- Hulsart, R. and McCarthy, V. (2009). Educator's role in promoting academic integrity. *Academy of Educational Leadership Journal* 13(4): 49-59.
- Jewe, R. (2008) "Do Business Ethics Courses Work? The Effectiveness of Business Ethics Education: An Empirical Study." *The Journal of Global Business Issues – Conference edition*.
- Lau, C., Hulpke, J., Kelly, A., and To, M. (2007). "Can Ethical Decision Making be Taught? The JUSTICE Approach", *Social Responsibility Journal*, vol. 3 (2), pp. 3-10.
- Lau, C. (2010). "A Step Forward: Ethics Education Matters". *Journal of Business Ethics*, vol. 92, pp. 565-584.
- May, D., Luth, M., and Schwoerer, c. (2009). The effects of business ethics education on moral efficacy, moral meaningfulness, and moral courage: a quasi-experimental study. *Academy of Management Proceedings*, 1-6. Retrieved from Business Source Premier database <http://web.ebscohost.com.ezproxy.lib.apsu.edu/ehost/pdfviewer/pdfviewer?vid=8&hid=110&sid=d9926176-2102-4488-97ae-eb4906aaf371%40sessionmgr110>.
- McCarthy, V. (2010). Social responsibility and business ethics: Changing views of business faculty and business students. *The Journal of Business Leadership* Fall: 1-24.
- Monippallil, M., Kathawala, Y., Hattwick, R., Wall, L and Shin, B.P., (1999). Business Ethics in America: A View from the Classroom, *The Journal of Behavioral Economics*, 19(1), 125-140.
- Nicholson, C. and De Moss, M. (2009). Teaching Ethics and Social Responsibility: An Evaluation of Undergraduate Business Education at the Discipline Level. *Journal of Education for Business*, 84(4), 213-218. Retrieved from Business Source Premier database <http://web.ebscohost.com.ezproxy.lib.apsu.edu/ehost/pdfviewer/pdfviewer?vid=10&hid=110&sid=d9926176-2102-4488-97ae-eb4906aaf371%40sessionmgr110>.
- Painter-Morland, M. (2008). *Business Ethics as Practice: Ethics as the Everyday Business of Business*. Cambridge University Press.
- Peng, Y. and Lin, S. (2009). National culture, economic development, population growth and environmental performance: The mediating role of education. *Journal of Business Ethics*, 90, 203-219.
- Podolny, J. (2009). The Buck Stops (and Starts) at Business School. *Harvard Business Review*, 87(6), 62-67. Retrieved from Business Source Premier database.
- Prasad, J., Marlow, N. & Hattwick, R. (1998). Gender-Based Differences in Perception of a Just Society, *Journal of Business Ethics*, v17, 219-228.
- Rest, J.R. (1986). *Moral Development: Advances in Research and Theory*. Westport, CT: Praeger.
- Ritter, B. A. (2006) "Can Business Ethics Be Trained? A Study of the Ethical Decision Making Process in Business Students." *Journal of Business Ethics*, vol. 68, pp. 153-164.
- Rogers, J. (2006) Role-modeling authenticity in higher education. *Spirituality in Higher Education: A Study of College Students' Search for Meaning and Purpose Newsletter*, 3(1): 1-5.
- Rossouw, G. J. (2002). "Three Approaches to Teaching Business Ethics." *Teaching Business Ethics*, vol. 6, pp. 411-433
- Schoenfeldt, L.F., McDonald, D.M. and Youngblood, S.A. (1991) "The Teaching of Business Ethics: A Survey of AACSB Member Schools." *Journal of Business Ethics*, vol. 10, pp. 465-469.
- Seoudi, S. & El-Bassiouny, N. (2010) Egyptian Business Students' Perceptions of Ethics: The Effectiveness of a Formal Course in Business Ethics. *The Journal of Business Leadership*. Fall: 24-48.
- Stevens, R., Harris, O. J. and Williamson, S. (1993) "A Comparison of Ethical Evaluations of Business School Faculty and Students: A Pilot Study." *Journal of Business Ethics* 12: 611-619.
- Wynd, W.R. and Mager, J. (1989) "The Business and Society Course: Does It Change Student Attitudes?" *Journal of Business Ethics*, vol. 8, pp. 487-491.