

A STUDY ON THE FACTORS INFLUENCING MANAGERIAL ATTITUDES TOWARDS CSR CONSIDERATIONS

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Abstract

Till the late twentieth century, the mission of business firms was exclusively economic. With the business environment being characterized by various developments including the shift of power from capital to knowledge, increased levels of literacy and the shrinking of geographical boundaries due to faster means of travel and communication, people are, by and large, becoming conscious of their rights, which has led to a rise in the expectations of society from business. It is the deliberate inclusion of public interest into corporate decision-making. Broadly, CSR activities of an organization should embrace to honoring the three P's-People, Planet and Profit. CSR policy would function as a self-regulating mechanism, where business would ensure the adherence to laws & ethical norms.

The current article discusses the Factors Influencing Managerial Attitudes Towards CSR Considerations in the Selected Organizations. Information has been collected using both primary and secondary methods. Survey was conducted among 200 respondents in 3 public and 3 private sector banks through five-point Likert scale. The findings of the study reveal that Major organizations throughout the world now realize that corporate social responsibility (CSR) is an important part of the company's operations because of its positive impact on society, which in turn impact positively on staff members and the public. Corporate social responsibility (CSR) to be the commitment of owners of commercial activities to contribute in sustainable development through working with their employees and their families, local community and the society as a whole to upgrade the people's living standards in a certain way that serves commerce and development in the same time

Keywords: *Corporate Social Responsibility, CSR Considerations, CSR Factors, Sustainability, Sustainable Development, Managerial Attitudes towards CSR etc.*

Introduction

Till the late twentieth century, the mission of business firms was exclusively economic. With the business environment being characterized by various developments including the shift of power from capital to knowledge, increased levels of literacy and the shrinking of geographical boundaries due to faster means of travel and communication, people are, by and large, becoming conscious of

their rights, which has led to a rise in the expectations of society from business. Over the years, the nature of the involvement of business houses with social causes has undergone a change. It has moved away from charity and dependence to empowerment and partnership. In today's well-informed world, the setting up of a business on the basis of financial strength is not a blanket license to mint money, and businesses have to be sensitive to the

expectations both of society and of regulators.

Corporate social Responsibility (CSR) is the responsibilities of an organization to proactively promote the public interest by encouraging community growth and voluntarily eliminating practices that harm the public interests. It is the deliberate inclusion of public interest into corporate decision-making. Broadly, CSR activities of an organization should embrace to honouring the three P's-People, Planet and Profit. CSR policy would function as a self-regulating mechanism, where business would ensure the adherence to laws & ethical norms.

Review of Literature

Graeme Newell and Chyi Lin Lee (2012) empirically examines the impact of CSR factors and financial factors on the performance of Real Estate Investment Trusts (REITs) in Australia (A-REITs) and assess whether these three CSR factors are separately priced by A-REIT investors in uniquely adding value to A-REIT investment performance. Using CSR rating factors and financial factors for the 16 A-REITs in the ASX200, cross-sectional multi-factor models are employed to identify the separate pricing of these CSR factors in A-REIT performance over 2005-2010. The empirical results show that the environmental, social and corporate governance dimensions of CSR are not currently separately priced by A-REIT investors, with most of the A-REIT performance accounted for by the financial factors. Amongst the three CSR dimensions, corporate governance is seen to be the most influential CSR factor on A-REIT performance.

Roland K. Yeo and Mohamed A. Youssef (2010) in their research explore the factors that would make an impact on the corporate image of large commercial banks in Saudi Arabia through the perceptions of direct

customers. Questionnaire, presented in English and Arabic, was piloted and tested to a group of banking customers in three major cities of Saudi Arabia and the Results indicate that three factors significantly influence perception: "financial prospects", "corporate management" and "corporate communication

Paolo Maccarrone (2009) conducted an empirical analysis using case study methodology to find out the factors influencing the attitudes towards corporate social responsibility of Italian companies. The result shows that some industry-specific factors seem to have a great importance in shaping the CSR strategy of the firm. In particular, from this analysis relevant factors turned out to be the company size, the degree of internationalization, the fact of being publicly traded or not, and the synergies overall business strategy.

Mahabir Narwal (2007) highlighted the corporate social responsibility (CSR) initiatives taken by the Indian Banking Industry, which can help them to enhance their overall performance. The research is based on the survey questionnaire, administered to 33 public-private sector banks in Northern Haryana, including its capital Chandigarh, which has been analyzed with the help of descriptive statistics and factor analysis. The findings suggest that banks have an objective viewpoint about CSR activities. They are concentrating mainly on education, balanced growth (different strata of society), health, environmental marketing and customer satisfaction as their core CSR activities. The Indian banking industry is found to be adopting an integrated approach by combining CSR with the ultimate customer satisfaction. Irrespective of location, the nature of CSR activities undertaken by banks is found to be similar.

Ali M. Quazi (2003) in a survey of Australian corporate managers revealed

that there is a significant relationship between the level of education, training status and religiosity of managers and their perception of corporate social responsibility (CSR). The findings indicate that managerial commitment to CSR is linked with the acquired qualities (education and training) rather than their inherent physical maturity (age). Religious metaphors seem to influence managers' perception of social commitment suggesting that theology is also an important determinant of the ethical perceptions of Australian corporate managers. These findings have important implications for personnel policies of socially responsive corporations.

Md Zabd Abdul Rashid and Saadiatul Ibrahim (2002) examines the attitudes of Malaysian managers and executives towards social responsibility and factors determining the attitudes towards social responsibility using structured questionnaires on 198 responses. Nearly all the respondents agreed that their companies were involved in socially responsible activities and the factors determining the attitude towards socially responsibility was family upbringing. The other factors were traditional beliefs, customs and common practices in the industry.

Abdul Rashid and Abdulla (1991) judged that family upbringing was rated as the most important that, followed by religious training. The conduct of superiors was ranked third, followed by traditional beliefs and customs.

Gilles and Leinbach (1983) examined the determinants of manager's attitudes towards CSR and found that family training and upbringing was rated as the most important factor determining manager's attitudes towards CSR followed by religious training.

Objectives

The following are the objectives of the Study:

- To Analyze the factors influencing managerial attitudes towards corporate Social Responsibility considerations in the selected organizations
- To compare and examine the Attitudes of Managers of public and private sector banks on factors influencing managerial attitudes towards corporate social responsibility considerations.

Hypothesis

The following hypothesis is established by the researcher for the study:

- **Null Hypothesis, Ho₁:** There is no significant difference between the attitudes of managers working in public and private sector banks towards the Factors Influencing CSR considerations.
- **Alternative Hypothesis, H₁:** There is a significant difference between the attitudes of managers working in public and private sector banks towards the Factors Influencing CSR considerations.

Methodology

Information has been collected using both primary and secondary methods. A five-point likert question related to the factors influencing corporate social responsibility initiatives has been designed in order to fulfil the objectives of the study ranging from "Strongly Agree" to "Strongly Disagree" was used, and the respondents were simple asked to indicate whether or to what extent they agreed or disagreed with the particular statement. In addition to the above mentioned primary source of information, secondary data has been collected through textbook, articles, research papers, reports. Newspaper and internet sites.

The likert question is developed mainly on the basic of the past studies of Lyman

E.Ostlund (1977), Krishnamacharyulu C.S.G (1983), Christopher Orpen (1987), Lalitha Ramakrishnan (1994), Ali M.Quazi (1997), Mahabir Narwal (2007), Md Zabid Abdul Rashid and Saadiatul Ibrahim (2002), Daniel Ofori(2010). The likert question were randomly distributed by the enumerator in selected public and private sector banks in the Hyderabad city of Andhra Pradesh. A total of 200 responses were used for analysis in this study.

Survey was conducted among 200 respondents in 3 public and 3 private sector banks. The questionnaires were designed by drawing some information from sources of literature. The Question was pre-tested in some banks before the study to determine whether the questions are realistic and could be generalized across firms and are understandable in general context of the overall study. The main purpose for the pilot study is to ensure that the survey material and procedure were clear and not prove any confusion or problems for participants. Resultants comments and suggestions have been incorporated into the final question related to the factors influencing corporate social responsibility initiatives.

The Sampling Unit chosen for the study is Hyderabad district of Andhra Pradesh. Six banks were chosen to represent the attitudes of bank managers in Hyderabad region of Andhra Pradesh, 3 public sector banks and 3 private sector banks are chosen for the Study. Area sampling technique has been adopted in the study. The sampling unit is divided in various areas like east, west, north, south and central Hyderabad, out of which 20 branches are drawn each area. The totals of 200 Branches are drawn from the selected public and private sector banks. The study is limited to managerial attitudes and the respondents included in the study are middle Managers i.e., mangers at the branch level only. No questionnaire has been distributed to top managers and

regional managers and lower level managers.

Managerial Attitudes towards the Factors influencing CSR Considerations

The mean scores, ranks, chi-square and p-value on the responses of managers working in public and private sector banks on the factors influencing managerial attitudes towards CSR initiatives has been presented in the table given Below. The chi square test is adopted to find the significant difference between the attitude of managers in public and private sector banks with respect to the factors influencing managerial attitudes.

(Insert Table 1)

Hypothesis Testing and Comparative Study

Null Hypothesis Ho: There is no significant difference between the attitude of managers working in public and private sector banks towards the Factors Influencing CSR considerations

Alternate Hypothesis H₁: There is a significant difference between the attitude of managers working in public and private sector banks towards the Factors Influencing CSR considerations

Since the p-value is less than critical at 0.05 level of significance for the factor like “*CSR Considerations can be determined through Need of the Society*”, There is a significant difference between the attitudes of managers working in public and private sector banks with respect to the above factors influencing managerial attitudes towards corporate social responsibility considerations. But for other factors there is no difference between the attitudes of managers working in public and private sector banks towards corporate social responsibility considerations, since the p-value is greater than the critical value.

Research Findings

Banks are beginning to recognize that they have a social responsibility to fulfil as they emerge from the shadow of traditional banking. As per relatively indirect nature of their environmental and social impacts, banks need to examine the effects of their lending and investment decisions. Incorporating environmental and social criteria into business decision making can reduce the adverse impacts of operating activities Banks can do a lot to assist efforts for corporate social responsibility and achieve sustainability. Since banks provide funds to the industries and firms, they can come across severe credit and liability risks under such environmental policies. Further, the quality of their assets and rate of return in the long-run may also be affected by environmental policy impacts. Thus, banks are finding it essential for them to go green and play a pro-active role to take environmental and ecological aspects as part of their lending principle, which would force industries and other categories of borrowers to direct themselves towards environmental management, usage of appropriate technologies and appropriate management systems. Banks need to adhere to the following suggestions for better improvement of their CSR quality and Performance.

Summary and Conclusion

Major organizations throughout the world now realize that corporate social responsibility (CSR) is an important part of the company's operations because of its positive impact on society, which in turn impact positively on staff members and the general public. Corporate social responsibility (CSR) to be the commitment of owners of commercial activities to contribute in sustainable development through working with their employees and their families, local community and the society to upgrade the people's living standards in a certain way that serves

commerce and development in the same time. The fundamental problem with corporate social responsibility (CSR) practice is that companies don't have a CSR strategy, but rather numerous desperate CSR programmes and initiatives. Planning for corporate social responsibility (CSR) should start with the identification of the activities/projects to be undertaken. The approach to CSR planning needs to be shifted from an ad-hoc, charity one to a long-term sustainable approach.

The various social and financial situation of the family definitely influences the professional preferences of the managers to a great extent. Family upbringing and traditional beliefs and customs play a prominent role in one's individual educational and professional choices. Based on the research findings, it is also found that family upbringing and traditional belief & Customs are continuing be the main factor influencing managerial attitudes towards CSR behaviors. A plethora of these factors also determines once professional decision towards the social and financial positions and also parent's education, culture, mentality etc. The results of the research also reveal the necessity that organizations should built an atmosphere of traditions and customs which influence the professional choices of the managers.

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**Table 1 -Factors Influencing Managerial Attitudes towards
 Corporate Social Responsibility Considerations**

N=200	Public Sector Banks		Private Sector Banks	
	Mean Value	Rank	Mean Value	Rank
CSR Considerations can be determined through Need of the Society	4.17	1	4.06	1
CSR Considerations can be determined for Organizational Benefits	4.03	2	3.88	2
CSR Considerations can be determined through the Pressure from Civil Society Organization	2.98	3	2.70	4
CSR Considerations can be determined through the Pressure from the Government	2.66	4	2.72	3
Overall Mean Values	13.84		13.36	

Note: ** Significant at the 1% level. * Significant at the 5% level.