AN EXPLORATORY STUDY OF BUSINESS STUDENTS' DISCRETIONARY SOCIAL RESPONSIBILITY ORIENTATION

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ABSTRACT

As future business leaders, students’ values and belief system will influence the types of decisions they make regarding their organization’s role in society. This study examined business students’ Corporate Social Responsibility Orientation (CSRO) and their attitudes towards the discretionary component of CSR. The majority of business students have a high CSRO and also believe in the discretionary social responsibility component of CSR. Only 13% of the respondents said they did not believe companies have a responsibility that goes beyond earning a profit for their shareholders. The study found no significant differences in students’ CSRO by gender, age, marital status and graduating class.

INTRODUCTION

There is a growing interest in the subject of student attitudes and orientation towards social responsibility (Baglione & Zimmerer, 2003; Ibrahim & Angelidis, 1993; Moyes & Cortes, 2004). Will today’s business students show greater or less concern for corporate social responsibility (CSR) when they assume leadership roles after college? The underline assumption being that students’ corporate social responsibility orientation (CSRO) will carry on into their professional lives and influence their decisions.

The basic premise of this paper is that today’s business students are tomorrow’s business leaders. As future business leaders, these students’ values and belief system will influence the types of decisions they make regarding their organization’s role in society.

A discussion on the evolving definition of social responsibility is beyond the scope of this paper. Carroll’s (1977, 1979) view that social responsibility is about a business’s economic, legal, ethical and discretionary obligations to society is the accepted model for this paper.
Carroll’s four components embody various views of earlier researchers who attempted a
definition of the concept (Backman, 1975; Davis, 1960; Eells & Walton, 1961; Friedman, 1962;

The first component, economic responsibility, implores the business to maximize profits
for shareholders; legal responsibility requires the business to operate within the confines of the
law; ethical responsibility requires business leaders to act with fairness, equity and impartiality in
their decision making, and finally, discretionary responsibilities are about a business’ desire to
make social or philanthropic contributions not required by economics, law or ethics. Discretional
responsibilities rely on the individual leader’s judgment and choices. Though voluntary in nature,
societal expectations do exist for business to assume social roles not mandated by law and not
generally expected from an ethical standpoint.

**RESEARCH QUESTIONS**

This study is designed to investigate not just the students’ overall social responsibility
orientation, but more specifically, their attitude towards the discretionary component of corporate
social responsibility. The following questions are addressed:

1. Do business students generally accept or reject the notion that discretionary social
   responsibility is an obligation of corporations?

2. Are there differences in students’ discretionary social responsibility orientation as a result
   of their gender, age, marital status and year of college graduation?

3. In terms of business students’ value system, are they more or less inclined to value
   helping the needy in society?

4. Does a student’s attitude towards helping others influence their view of discretionary
   corporate social responsibility?

5. Does exposure to a national tragedy such as Hurricane Katrina or the VA Tech massacres
   influence students’ discretionary social responsibility orientation?
Not only is there a limited body of scholarly work on the social responsibility orientation of business students (Arlow, 1991), there is even less on students’ discretionary social responsibility orientation. As part of the introduction, a brief background on the paper idea itself is presented.

**BACKGROUND**

The idea behind this paper was born out of a Small Business Institute (SBI) project. In one of the author’s school, the SBI program shifted its emphasis from student consulting to student entrepreneurship. Students are challenged to come up with one entrepreneurial idea that is marketable to the student body and surrounding community. The students then develop a plan for implementing their idea during the course of the semester. The funding has to come from the students themselves. One key principle agreed upon by all (students and faculty) is that if the venture succeeds in recovering the invested capital and earns a profit, each student would be refunded their share of the contributed capital (paid-in capital) and the proceeds or profits will be donated to the Red Cross or any other non-profit organization. This is an incentive for the students because it is equivalent to getting a full refund on your textbook(s) at the end of the semester.

In the Fall semester of 2005, the first SBI entrepreneurship class was launched. As the semester came to a close, the student venture had generated enough revenues for the students to recover their investment of $1,900.00 and earn a profit of $2,200.00. Hurricane Katrina and its aftermath was still the story of the day. Most people were very concerned of the on-going suffering and hardship of the victims. It was at this point that a student presented the class with a proposal; “how about we donate all the money to the Red Cross to help Katrina victims.”
Sensing that some of the students were uncomfortable debating the issue, the professor decided to conduct an anonymous survey to see where each student stood on the issue. It occurred to the professor that this was really an issue of one’s discretionary social responsibility orientation. The students were not required by economics, law or ethics to give away all that they had earned in the venture. However, some had the desire to do it and others did not. This was equivalent to a corporation’s management team debating not just whether to give but how much to give to social causes in the society.

The question is posed, are educators training and graduating future business leaders who are inclined to exhibit greater or less concern for discretionary social responsibility. The same data has been collected from every graduating class of business majors for the past three years. Like 2005, this year the data was collected against the backdrop of a tragedy, the VA Tech shootings.

**LITERATURE REVIEW**

Researchers and practitioners have debated for many years the concept of corporate social responsibility (CSR). The question at the heart of the discussion is whether corporations have a responsibility that goes beyond satisfying the economic needs of shareholders. Therefore, much of the literature has concentrated on efforts to develop various conceptual models for analyzing the relationship between a business and its broader environment. There is much evidence to support the proposition that corporate social responsibility is associated with increased financial performance (Bakker, Groenewegen & Den Hond, 2005; Peloza, 2006; Preston & O’Bannon, 1997; Vogel, 2005). Another study found that CSR influences consumer behavior, making them more loyal to the businesses that they perceived to be socially responsible (Schuler & Cording, 2006).
Milton Friedman argued that in a free society like the United States, requiring that corporate officials engage in social activities that went beyond making as much money for their stockholder as possible was fundamentally subversive (Carroll, 1977). McGuire (1963) acknowledged the primacy of economic concerns, but also embraced a broader view of the firm’s social responsibilities. McGuire maintained that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond economic and legal obligations. Carroll (1979) described these obligations as ethical and discretional responsibilities. According to Carroll, for a definition of social responsibility to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethnical, and discretionary categories of business performance.

The focus of this paper is on the discretionary component of corporate social responsibility. Discretionary responsibilities are not legal obligations, but nevertheless are expected of businesses. Discretionary responsibilities are left to individual judgment and choice; they are purely voluntary, yet societal expectations do exist for businesses to assume social roles that go beyond satisfying their economic and legal responsibilities. In response, many businesses have begun to pay attention to the social impact of their economic activities. Many corporations have now adopted codes of conduct and reached out to various groups in society by engaging in purely discretionary social endeavors (White & Montgomery, 1980; Lewin, 1983). This in turn has led to increased interest among researchers to explore the importance of corporate social responsibility and its impact upon business and society (Crane, 2004; Curren & Harich, 1996; Merritt, 2002; Nonis & Swift, 2001).

Recent events involving unethical and even illegal conduct among business executives have renewed everyone’s interest in the subject of social responsibility and ethics. Many have wondered if corporate leaders are simply selfish, amoral persons who, due to their huge bank
accounts and power, could care less of their responsibilities to stakeholders (Baglione & Zimmerer, 2003). In the academic community, business schools have attempted to address this negative perception by incorporating more social and ethical issues into the curriculum (Davis & Welton, 1991; Greenman & Sherman, 1999; Trevino, 1992). The primary objective is to increase students’ awareness of the importance of ethics and corporate social responsibility in business.

In recent years, researchers are beginning to examine the impact that “social and ethical issues education” has had on business students’ social responsibility orientation (Baglione & Zimmerer, 2003; Ibrahim & Angelidis, 1993; Taylor, 2004). For example, Ibrahim & Angelidis (1993) found that business students, compared to practicing executives, exhibited greater concern about ethical and discretionary components of corporate social responsibility. Baglione and Zimmerer (2003) examined whether business students prescribe to specific ethical philosophies and how those ethical philosophies affect their view of general morality, business ethics, and environmental concerns. They found that graduate and undergraduate business students prescribe to different philosophies and ideas about business practices. Missing in these studies is an examination of the influencing factors that cause some students to have a greater sense of discretionary social responsibility than others. Does age, gender, religion, marital status and one’s belief system on helping others influence their overall perception of discretionary social responsibility? Would exposure to or awareness of a tragic event such as Hurricane Katrina or the Virginia Tech shootings change one’s view of the concept? This paper attempts to address these issues.

**METHODOLOGY**

**DESIGN**

Base on the literature review and the objectives of the study, a questionnaire was designed to measure the variables of interest. The survey included gender, age, marital status,
religiousness, exposure to a crisis, personal belief system on CSR and one’s views on helping others. To gain an understanding of business students’ perceptions on discretionary social responsibility, respondents were asked to select from three options what they would prefer the group did with the invested capital and resulting profit generated through the venture. Option one was to stick to the original plan of only giving away the profits to the Red Cross. Option two was to change the original plan and give everything (contributed capital plus profits) to the Red Cross in light of the tragedy at the time. Option three was to change the original plan and refund everything to the students. Previous studies have examined the influence of academic major and gender (Landry, Moyes & Cortes, 2004) and religiousness (Angelidis & Ibrahim, 2004) on one’s social responsibility orientation. The current study expanded on these variables, adding to the list other relevant variables.

To minimize social desirability of responses, the survey was administered in three separate parts. The first part presented only the demographic questions. The second part presented three questions that addressed the respondent’s social responsibility orientation. The third part presented one case question intended to ascertain the respondent’s discretionary social responsibility orientation. All questions were in a structured, categorical format and respondents were asked to select one category on each question.

SAMPLE

The students in this study were undergraduate business majors enrolled in the senior seminar course; which is the capstone course for all graduating business seniors. All the students have had courses that exposed them to the concept CSR. The objective of the department is to heighten student awareness of CSR’s significance and its impact on business and society in general.
Data was collected over a three-year period from each graduating class. All surveys were administered in class. Each questionnaire was numbered, and students were informed that the information would be kept confidential.

STATISTICS

All data collected was nominal. Thus, cross-tabs Chi-Square testing was used to answer the five research questions.

RESULTS

Question 1. The majority of business students (87%) believe in the discretionary social responsibility component of CSR. Only 13% of the respondents said they did not believe companies have a responsibility that goes beyond earning a profit for their shareholders.

Question 2. There is no difference in students’ discretionary social responsibility orientation by gender (44 males and 31 females, $X^2 = 2.17, p = .140$), age (73 age 20-25, 10 26-30, 2 31-40, 1 51-60; $X^2 = .920, p = .821$), marital status (11 married and 75 not married, $X^2 = .329, p = .556$), and year of graduation from college (19 2005, 21 2006, 46 2007; $X^2 = .977, p = .614$).

Question 3. There were 30 students (35%) responding that they believe in helping others in need always; 41 (59%) believe in helping others in need some of the time and only 5 (6%) believe in letting people help themselves because it promotes independence. Therefore, a majority of students (94%) believe that helping others in need is a good thing.

Question 4. There is no difference in students’ discretionary social responsibility orientation by willingness to help others in need, 30 always, 41 sometimes and 5 let people help themselves because it encourages independence; $X^2 = .482, p = .786$.

Question 5. Exposure to a national tragedy such as Hurricane Katrina or the Virginia Tech massacres does not influence students’ discretionary social responsibility orientation (34 have been in a major disaster or know someone who has, and 52 did not; $X^2 2.46, p = .121$).

DISCUSSION

In this study, the majority of business students believe in the discretionary social responsibility component of CSR. Only 13% of the respondents said they did not believe companies have a responsibility that goes beyond earning a profit for their shareholders. This result is consistent with previous research. Ibrahive and Angelidis (1993) found that business
students are more ethically and philanthropically oriented than top business executives. Some may argue that this is a predictable outcome given that business students are removed from the pressures of the market places and that overtime, given the opportunity to function in the “real world,” students’ attitude towards discretionary social responsibility may change (Sonnenfeld, 1981). However, others would argue that an educational curriculum that emphasizes the obligation of business to act for the social good sensitizes students to such issues (Purcell, 1977, Vogel, 1987). As students enter the workforce and ascend the corporate ladder to leadership positions, they may follow-through on their core beliefs and direct their organizations towards more socially responsible actions.

The implications of this result for business educators is that this generation of students is more receptive to the concept of CSR and more should be done to incorporate CSR in the business school curriculum. It is imperative that educators continue to emphasize the value and impact of discretionary social responsibility to society. It is quite possible that today’s students will exercise more discretionary actions to address society’s problems/needs than the present generation of leaders. It is also possible for the reverse to happen. Working in an organization where the culture is incompatible with their values, these students may be socialized to align with the organization’s values.

A large majority of students believe that helping others in need is a good thing. This may explain why there is no difference in students’ discretionary social responsibility orientation and willingness to help others. It will make intuitive sense to think that one’s personal belief in helping others in need will influence how they perceive corporations’ discretionary social responsibility orientation.

A surprising finding was that exposure to a national tragedy, such as Hurricane Katrina or the Virginia Tech massacres did not influence students’ discretionary social responsibility
orientation. It was thought that this would have an effect because tragic events tend to cause people to want to help. Corporations increase their giving to help social causes when national tragedies happen. However, this finding may be re-enforcing the assumption that students’ discretionary social responsibility orientation is an inherent, deep-down core value that does not change just because of a major tragedy. Also, we already found that students overwhelmingly believe in the concept and thus a tragedy may only strengthen their belief rather than weaken it.

This study found no differences in students’ discretionary social responsibility orientation by gender, age, marital status and graduating class. Other studies, similar to this one have found the opposite. In their study examining the ethical philosophies among graduate and undergraduate business students, Baglione and Zimmerer (2003), found that, in terms of gender and perceived moral intensity, women were more ethically oriented than men. Also, on the basis of age and student classification, older students and graduate students demonstrated a higher degree of ethical and moral sophistication than younger students and under-graduates. This may imply that age and moral intensity are positively related. Baglione and Zimmerer’s (2003) findings have been supported by other studies (Borkowski & Ugras, 1992; Deshpande, Joseph & Maximox, 2000; Moyes & Cortes, 2004).

Though focused on the same subjects (business students), these findings dealt with students’ personal ethical/moral beliefs, not their perceptions of corporate ethical/moral behavior; which is the focus of this paper. However one could argue that business students who show higher degrees of moral/ethical sophistication (these studies found women to be higher in CSR) would also support greater CSR and measure higher on discretionary social responsibility orientation. This is an area deserving of further investigation.
CONCLUSIONS

In the wake of the corporate scandals that put some CEOs in jail and others paid hefty fines, many people wondered if corporate leaders today care much about anything besides the bottom line and their bank accounts. In the aftermath of Hurricane Katrina, some in the media lamented that individual contributions to help victims in some cases were larger and more generous than corporate contributions. There seems to be a general sentiment that corporations need to be doing more in terms of their discretionary social responsibility obligations.

The findings of this study are valuable for business educators. Exposing business students to the concept of CSR increases their understanding of the responsibility of business to its larger social system. As business students enter the corporate world and become managers, they will provide the leadership necessary for transforming their organizations into socially responsible agents of positive change.

This is an exploratory study with certain limitations that must be acknowledged. Specifically, the sample size and representatives of the data calls for prudent interpretation of the results. More needs to be done with larger samples in a longitudinal study that evaluates any variance in business students’ CSR orientation over time; especially when they transition from students to full-time corporate employees and into the management ranks.
REFERENCES


