

# **DO UNDERGRADUATE BUSINESS STUDENTS' PERCEPTIONS OF CORPORATE SOCIAL RESPONSIBILITY DIFFER BETWEEN THE UNITED STATES AND IRELAND?**

*Iris Jenkel, St. Norbert College, 100 Grant St., DePere, WI 54115, 920-403-3083, iris.jenkel@snc.edu*  
*Kathleen K. Molnar, St. Norbert College, 100 Grant St., DePere, WI 54115, 920-403-3276,*  
*kathy.molnar@snc.edu*

## **ABSTRACT**

This paper reports a study of students' attitudes toward corporate social responsibility (CSR) in the United States and Ireland. The study investigates differences in CSR attitudes among business and non-business students in the United States and among business students in the United States compared to business students in Ireland. The findings indicate that business majors in the United States are least favorable towards CSR than non-business majors in the U.S. Additionally, business majors in the United States are least favorable towards CSR than business majors in Ireland. Gender continues to have a significant impact overall, but not when looking only at business majors.

## **INTRODUCTION**

With the recent rash of corporate scandals in the USA and Europe, the discussion about the ethical and socially responsible behavior of business has become widely discussed. Academics have demonstrated continuing interest in the role that formal education plays in influencing ethical attitudes of college students. In response to concerns regarding undergraduate students' preparedness for ethical challenges of the business world, the Association to Advance Collegiate Schools of Business (AACSB, 1994-95) calls for business schools to include social and ethical components in the curriculum. However, the debate continues on the influence that education plays regarding student ethical and social attitudes.

In a review of business schools, Pfeffer and Fong (2002, p. 78) concluded that "business schools are not very effective" in teaching ethics. Starkey et al. (2004) calls for a business school model that includes a thoughtful view of the impact of businesses on society. The academic community has responded by including specific business courses or through course discussions which focus on business ethics and corporate social responsibility (CSR). CSR has been defined as business decision making linked to ethical values, legal requirements, and respect for people, communities and the environment (Business for Social Responsibility, 1999).

Researchers have argued that culture has an influence on individual ethical values and that culture is influential in the international context (England 1975; Prasad and Rao 1982; Lu et al. 1999; Robertson et al. 2002). The Crittenden, et al. study (2009) speculates "whether the nature of the country culture from which business students develop can be overcome by proper education in ethical behavior" (pg.2). Thus, is there a difference in CSR behaviors between business students studying in different countries? Do business programs effectively influence student perceptions of CSR? These questions are addressed by examining student attitudes toward CSR from data collected from undergraduate students in a U.S. and Irish college.

## BACKGROUND AND LITERATURE REVIEW

An ultimate goal in promoting the virtues of CSR among students is for future managers to put into practice the ideals thus instilled. Prior research has established a link between student and manager ethical behavior (Sims, 1993). Singhapakdi (1999) has noted is a deep-rooted perspective in moral philosophies that people must first perceive ethics and social responsibility to be important before they will *practice* such characteristics. Consequently, just as business faculty deem it imperative for business graduates to internalize the importance of competitive strategies and maximizing shareholder wealth, it is equally critical to inculcate a moral perspective into students (Brady and Hart, 2007). As a result, academic institutions have given increasing attention to the moral duties that business schools owe stakeholders (Bennis and O'Toole, 2005; Boyle, 2004).

There is limited research on the current state of CSR attitudes among college students (Aldag and Jackson, 1977; Arlow 1991). Researchers debate the influence that culture has on individual values but some results have shown culture to be important in various international contexts (Lu et al. 1999; Robertson et al. 2002). Culture includes "broad patterns of underlying values, beliefs, and assumptions" (Trevino et al., 1998, p. 451). Christie et al. (2003) found an influence of culture on business managers' attitudes toward business ethics in the U.S.

Additionally, in light of the business faculty's paradigm that business social responsibility is best taught in the business program (e.g. Gilbert 1992, Rozensher and Fergenson 1999), one would hope that this channel of delivery would better facilitate internalization of CSR values among the business students, than if the subject were taught elsewhere. Studies examining the influence of business instruction on students' ethical attitudes report more negative than positive results (e.g. Lane et. al, 1988; Arlow, 1991). One study suggests that the competitive culture of business schools may negatively impact student's ethical perceptions (Lane et. al., 1988). When business and non-business majors were compared on social responsibility measures, Arlow (1991) found non-business students attitudes were more favorably disposed to corporations fulfilling their responsibility toward society.

## RESEARCH QUESTIONS

Extending this line of reasoning on the links between culture, business programs and social responsibility, the following research hypotheses are developed. The research shows cultural differences to be influential on ethical and/or social responses but with mixed results. Hofstede's (2010) cultural construct scores are higher in all four dimensions for the United States compared to Ireland. If there is a strong cultural influence, we would expect an overall difference in social responsibility attitudes between students of the two countries. However, with the mixed research results the directional difference cannot be predicted.

**H1:** In general, students in the United States exhibit different attitudes towards CSR than do students in Ireland.

If business educational programs positively influence students' attitudes towards CSR, it is expected that business majors' attitudes will be highly favorable toward socially responsible behaviors compared to non-business majors when controlling for country of origin. As survey responses from non-business majors were only collected from the United States sample, we make the following hypothesis.

**H2:** In general in the United States, business majors exhibit different attitudes towards CSR than United States non-business majors.

Although a variety of models for influencing behaviors about moral reasoning have been debated, Ashworth and Bannister (1997) confirm that the academic culture needs to create an experience that emphasizes the obligations owed to society. Creating an organizational culture that focuses student's attentions on the moral duties businesses owe stakeholders is based upon communicating values and modeling behavior within business programs (Schein, 2003). When responding to questions of social responsibility, however, students in different countries may be more or less sensitive to the issues due to the social environment around them. In other words, if culture overrides business programs, we would expect there to be differences between U.S. and Irish business students with regards to CSR attitudes.

**H3:** In general, business majors in the United States and Ireland exhibit different attitudes towards CSR.

Further, we used a questionnaire which was developed and tested by Williams (1982) to look for an association between attitudes and social data. Specifically, the survey instrument was developed to "measure attitudes about the social role of corporations" (p.119), which fits well with the goal of our study. Williams' survey consists of three attitude dimensions and each consists of two sets of statements: 1) belief about the corporation as an entity (public and private), 2) moral choices (intuitive and rational), and 3) belief about the legitimacy of policy setters (management and outsiders). Are these dimensions different between business majors in the United States and Ireland?

**H3a:** In general, business majors in the United States and Ireland exhibit different attitudes towards each of the different dimensions outlined by Williams in regard to CSR.

## METHODOLOGY

In order to obtain an understanding of student attitudes toward CSR, a study was conducted based on data from a survey using an instrument derived from Williams (1982). William's scale started with 45 items, which were reduced to 23 items after various steps to purify the measure. The final measure consists of 23 items using a five-point scale ranging from "strongly disagree" to "strongly agree" to measure student attitudes about the social role of corporations (Appendix A). The theoretical maximum score for each subject is 115 (23 X 5) if the person strongly agreed with all statements (after adjusting for reverse coding). The theoretical lowest score is 23 if the person strongly disagreed with all statements. A high score indicates a person whose attitudes are strongly in favor of CSR.

To test the hypotheses developed in this paper, the questionnaire was administered to a sample of undergraduate students at a private Catholic college of approximately 2,000 students in the United States and a public college in Ireland of approximately 12,000 undergraduates. All subjects volunteered to take the survey and no extra credit was provided. All subjects were guaranteed complete anonymity; no personal identifying data of any sort was collected. The subjects were reminded to read the questions closely (due to the reversal of the way some questions were asked) and were given adequate time to complete the surveys. Business programs at both colleges have similar course requirements for majors and neither program requires a course on ethics or social responsibility.

A total of 96 questionnaires were returned. Six incomplete questionnaires were eliminated. Of the 90 usable questionnaires, 61 were from the private college in the United States and 29 were from the public college in Ireland. Of the total, 48 were male students and 42 were female, 64 were business-related majors and 26 were majors other than business.

An independent samples t-test analysis was then performed on the responses to the questionnaire using SPSS for each of the hypotheses using the dependent variable of total user responses to the survey

questions related to social responsibility. The mean value of the students' responses was calculated. The larger the mean value of the response represents the more strongly the student attitudes are in favor of CSR. Since gender is considered one important aspect that shapes student ethical behavior with most research reporting that female students respond more ethically than male students (Tibbetts, 1999; Smyth et al., 2009; Simon et al., 2004), this was taken into consideration in the results.

## RESULTS

Overall analysis of all of the students' responses found that gender and major were significant, whereas country was not. U.S. students total responses to all questions on the questionnaire did not show a significant difference from Irish students' total responses ( $p$ -value=.216). This finding does not support our first hypothesis (H1) that in general, students in the United States exhibit different attitudes towards CSR than do students in Ireland.

However, we did find support for our second hypothesis (H2) that in general, business majors exhibit different attitudes towards CSR than do non-business majors. Non-business majors were more favorably inclined towards CSR than their business counterparts. Non-business majors scored an average of 74.36 with a standard deviation of 6.93, versus 71.05 with a standard deviation of 7.30 for business majors. This difference is significant at the .038 level.

Although this was not specifically related to our study, we also wanted to see if gender played a role in student attitudes toward social responsibility. We found that in general, female students are more favorably inclined towards CSR than their male counterparts. Female subjects scored an average of 74.31 with a standard deviation of 7.46, versus 70.48 with a standard deviation of 6.75 for the male students. This difference is significant at the .012 level.

To test our third hypothesis, we selected only the 64 business-related majors for analysis. There were 26 U.S., male business students, 9 U.S. female business students, 9 Irish, male business students and 20 Irish, female business students. Obviously, our sample size was not sufficient to look at subgroups of gender within major. Again, independent samples t-test analysis was performed on the overall responses to the survey.

Our results from this analysis are reversed from what we found from the entire student group. We did not find a significant difference between male and female business students responses ( $p$ -value=.146). However, we did find significant differences between U.S. and Irish business students. The results support our third hypothesis (H3) that in general, business majors in the United States and Ireland exhibit different attitudes towards CSR. Irish business students are more favorably inclined towards CSR than their U.S. business student counterparts. Irish business students scored an average of 73.66 with a standard deviation of 7.70, versus 69.31 with a standard deviation of 6.56 for the U.S. business students. This difference is significant at the .018 level.

To further test our third hypothesis, a principal factor analysis was performed on the survey responses from business students only, following the dimensions set forth in the William's survey (1982, p. 122). After removing four questions (4, 9, 17 and 18) due to the low measure of sampling accuracy (i.e.  $< 0.5$ ) as suggested by Hair, Anderson, Tatham and Black (1995, p. 374) factor solutions were found for each of William's dimensions (see Table 1). These factor solutions were obtained using eigenvalue greater than one criterion.

**Table 1. William's dimensions factor solutions**

<u>Dimension</u>	<u>Subject</u>	<u>Survey Question Number</u>	<u>Factor Loadings</u>
Entity	Public	1, 2, 3, 7	.815, .555, .574, .773
Entity	Private	6, 15, 23	.544, .799, .762
Moral Choice	Intuitive	11, 20	.904, .904
Moral Choice	Rational	10, 16	.831, .831
Policy Setting	Managerial	5, 12, 19	.743, .779, .697
Policy Setting	Outsiders	8, 14	.786, .786
Sensitive to Others	Compassion	13, 21, 22	.807, .533, .791

We found mixed results for our hypothesis on Williams' dimensions of social corporate responsibility (H3a). Of the above factors, only Moral Choice–Rational and Sensitive to Others-Compassion were found to be significantly different between U.S. and Irish business majors. For Moral Choice-Rational, U.S. business students are more favorably inclined towards CSR than their Irish business counterparts. U.S. business students scored an average of 7.37 with a standard deviation of 1.33, versus 6.31 with a standard deviation of 1.87 for the Irish business students. This difference is significant at the .010 level. For Sensitive to Others-Compassion, Irish business students are more favorably inclined towards CSR than their U.S. business counterparts. Irish business students scored an average of 10.31 with a standard deviation of 2.16, versus 8.71 with a standard deviation of 1.81 for the U.S. business students. This difference is significant at the .002 level. In all other of Williams' dimensions, there were no significant differences found.

## **DISCUSSION AND CONCLUSIONS**

This study suggests that business education may moderate both a country's culture and gender influence on student attitudes about CSR. Although U.S. business students are less sensitive about the role of corporations in society than Irish business students, U.S. business students are more rational about the role that legislation plays in setting social responsibility expectations for corporations.

Country culture appears to have little influence on students' CSR attitudes overall. When U.S. students were grouped by business and non-business major categories, results show that non-business majors are more favorably inclined to support CSR compared to business majors. These results may suggest that socially responsible attitudes are influenced by education specific disciplines rather than the larger cultural norms of the country, which may have implications for business programs. The significantly lower attitudes of U.S. business students compared to non-business students regarding corporate responsibility in society calls for a more conscious effort to engage our business students in a meaningful internalization of the corporate conscience. It is possible that the importance of the shareholder model increases in the course of a business education.

If business programs systematically moderate a country's cultural influences, we would expect business students to have the same socially responsible attitudes about corporations regardless of country of origin. However, in this study, Irish business student attitudes were more favorably inclined toward CSR than U.S. business student attitudes. In some business programs, a required course is dedicated to business ethics and social responsibility while in other programs it is left to individual course instructors

to include ethical and social perspectives. Additional research is needed to address the effectiveness of each approach.

The significant differences in two underlying attitude constructs between U.S. and Irish business students relate to judging corporate obligations to society and sensitivity to various stakeholders. This indicates possible diverse cultural perspectives. The significant attitude difference in the Moral Choice-Rational dimension indicates that U.S. business students have a higher regard for the law as a means for monitoring and motivating corporate social actions relative to Irish business students. The fact that U.S. students are more favorably inclined on this dimension is not surprising. One consequence of the rash of corporate scandals in the U.S. has been the call for governmental guidelines to address the ethical and social crisis. The Sarbanes-Oxley (SOX) Act of 2002 was one U.S. law intended to legislate expected corporate ethical and social behavior. The other dimensional significance was in the area of compassion. Within this attitude construct, business majors in Ireland are inclined to be more sensitive to the needs of others as compared to U.S. business majors. Irish business students appear to be more concerned about the impact of corporate actions on individuals in society than U.S. business students. This result lends support to the conclusion that Irish business students are more inclined to view that a primary role of a firm is to help meet the expectations of different stakeholders.

This study found conflicting results regarding the significance of gender. Overall female students displayed more favorable attitudes towards CSR than their male counterparts. This result confirms various studies where females appear to be more ethical and exhibit a greater desire to have corporations be more directed in considering social issues (Arlow, 1991). However, gender is not significant when examining only business majors in the U.S. Female and male business majors in the U.S. appear to have similar societal attitudes about business. This finding appears to show that any gender or country effect is moderated by the programmatic influence of business school education.

### **LIMITATIONS AND FUTURE RESEARCH**

The study was conducted using a convenience sample of students from two different types of institutions; a private religious school and a public school. It may well be that the non-randomness of the sample and self-selection into particular types of academic institutions contributed to our findings. In addition, the conflicting results with significance of gender may be the result of the disproportionate gender mix across countries and sample size. Further, the CSR attitude scale used in this study was taken directly from William's (1982) scale without modification. Although the scale was appropriate for the purpose of this study, the reliability and validity of this scale was not assessed. These limitations may affect the ability to generalize the results of this study.

An important area for future research is to ascertain the pervasiveness of CSR as an integral part of business education and whether or not non-business majors have actually been exposed to discussions of CSR in their humanities and other social science courses.

### **REFERENCES**

Available upon request.