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Investigating Chinese and Australian student's awareness and interpretation of CSR, and the influence of studying 'socially innovative commerce' over time

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Investigating Chinese and Australian Students' Awareness and Interpretation of CSR, and the Influence of Studying 'Socially Innovative Commerce' Over Time

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Abstract

This study compares Chinese students studying in Australia and Australian domestic students on awareness and interpretation of, and attitude and behavioural intention towards the concept of corporate social responsibility (CSR), and the influence on both of studying within an environment termed "*socially innovative commerce*". While previous research has found that age, gender, and study major of students may influence perceptions of CSR, this research found these variables are not as significant as cultural background. These findings are presented and discussed along with future research directions.

Introduction

Corporate social responsibility (CSR) is an increasingly important aspect of business education. This is a result of the recent 'global financial crisis' and the changed public attitude to business, as well as other stakeholders increasingly expecting business to deliver on social and environmental criteria and not just economic performance (Mitchell *et al.*, 1997). It is therefore important that commerce graduates emerge from their studies equipped with the necessary knowledge and skills to meet the CSR business challenge. A potential benefit of a western education is a focus on CSR. However, domestic and international students are likely to be working from different levels of initial awareness and attitudes towards CSR. Subsequently, it is important that business schools are aware of such disparities and modify their curricula to accommodate such situations. The result of addressing such gaps ensures all students' learning aspirations are met and all students emerge with an appropriate level of CSR learning and understanding to meet the demands of business.

This paper reports on a study that investigates whether gaps exist between Chinese and Australian students at undergraduate entry level, and the influence of studying commerce at an Australian university that has recently placed at the centre of its curriculum *socially innovative commerce* (SIC). Socially innovative commerce is defined as "built on understanding genuine corporate social responsibility, business ethics, environmental sustainability and respect for humanity..... for the creation of better futures for individuals, organisations and communities" (UOW, 2010).

Little research has examined cultural influences on students' attitudes and behavioural intentions towards CSR, and none has compared Australian and Chinese students, who constitute the two largest segments of students at many Australian universities, and are very different culturally (Inglehart and Welzel, 2005) and come from quite different business backgrounds. This research contributes to the literature by examining: (1) whether cultural background has an influence on students' awareness and interpretation of, and attitudes and behavioural intentions towards CSR; and (2) what influence SIC appears to have on these two student segments over time.

Literature Review

Australia and China-Fundamental Differences

The development of the notion of corporations having a responsibility to society, and one that goes beyond mere economic contributions is the basis of CSR. The definition of CSR adopted in this paper is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (EU, 2007). To operationalise this definition, Carroll’s (1998) four faces of CSR (economical, legal, ethical and philanthropic) will be employed in this study.

An important factor that is examined in this study is the influence of culture. Culture can be defined as “a learned, shared, compelling, interrelated set of symbols, whose meanings provide a set of orientations for members of society” (Terpstra and David, 1991, p.131). Research based on the World Value Survey (Inglehart and Welzel, 2005) shows that Australians have high self-expression values (give high priority to environmental protection and tolerance of diversity etc.) and low traditional values (emphasize importance of parent-child ties and deference to authority, along with absolute standards and traditional family values). In contrast, in Chinese culture survival values and secular rational values are important. Accordingly, the distance between the cultural values of these two countries is considered large. Supporting this view, research by Hofstede and Hofstede (2005) shows considerable cultural difference between Australia and China in five of their ‘dimensions’ (i.e. power distance, individualism versus collectivism, femininity versus masculinity, uncertainty avoidance, and long-term orientation) except masculinity are considerable.

There is also considerable difference between the economic, physical and social environments of Australia and China. China’s economic growth has been more than 7% for each year between 2000 and 2010, and it is predicted to be 9.6% in 2011 (IMF, 2010), while Australia’s growth has remained around 3% over this time. As a result of China’s rapid growth it now faces significant environmental problems and challenges, putting pressure on Chinese businesses to pay increased attention to the issue of CSR. According to Baughn *et al.* (2007), Australia demonstrates amongst the greatest evidence on social CSR internationally, while China currently only evidences a moderate commitment.

Corporate social responsibility (CSR) and business students

Crane and Matten (2007) classify CSR research into four groups: *instrumental theories*, focusing on economical benefits; *political theories*, emphasising power, position and responsibilities; *integrative theories*, focusing on social legitimacy, social acceptance and prestige; and *ethical theories*, emphasising the right thing to do. Students’ interpretations of the CSR concept will be examined by their level of agreement in regard to these theories.

To date, previous research in the area of university students and CSR has examined the role and influence of a number of variables in students’ perceptions of CSR. Amongst these variables examined are:

1. Age (Kraft and Singhapakdi, 1995; Kumar, 1995). A meta analysis of 35 studies (Borkowski and Ugras, 1998) which used age as an influence factor of CSR perception, found that the influence of student age is not significant in 19 studies, while other studies show equivocal results.
2. Area of business study---major (Jeffrey, 1993; Cohen et al, 1998; Lopez et al, 2005; Elias, 2005). Students who major in accounting and marketing have a relatively high level of awareness of and positive attitude towards CSR compared with students major in economics and finance.

3. Gender (Paul *et al*, 1997; Borkowski and Ugras, 1998; Burton and Hegarty, 1999). Women are either more ethically responsible than men (Baetz *et al*, 1989; Ruegger and King, 1992; Borkowski and Ugras, 1998; Ekin and Tezolmez, 1999; Deshpande *et al*, 2000; Elias, 2004; Lamsa *et al*, 2007), or that there is no difference between them (Derry, 1989; Ergeneli and Arikan, 2002).

Missing from the list of variables studied so far is the potential influence of culture. Moreover, the influence of studying topics related to CSR over the course of one's university education has not been examined. Based on the literature review and previous studies, the hypotheses for this research are:

H1: Australian students will hold significantly (a) higher awareness of, (b) different interpretation of, and (c) more positive attitudes and (d) behavioural intentions towards CSR than Chinese students (commencing study in Australia).

H2: By Year 3 of studying SIC, Chinese and Australian students will hold significantly (a) higher awareness of, (b) different interpretation of, and (c) more positive attitudes and (d) behavioural intention towards CSR than Year 1 students.

H3: Students majoring in accounting and marketing will hold significantly (a) more positive attitudes towards CSR and will be (b) more supportive of socially responsible businesses compared with students majoring in economics and finance.

Methodology

One hundred and sixty completed student responses were collected at an Australian university where SIC is central to the Commerce curriculum. The ratio of females to males is roughly equal. Approximately 32.5% of the respondents are under 20 years of age, 63.8% are between 21 and 24, and 3.8% are over 25. Forty-six students are Year 1 Australian students, 37 are Year 1 Chinese students, 31 are Year 3 (final year) Australian students, and 46 are Year 3 Chinese students. In addition, 46 of the sample are majoring in accounting, 31 are majoring in economics, 37 are majoring in finance, and 46 are majoring in marketing.

Data were collected using an online survey. To measure students' attitudes and behavioural intentions toward CSR a scale developed by Maignan and Ferrell (2000) and based on Carroll's (1998) four faces of CSR was employed. Respondents were asked to answer whether they were aware of a concept such as that defined as CSR (unaided recall), how they interpret the concept of CSR (aided recall), their attitudes toward CSR's *four faces*, whether they would be likely to take any action about CSR issues (behavioural intention), and their demographic information. A seven-point scale was used to measure the relevant items.

Data was analysed using SPSS. A chi-square test was used to analyse whether students' gender, major, culture background and (two years of) SIC (study in UOW) education had influenced disposition toward CSR. A two-way between-groups ANOVA was employed to test whether cultural background, SIC education and major had influenced students' attitudes toward CSR and their interpretation of the CSR concept. A MANOVA was employed to test for students' behavioural intention.

Findings

Awareness

Results show that about 73.8% students were aware of CSR and only 26.3% students were

not. The percentage of students who know the terminology *CSR* in Year 3 is 79.5%, slightly higher than in Year one (68.3%); the percentage of Chinese (79.3%) is higher than Australians (67.9%); and the percentage in economics students is the highest (87.1%), followed by marketing students (73.9%), finance students (73.0%), and accounting students (65.2%). However, based on the chi-square test results, the differences of *CSR* awareness between years of study ($\chi^2=2.588$, $p=0.108$), countries of birth ($\chi^2=2.646$, $p=0.104$), gender ($\chi^2=2.347$, $p=0.126$), and majors ($\chi^2=4.595$, $p=0.204$) are not statistically significant. H1a and H2a are therefore rejected.

Interpretation of CSR

The concept of *CSR* that students agree with most is in line with Crane and Matten's *political theory*, followed by *integrative theory*, *ethical theory*, and *instrumental theory*. A two-way between-groups ANOVA shows that the difference between Australian ($M=4.09$) and Chinese ($M=3.56$) students on their agreement of instrumental theory is statistically significant ($F(1,160)=7.196$, $p=0.008$). H1b is therefore partly accepted. The ANOVA also shows that the difference between Year 3 students ($M=4.06$) and Year 1 students ($M=3.59$) on instrumental theory is significant ($F(1,160)=6.207$, $p=0.014$). H2b is therefore partly accepted. Their differences in other theories are not statistically significant.

Attitudes

All groups of students have a positive attitude toward *CSR* issues. A two-way between groups ANOVA shows that the differences between Australian and Chinese students on their attitudes to the economic ($F(1,160)=10.718$, $p=0.001$) and philanthropic face ($F(1,160)=3.928$, $p=0.049$) of *CSR* are significant. Australian students ($M=4.28$ vs. $M=3.56$) show more positive attitude to the economic face of *CSR*, but Chinese students ($M=4.67$ vs. $M=4.23$) show more positive attitude to the philanthropic face of *CSR*. Students' attitudes to other faces of *CSR* are not statistically significant. Therefore, H1c is accepted on the economic face but rejected on the philanthropic face. The influence of year of study on all four faces is not significant. H2c is therefore rejected. The influence of majors is not significant. H3a is therefore rejected.

Behavioural intentions

All groups state positive behavioural intentions in all four behavioural intention statements, but there are differences between *CSR* issues. MANOVA test shows that the differences between students' behavioural intention towards different *CSR* issues are statistically significant ($F(3,160)=4.429$, $p=0.004$). "Pay more to buy products from a socially responsible company" is the one students have the strongest behavioural intention ($M=4.06$) towards. The second is "avoid buying products from companies that have engaged in immoral actions" ($M=4.03$). The third is "pay more to buy the products of a company that shows caring for the well-being of our society" ($M=3.94$). The last is "consider the ethical reputation of businesses when I shop" ($M=3.72$).

Moreover, the difference in students' behavioural intentions towards the four issues between Australian students and Chinese students is statistically significant ($F(3,160)=10.120$, $p=0.000$). Australian students have higher behavioural intention to "pay more to buy products from a socially responsible company" ($M=4.14$ vs. $M=3.98$) and "pay more to buy the products of a company that shows caring for the well-being of our society" ($M=4.06$ vs. $M=3.83$), but Chinese have higher behavioural intention to "avoid buying products from companies that have engaged in immoral actions" ($M=4.30$ vs. $M=3.73$) and "consider the ethical reputation of businesses when I shop" ($M=4.04$ vs. $M=3.38$). H1d is therefore

accepted in the first two statements and rejected in the last two statements. The differences between two years and four majors are not significant, so H2d and H3b are rejected.

Discussion and Conclusion

In this study, students' awareness of CSR was not influenced by experiencing a SIC education, culture background, study major, or gender. Even though the university course was the most common source of CSR information for students, as 16.2% students report first being exposed to the concept of CSR at this university, 11.2% of respondents knew of CSR from high school, and 10% students heard of CSR through the media. The terminology CSR has been spread to youngsters through different channels in both countries.

Because cultural background has an influence on students' interpretation of, attitude to and behavioural intention towards CSR, H1b is partly accepted, and H1c is accepted in Carroll's (1998) economic face but rejected in the philanthropic face, and H1d is partly accepted. Australian students are more rational in evaluating the importance of economic performance of a company, but Chinese students put more weight upon the philanthropic activities of a company. This result might be interpreted as that Australians are inclined toward individualism and Chinese are inclined toward collectivism in interpretation of CSR and forming attitudes to CSR issues. Chinese tend to understand the term CSR as a separate group of activities from economic and legal obligations of a company, and this is probably influenced by the differences of legal and government structures between China and western countries. However, that H1d is partly accepted indicates that Australian students are more likely to support socially responsible companies by paying more, while Chinese students just want to avoid buying from immoral companies. This can be explained by Inglehart and Welzel's (2005) analysis of culture as China is an industrial society so that Chinese hold survival values and emphasize economic and physical security, while Australia is a post-industrial society, so Australians hold self-expression values and emphasize subjective well-being, self-expression and quality of life.

H2 is rejected, except in regard to students' interpretation of instrumental theories, since students are more likely to agree with instrumental theory after SIC education. Even though SIC education puts more weight upon ethically relevant thoughts and contents compared with traditional business education, it does not change the result that students pay more attention to the economic performance of a company after finishing their business education (Gioria, 2002). H3 is rejected, showing that the influence of different majors is not big enough to change a person's attitudes and behavioural intention towards CSR issues.

Although H1 is not totally accepted, the influence of cultural background on students' interpretation of and attitudes and behavioural intention towards CSR is more significant than the influence of SIC education, study major and gender.

This study contributes to the literature by being the first study to consider the potential influence of culture on students' perceptions of CSR. It is also the first study that attempts to understand what, if any, is the influence of studying a business degree in Australia that has as its core an emphasis on the basic tenets of CSR, via SIC. The results of this study, in particular the finding that a CSR bound education appears to have limited influence, should raise concerns for many business academics who believe current CSR based curricula are effective in developing a new generation of managers that value the concept of CSR.

There are a number of limitations to this research. For example, students from the university selected may not be representative of all Australian students or all Chinese students studying Commerce in Australia. In addition, the research results may not be applicable to all cultural

student groups --- a factor not examined. Future research could explore a wider range of cultures, and a wider sample of western universities' influence in commerce education programs over time, especially those programs reporting SIC-related learning themes.

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