
Research

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY AND ETHICS IN EDUCATIONAL INSTITUTIONS

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Abstract

This paper presents the impact of corporate social responsibility in the educational institutions and how the students value it and try to practice it in an academic environment. Corporate social responsibility, which is now commonly known as CSR is not something mandatory, and the biggest proof of it is the fact that there is no regulator who is monitoring the implementation of CSR in a particular country or even globally. On the contrary, a number of educational institutions are educating their students about CSR so when these students join the fresh workforce the terminology of CSR is not a misnomer to them and they can fully understand and fathom CSR from a basic as well as an advanced perspective. For this purpose a group of 40 students were selected who are undergoing the courses on CSR and corporate governance and semi structured interviews were conducted to gather information in order to judge the impact on CSR related activities from the view point of the student community.

Keywords: Corporate social responsibility, corporate responsiveness, sustainable business development, green house gases, volunteering.

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Introduction

CSR is gaining momentum in present times, and now most businesses value it as a strategic business function, and not merely a one off exercise. Companies are repeatedly indulging into CSR as businesses have now become more competitive than ever.

The younger generation of any nation is the vital Human Resource Capital of that country, and it is these vibrant and energetic people who form the majority of the workforce, and they are surely going to rise above the normal level and gain leadership traits, and take up leadership roles, whether in the corporate field or in the political arena, so if they are not aware of the positive role of a corporation, so how one can expect that they would be in a position to solve major issues, such as poverty, unemployment, injustice, persecution and gender biasness.

Academic institutions at a basic level try to hone in these skills in the younger minds, and for that we have definitely a host of local as well as international examples, where known business people and philanthropists have parted with the major chunk of their fortunes, they had created valuable foundations, and had started charity work on a massive scale, but again we cannot dub CSR with charitable work, as CSR is carried out of the economic profits which an organization makes and not a one time affair, as could be synonymous with charity.

It has also been proved (Cochran L.Philip 2007), that CSR is a potent reason for a company to grow and generate more revenue, which in turn would generate more profits for the company, another proof lies in the fact that companies which carry out CSR related activities, are favored by the employees and other stake holders, employees show an inclination to work for these companies, as these companies become their favorite organizations for future prospects,

whereas other stake holders, would definitely want to remain affiliated to these companies for a variety of reasons. The shareholders would love to make investments in these companies, as they carry a reputational goodwill, which is also respected even by their cut throat competitors, who could be at odds with them on numerous occasions (Hermann Suzannah, 2006).

The terminology of CSR has been described in a variety of ways, some call it the Corporate Social Initiative (CSI) and Corporate Responsiveness (CR) but the real meaning remains the same, and now in most academic institutions this is a full fledged course designed to keep the students focused and prepare them for ongoing future challenges of the corporate sector, namely unethical business practices and lack of disclosures) and expect a behavior that is second to none, and there we see that how closely CSR is linked to Ethics and ethical conduct.

Corporate social responsibility also provides ample opportunities to the students to:

- get hands on experience
- to feel it before they can really start advocating it to others

However there are advocacy groups also which give their valuable input on a consistent basis, but the roles of non-profit organizations cannot be underestimated as these organizations enrich the profit making organizations to enrich them as to where to go and do their social investments. As CSR is commonly known to others, who are not in very well familiar with this concept, that finding a true and a genuine recipient could be extremely difficult and arduous at times.

So for the companies this is a win-win situation where they can use the expertise of non-profit organizations to their maximum advantage, and at the same time be in a position to develop strategic business alliances, all over the world.

The United Nations have come up with the ten global compacts which are nothing, but the golden rules of corporate social responsibility refined and narrowed down specifically to focus more on areas such as human rights, labor, environment & anti corruption.

Literature Review

The first academicians to debate the topic were Professor Adolf A. Berle and Harvard professor E. Merrick Dodd. They wrote a series of articles in which they described the impact of CSR, whereas there was some disparity in their approaches as Berle argued that the managers were responsible to the shareholders, whereas Dodd argued that the managers have a wider range of responsibilities other than towards the shareholders and definitely towards the public also, so in fact even in modern times this concept still holds true (Dodd, 1932)

Dodd further elaborated that a firm's corporate responsibility goes far beyond the shareholders and towards the society as the businesses are serving communities and communities are definitely a part of any society.

During the 50's and the 60's much academic debate took place, but the real concept of CSR came into force with the advent of the modern activist movements, and as the civil rights movement gained momentum primarily in the US, more and more valuable inputs were added to this phenomenon, that the companies should be bound to be accountable to the society rather than to a few groups of owners who are classified as shareholders.

By the 1970's, the focus of the debate entirely changed from CSR to corporate social responsiveness.

In the era of 70's the concept of CSR took a new turn where various activist groups such as, The champions of CSR and advisors of business started applying social pressures, such as media and

public was mobilized to convince corporations that they do have responsibilities apart from making economic profits too.

Thereafter emerged a new theme which was coined as corporate philanthropy, the pioneer being none other than Andrew Carnegie, who was a renowned philanthropist.

Andrew Carnegie, took upon CSR as a crusade and also tried to convince other corporations to follow suit, and then came the concept of donations to universities in the form of grants and funding of chairs, grants to local operas to promote culture or as a matter of fact any other social service cause worthy of its nature.

In an article published by Michael Porter and Mark Kramer “Strategy and Society” (2006) in the Harvard business Review, it was highlighted that in the long run social and economic goals are not at all conflicting but are in fact interwoven with each other, so many social investments definitely have economic returns as well.

The authors cited the example of Cisco Net Working Academy, as a potent case of CSR, whereby the company donated networking equipment to schools on a massive scale.

Cisco’s example was so overwhelming that its impact was reverberated at far flung areas, and soon it trickled down to various communities where its beneficiaries grew at a much faster pace. Something which was just started as a mere goodwill gesture, became an icon of hope and vast opportunities, in terms of training and employment as Cisco engineers started to train the teachers of various schools in the region, the results were incredible, nearly 10,000 academies and 115,000 graduates emerged in five years time.

Cisco’s example paved the way for other corporations as well, as Porter and Kramer (2002) rightly argued that companies should not

simply throw away their money, but be able to use their contributions in an effective manner.

The most valuable lesson learnt here is that the firms should always stick to their core competencies, while doing CSR, because only then social investment can really pay off in the long run, otherwise it would simply go to waste.

Furthermore, Porter and Kramer also argued that organizations should find social needs that best suit with their particular expertise, or something at which they really excel, because in that way the corporates do really well while they are fulfilling a social cause.

Philip L. Cochran (2007), in his article, “The evolution of corporate social responsibility clearly states, that merely investing is not a viable option for companies, these days it should be responsible investing, and he argues that communities have got to be involved also through social advocacy and through social entrepreneurship projects.

Cochran, also posits that economic as well as social returns should not be capsulated as two distinct and isolated units, but the firms should rather pursue a strategy of seeking profits, and at the same time be in a position to solve the social problems, that affect their employees, customers, suppliers, media and the respective governments. In fact all these steps can lead towards better productivity and take the organization to new heights of profitability and add value to the firm’s shareholders.

Nelarine Cornelius, James Wallace and Rana Tassabehji (2007) in their article “An analysis of Corporate Social Responsibility, Corporate Identity and Ethics teaching in Business Schools” clearly states the importance of ethics, and argue that it should be taken as a core part of CSR and thus be linked to corporate identity (CI) and in

that way it can meet the model introduced by Melewar and Jenkins (2002)

It is very rightly pointed out by Cornelius et al (2007) that the formal training of ethics should commence at the business school level and not at a later stage, because when students leave academia and join the corporate world, it does become difficult for them to assimilate into the practical implications of CSR, CI and ethics, however it is quite convenient for them to learn these themes in an academic setting, although the practical exposure at that level is minimal.

Pfeiffer and Fong, (2004) argues that it is extremely important for business schools to impart basic ethics training, before anything else, because if the foundation is not strong then it will be highly unlikely that the structure built upon that foundation is going to last for a very long period of time.

Phillips 2004 highlights the creation and the accreditation requirement of the Ethics Education Task Force (EETF) within the MBA curriculum.

Wilson (2000) and Moir (2001) are of the view that CSR has uplifted the corporate agenda and the image of a number of organizations, although in some firms the practice of CSR is a mundane affair, which is reactive and compliance-driven, however it still has got to be proved whether there is there any positive relationship between CSR and compliance and civic duty.

The most potent model of CI is that of Melewar and Jenkins (2002) as their model consists of four major areas, which are, communications and visual identity, behavior, corporate culture and market conditions, which almost covers lot of areas (mention specifically which areas) and leads towards a much balanced approach.

With more and more business schools coming up these days, statistics shows that there has been a 35% increase in student enrollment in the MBA programs, between 1994 and 1999.

Nelarine Cornelius et al (2007) investigated the nature and extent of ethics education provision in the Ivy League business schools, which were known to be the drivers of innovation in imparting knowledge and research.

Cornelius et al (mention the year) examined the relationship of CSR, CI and ethics from various business schools and their findings were based on the following criteria:

- Developing and presenting a comprehensive schema of CI based on current business practices addressing specific areas
- To carry out a scrutiny of the web sites of business schools in order to establish a coherent relationship between CI, CSR, and ethics education provision.
- Assessing and analyzing a further sample of 25 business schools, which are not ranked in the top 100 as ranked by the Financial Times 2004 survey.

Research Methodology

The research methodology was solely qualitative and included a semi structured questionnaire which was given to the respondents, the total sample size of 40 students who were selected from two classes, one class of MBA executives learning CSR and the other class comprised of students of MBA regular program, studying Corporate Social Responsibility on week days.

Research Findings

On the basis of the questionnaire selected (Annexure 1) interviews were conducted, involving a few groups of students, as conducting individual interviews, was not be feasible due to the paucity of time factor, and the preoccupation of the executive students as almost all of them are working for different organizations.

Overview

In order to examine the questionnaire in detail, qualitative data was collected, and for that purpose semi-structured interviews were conducted by the group of students, who comprised of two classes at the Institute and consisted of 40 in number.

The purpose of the qualitative analysis was to seek the students' perceptions about CSR, as to in which context they interpret the implications which could be unique to it and at the same time affect their daily work as well as private lives.

Data collection activity and participants

The questions as per (Annexure 1) were explored at length using semi structured interviews.

All in all 40 students were interviewed, due to the paucity of time, and the tight schedule of the students, as roughly half of them are executive students, and working in organizations, interviews were conducted in groups and findings taken.

In depth interviewing procedures, provided and an opportunity to discuss the significance of learning CSR as a core course and its subsequent application at work place.

Group interviews lasted for about 30 – 40 minutes, and every participant was requested to sign the consent form, which explicitly states, that it is not binding on them to be a part of this research, and as such they are doing it at their free will.

Findings

As far as question number one was concerned which focused on the Organization's awareness of the current range of global CSR initiatives, most of the participants were not sure that how this could

be measured, however on the basis of class room teachings they were of the view that in some way their organizations are carrying on with some sort of CSR related activities, although in some cases they clearly pointed out that their employers usually termed it as charity and are quite content with it, whereas it was also noted that students working for good and reputable organizations who were responsible of doing CSR in its true spirit, and creating awareness in the minds of the employees at the same time, by involving themselves in those activities.

The second question was regarding the development and support of voluntary CSR instruments, again it was noted that the national companies do not take this issue seriously as they do not have a clear cut agenda for promoting CSR, so the question of developing CSR initiatives or agenda is a far cry.

During the interviews, it was specifically noted that a large number of textile related companies and textile units hardly pay any heed towards promoting and developing CSR hence, there is no question that a budget can be allotted and initiatives concerning CSR be developed.

Whereas on the contrary a number of organizations are still employing child labor, which is in contravention of United Nations Ten global compact principles.

The third question was about the involvement of employees, this really proved to be a tough question, as most participants were of the view that in their respective organizations they do not have a separate department from where CSR related activities are initiated.

Some were of the opinion that their companies take it as a onetime affair or activity, others said that their employees do not consider it as a priority; some even complained that due to limited

financial resources no CSR related activities take place in their companies at all.

The fourth question was pertaining to the policy framework on corporate accountability. The participants who were working in different organizations were asked to provide any evidence whether their organizations have a policy in this regard, but almost all the participants responses were in negative, either they were not aware of such a policy existing in their organizations or they were not involved in formulating one.

Corporate accountability means that there has to be an internal ombudsperson, which is responsible of carrying social audits, and one of the important pillars of a social audit is to observe and report the company's policy on taking CSR related initiatives, and that too along with all the major business decisions.

The fifth question which was asked to the participants was about the social issues which are causing a behavioral change in our business and society in general.

The question was simplified in a way so that the participants could understand it lot better, it simply means that in every society there are social issues, such as health and hygiene, environment, clean drinking water and its availability, drug abuse, child abuse, excesses committed against women and child labor.

The modern practice of the companies is to take up any issue which they feel they can handle effectively and then carry out a campaign for a specific period of time.

However, in order to attract public support the funding and the monetary aspect of such a campaign is always the responsibility of the organization, so in short the organization is taking along the entire campaign on its own from cradle to grave.

During this process they can engage the employees also as volunteers, to do something for the society on a purely voluntary basis, and the best example of that is to run an elementary or a secondary school on self help basis.

The major responses that received were mostly in negative, as a number of participants expressed their unawareness of such a program being run by their respective companies.

The sixth question which was asked to the participants was on the degree of importance of business activities and mostly all the respondents said that businesses would become lot more complex and challenging, especially in the emerging markets, as there would be frequent technical add-ons so it is not only the companies that are concerned about the impact of their business actions on the environment, but a growing number of stakeholders have expressed equal concern on these issues.

In today's world, it is the action of the organizations, which is largely responsible and can create an impact on the society, so by and large all the participants were of the view that organizations should and must take care of the environment, and when the question was posed to them that in what way you think that the organizations should take care of the environment, almost a unanimous reply came from them, that the companies have to devise new methods, and employ latest technology to improve the existing business processes and adopt sustainable business practices.

It was quite heartening to note that an overwhelming majority of the participants do understand the true meaning of sustainable business practices, which normally incorporate the three notable areas such as reuse, reduce, and recycle, the latter one being used largely these days, by a number of companies, the idea behind that is to conserve resources.

Almost all the participants were of the opinion that the above mentioned role of the organizations should be encouraged at the government level also.

The seventh question again was concerning the environmental and social issues, but emphasized more on the role of the regulatory authorities. Majority of the participants were of the view that the regulatory authorities should assume a bigger role in future, so as to significantly monitor the carbon footprint which is impacting on the environment since CSR is a strategic business function so the organizations are answerable to all the stakeholders through their actions.

As such CSR presently is not monitored by a regulator, but in future, when the markets are going to squeeze and businesses would definitely pose lot more challenges, the litmus test for the organizations would be as to how much money and time they are willing to spend for socially responsible causes.

Question number 8 was focused again regarding the impact of voluntary CSR, in view of the changing business needs, though CSR by and large is voluntary, since there is no compulsion from the state for companies to engage it into a mandatory function, yet the participants were asked about their perceptions on it in terms of its significance in future.

A large number of participants gave their own candid opinion, that, in future the concept of voluntarism would become more important, as such voluntary actions and initiatives on behalf of the companies, put them into lime light, and hence one major area i.e. environmental pollution will be a major issue to tackle with, so it is highly recommended that companies should actively engage themselves to pursue not only a socially responsible agenda, but also address the significance of voluntarism on a permanent basis.

Conclusions & Recommendations

The growing impact of Business in everyone's life and on the economy as a whole had been instrumental in understanding and practicing socially responsible initiatives of the organization.

The sample size of 40 students, though not a large sample in the first place, but it had greatly helped in understanding that what students feel about CSR, its related activities and how best they can apply their knowledge in solving one of the greatest challenges of doing business in a modern era.

This study would further pave the way for future studies, when it is carried out on a larger scale, covering other universities and can be of further value when it is extended to cover higher level educational institutions at a national level.

The youth of our country are our future, and in their hands lie the destiny of this nation and country, so if awareness can be imparted at this level the future generations would surely benefit and take preemptive measures to safeguard organizations and the environmental factors.

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ANNEXURE 1

The sample questionnaire is being reproduced as follows:

CSR Questionnaire

1. To what extent is your organization aware of the Corporate Social Responsibility in the context of present international initiatives? Please tick one option.

Excellent Good Fair Poor

NOTE: 'Good' might mean you know what the Global Compact's 10 principles are; 'Fair' that it is a UN initiative that encourages business to be more responsible; 'Poor' that you haven't heard of the Global Compact.

Participation

Do you believe your organization at present is ready to volunteer its services to develop and support voluntary CSR initiatives? If yes, indicate one of the following (e.g. Global Compact? GRI? ISO? FSC?)

2. Mention the cause why your organization has not been able to take any measure to participate in this noble cause. ?

(Check all that apply)

1. Not invited
2. Don't consider it a priority
3. No relevant experience or skills
4. Limited financial resources

Other _____

Policy

3. Is there any pertinent regulation in your organization on following CSR accountability process? If so, describe briefly how it can be best enhanced.

Views on current landscape

4. In your organization, mention the initiatives and the instruments that prevent the behavioral changes in the employees and the management. Explain why it is happening. Why?
5. To what extent do you agree with the following statements?
1= strongly disagree, 2= disagree, 3= Not sure 4= Agree, 5= strongly disagree
 - a. There is no clear definition of landscape
1 2 3 4 5
 - b. There are too many standards, policies and instructions.
1 2 3 4 5
 - c. There are no clear instructions or criteria for selection
1 2 3 4 5
 - d. There is a lot of repetition in instructions
1 2 3 4 5
 - e. There is incompatibility in the organization.
1 2 3 4 5
6. Considering the role of conflicts and issues in the emerging scenario, what do you think will happen to the businesses all around the world in general? Please indicate one choice. (Check one): Please explain your reasons.
 - a. Businesses will become less important in future
 - b. Nothing drastic will occur to them
 - c. They will become more important
7. Knowing there are environmental and social problems, how do you assess the role of government will evolve in the development of business? Please mark as many options as applicable. Also mention how in your opinion these should evolve.
 - There will be intensive use of regulatory instruments.

- There will be minimum application of regulatory instruments.
 - There will be more policy paradigms and self-regulated strategies.
 - There will be immense use of policy and voluntary approaches.
 - There will be greater engagement on human rights and environmental issues.
 - There will be less engagement on human rights and environmental issue
8. Having looked at environmental and social issues in the next ten years, how will the role of voluntary CSR instruments and initiatives change (Check one): Please specify which CSR instrument will be more or less essential.
- They will be less important
 - They will remain unchanged
 - They will become more important

ANNEXURE 2

Consent Form

Thank you for agreeing to participate in this research study. There is no risk involved in this study except your valuable time.

You are free to choose to participate in the study. You may refuse to participate without any loss of benefit that you are otherwise entitled to. You may also refuse to answer some or all the questions if you do not feel comfortable with those questions.

The information provided by you will remain confidential. Nobody except principal investigator will have an access to it. Your name and identity will also not be disclosed at any time. However, the data may be published

in journal and elsewhere without giving your name or disclosing your identity.

I have read and understand this consent form, and I volunteer to participate in this research study.

Participants Signature : _____