

An Investigation into Corporate Social Responsibility (CSR) of Public Sector Universities in KPK

Aamir Nadeem¹
Dr. Shahid Jan Kakakhel²

Abstract

The purpose of this research is to review the notion of corporate social responsibility (CSR) and explain the importance of corporate social responsibility concept for public sector universities and higher education institutes in Khyber Pukhtun Khwa. Moreover, it attempts to inquire what stakeholders feel about universities and what they want universities to be. After literature review, gaps framework is used to identify the differences between perceptions and expectations of stakeholders regarding major social issues that universities address or can address. A structured questionnaire containing three demographic items and twenty items related to social responsibility of universities – there were broadly categorized into five dimensions. Significant differences were found in what stakeholders' of universities in KPK perceive and expect on five dimensions of CSR. Gap framework also indicated negative weighted scores on different dimensions.

Keywords: Corporate social responsibility, Stakeholders, University, Perception, Expectation

¹Aamir Nadeem, Assistant Professor, City University of Science and IT.

²Dr. Shahid Jan Kakakhel, Assistant Professor, Abasyn University, Peshawar

“Education does not mean teaching people to know what they do not know; it means teaching them to behave as they do not behave.”

John Ruskin (1819-1900) English critic

The notion of corporate social responsibility (CSR) is always been discussed in connection with private sector business

enterprise but very rarely it is heard as a slogan of educational institutes (Jimena, 2011), specifically universities or higher education institutes. Universities are responsible to disseminate knowledge and to conduct research that helps society cope with many problems it faces and as a matter of fact it might be assumed that they are already working for a social cause, so there is no point left considering other things. But despite the fact that universities are engaged in addressing a social phenomenon of educating masses, many in the developed world are taking proactive instance to entertain social responsibility paradigm – universities in UK, for example, explicitly express itself as the one which carries CSR as a strategy to be competitive.

The research on the issue of CSR in developing countries is far more less than developed countries (Dobers & Halme, 2009) and its not discussed in context of public sector universities in developing world, particularly Pakistan.

The time has long been gone when people were not that much aware of the problems around them. It is time when universities like other institutions and private corporation have to take certain steps to address social concerns of a wide set of stakeholders. This research primarily focuses on the current state of social responsibility in public sector universities of KPK in particular and universities in general. There is need to know the importance of considering interests of stakeholders by universities and to assess, how far Universities have contributed to society? Who are the most influential stakeholders of public sector universities in KPK? What are or could be the drivers of taking social actions? Does being responsible contribute to university success and reputation?

Research Objectives

1. To elaborate the importance of considering social issues for universities in general and public sector universities of KPK in particular
2. To illustrate the common drivers of CSR in the light of literature review

3. To determine the differences between perceptions and expectations of stakeholders of universities in KPK on some major issues of concern

Literature Review

Concept of CSR

Corporate social responsibility (CSR) perhaps, is one the important issues of modern capitalist society. This has been evolved through the history (Carroll, 1999). Social responsibility of business even existed in old times and there is evidence that business had some “merchant-customer relationship” focus that emphasized obeying law, inventory control, and wage incentive (Luthans, Hodgetts, & Thompson, 1984). The concept got more in importance when American businesses increased in size and power (Boatright, 2003) and the first authentic account related to any social responsibilities of business is also found in during 1950s (Carroll, 1999) when in 1953, Howard Bowen published a book with title “social responsibilities of the businessman”. It was assumed at the time of industrial revolution – when US corporations grew bigger in structure and importance – that business has to respond to a wider set of its public. The businesses are in contractual relationship not just with stockholders but other stakeholders and it has to play a stewardship role to look after elements of broader society (Lantos, 2001). Bowen (1953) argued that business exist on the pleasure of society implying that if society is prosperous then business will progress.

According to Fernando (2009), there are three main views with respect to CSR, i.e. corporations act as “trustees of assets” and shareholders are not considered as owner of company instead they are external to company and they do not control the operations. So there is no clear ownership and corporations are to act as independent legal entities like all other public sector organizations, e.g. universities, libraries, and museums. Another view states corporations as “social entities” where businesses have to embrace all the legal and political obligations and have to pursue societal goals. The third view known as “pluralistic model” states that corporations have to consider the interests of wider range of stakeholders. All the three views emphasized that

businesses have to acknowledge and respond to societal needs either through obeying laws and fulfilling political and legal duties or through considering the interests of all of its publics to do societal welfare.

There is not just a single definition of CSR (Kercher, 2007). CSR can be defined as “situations where firms goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of firm and that which is required by the law” (McWilliams, Siegel, & Wright, 2006). Literature reveals a wide set of vocabulary used to specify the social responsibilities of business, e.g. corporate conscious, corporate citizenship, social performance, and sustainable responsible business (“Corporate social responsibility,”). Another view on corporate sustainability/CSR is of triple bottom line, which states that corporations have to report on their economic, social, and ecological performance for the purpose of sustainable development (Savitz & Weber, 2006). Following are some of the definitions of CSR, covering major aspects of the respective issue:

At its broadest, CSR can be defined as the overall contribution of business to sustainable development — it is in that sense that it is used here...A minimum standard for CSR might be that businesses fulfills their legal obligations or, if laws or enforcement are lacking, that they ‘do no harm....’ (“CSR and developing countries: What scope for government action?,” 2007).

Business decision making linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment around the world (Ariel, 2003). A concept where companies decide voluntarily to contribute to a better society and a cleaner environment (European Commission, 2001 cited in Thomas & Nowak, 2006).

The above definitions are more general in nature and cover a wide range of social issues needed to be addressed by corporations but the definitions are not that systematic and conceptual to state that what responsibilities are most important and which are less? In the debate of distinguishing different kind of responsibilities and outlining what should come first and that to which responsibilities a business should comply with, Carroll

(1979) presented a wider view of CSR and described its four components that have to be taken into account as responsibilities of a business i.e. economic, legal, ethical and philanthropic/altruistic and these canons were made essential for being a ‘good corporate citizens’ and said that corporations should not only be judged on economic criteria but also on non-economic (Caroll, 1998)



Figure 1. The pyramid of social responsibility, (Caroll, 1998).

Stakeholder management perspective

CSR has been considered as an approach that incorporates a range of diverse issues. Scholars on corporate social responsibility argues that businesses have to respond only to those who can directly or indirectly affect the performance of business (Wood, 1991) and it should not consider a wide range of issues which are not part of its business. The proponents of stakeholder theory states that stakeholders provide resources to business for its long term success (Maignan, Ferrell, & Ferrell, 2005). For example, stockholders can bring in capital; supplier can provide material resources or intangible knowledge; local communities can offer infrastructure and a location; employees and managers can grant expertise, leadership, and commitment; customer can provide loyalty and positive word-of-mouth; and the media help spread positive corporate images.

The stakeholder perspective suggests that they are stakeholders whose opinion matters to organizations. It is

emphasized that corporate social performance should revolve around stakeholders' concerns. Stakeholder approach implicitly states that organizations have to strategically design their CSR strategy and should have to fulfill the needs of those who can directly or indirectly affect the business. Keeping in mind the importance of primary stakeholders of businesses, it is important to determine the interest of those who can affect the business or can be affected by business. Organizations need to periodically measure what they think of activities of business and what they want from organizations.

CSR of universities

Universities are essentially social institutions and they work to promote social cause but in current times, it is now becoming even more essential for universities to consider CSR as a strategy for growth. Debate on entertaining an extensive set of social issues by universities is done by some scholars in the west, e.g. (Brown & Cloke, 2009; Jimena, 2011) but in developing countries it is hard to find evidence on respective topic. Brown and Cloke (2009) argued on the status of universities in UK as private institutions where they are appearing to act like corporate world and it is presumed that close relationships of universities with corporate world can threaten academic freedom and university autonomy but in changing circumstances CSR is considered essential for universities to work for societal welfare. Meanwhile Jimena (2011) states that "universities can choose to be followers, or they can seize the opportunity to be leader and adopt CSR a vital aspect of their competitive advantage.

Bok (1982) in his book on social responsibilities of the modern university outlined a number of factors – ranging from academic freedom to moral development of students and from taking ethical instance on several organizational issues to addressing broader social problems - that universities need to consider.

Carroll's (1998) framework comprised of four dimensions of CSR for corporations i.e. economic, legal, ethical, and altruistic. Carroll's model is generally applicable to business corporations where economic responsibilities come first and then other

responsibilities; legal, ethical, and altruistic respectively. But in case of public institution, the profit motive is not primary one. Public sector organizations even have to exist when they are not competitive in terms of profits.

Carroll (1991, 42) stated that:

“No metaphor is perfect, and the CSR pyramid is no exception. It is intended to portray that the total CSR of business comprises distinct components that, taken together, constitute the whole. Though the components have been treated as separate concepts for discussion purposes, they are not mutually exclusive and are not intended to juxtapose a firm’s economic responsibilities with its other responsibilities.”

In modern times, it is highly demanded from public sector organizations including universities to be economically efficient by stakeholder as such entities can not only rely on public funds. Thus, this study assumes “academic responsibilities” of universities in line with economic responsibilities and has changed the pyramid to certain degree with two responsibilities that are “academic” and economic as base of the pyramid and considered them as primary responsibilities of universities.

Drivers of CSR

It is hard to determine which particular reason forces firms and particularly universities for carry out social responsibility but there can be various reasons for which firms can conform to social performance. In a study by Ward, Borregaard, and Kapelun (2002), major drivers of CSR can be; personal ethics of individual, laws and regulations, public relations and reputations assurance, social license to operate, sustaining key aspects of business, and improving business as whole.

As far as universities are concerned, personal ethics of university administration can be a source of ethical instance on policy matters as most of issues pertaining to societal welfare or stakeholders’ interests are not covered by law. One of the important drivers for public sector universities is to maintain their reputation in competitive marketplace. The universities (e.g.

University of Peshawar) that have long history of serving masses should assume reputation as a benefit of considering the interests of their influential stakeholders. Moreover, universities like other corporation can improve their overall operations by addressing stakeholders' concerns, e.g. universities are known for research purposes and by addressing problems related to research facilities and conducting research to support innovation in industries will help in building universities' distinctive capabilities.

Research Methodology

Survey is conducted to find out the relationship between different dimensions of CSR at universities and CSR's relationship to corporate reputation. Prior empirical researches on CSR have mostly focused on perceptions of stakeholders (Tan & Komaran, 2006) whereas expectations are constantly ignored. Keeping in view the nature of education as a service, a gaps model is used from CSR perspective, to assess the perceptions and expectations on five dimensions of CSR. Though gaps model is basically proposed for measuring service quality dimensions (Parasuraman, Zeithaml, & Berry, 1985) but the framework originally proposed by Parasuraman (1985) is completely changed in this study and service quality dimensions are replaced by CSR dimensions. Total of four public sector universities of Khyber Pukhtun Khwa were selected, of which three were Peshawar based and one from district Mardan.

A structured questionnaire was used based on five dimensions of CSR and total of twenty sub items related to five dimensions. The responses on sub-items were arranged on scale ranging from 1 – 7, where "1" indicated strongly disagree and "7" as strongly agree. Other digits were considered as disagree, moderately disagree, neither agree not disagree, moderately agree, agree, and strongly agree. Total of 130 copies were distributed to students, teachers, and other staff of the universities, of which 112 questionnaires were returned and were considered for analysis purpose. Demographics of age, gender, and occupation were included in first part of the questionnaire. SPSS version 20 and Microsoft excel are used for tabulation and analysis of data.

Findings

Two different methods are used for analysis purpose. Along with gap scores, paired sample t-test is done to know if there is any significant difference existing in perception and expectations. Although demographic factors were included in questionnaire to find out relationship in between CSR aspects and demographics but due to very less number of responses on some demographic categories, those factor were not assumed for analysis and generalizations.

Gap Analysis

Mean score were obtained on each dimension of CSR which are; academic, economic, legal, ethical, and altruistic/philanthropic (see Table 1) and then weighted score were find by multiplying average gap score of each dimension to average weight score of each dimension (see Table 2). High negative scores of -47.56 and -40.68 on academic and economic dimensions respectively indicates that stakeholders – which are mostly students in survey – perceived their universities are not performing to those of high repute. In other words, their expectations are quite higher than their perception of university performance on respective dimension. Negative scores on other dimensions are also negative and means that stakeholders of universities expects more from universities in KPK.

Table 1
Mean score for each dimension of CSR

Dimension	Sub item number	Expectation score	Perception score	Gap (Perception - Expectation)	Avg. Dimension score
Academic	1	5.93	4.12	-1.81	
	2	5.95	4.32	-1.63	
	3	6.1	4.36	-1.74	
	4	6.2	4.44	-1.76	-1.735
Economic	5	6.1	4.36	-1.74	
	6	6.2	4.38	-1.82	-1.78
Legal	7	6.1	4.64	-1.46	
	8	6.2	4.34	-1.86	
	9	5.9	4.73	-1.17	

	10	5.9	4.76	-1.14	-1.4075
Ethical	11	6	4.64	-1.36	
	12	6.1	4.6	-1.5	
	13	6.1	4.74	-1.36	
	14	6	4.33	-1.67	
	15	5.99	4.6	-1.39	
	16	6	4.74	-1.26	
	17	6	4.8	-1.2	-1.391
Altruistic	18	6.1	4.6	-1.5	
	19	6	4.6	-1.4	
	20	6.2	4.78	-1.42	-1.44
				Unweighted average score	-1.56

Table 2
 Weighted score for each dimension of CSR

Dimension	Avg. gap score of dimension (G)	Avg. weight of dimension (W)	Weighted score
Academic responsibilities	-1.735	27.41071	-47.55758185
Economic responsibilities	-1.78	22.85714	-40.6857092
Legal responsibilities	-1.4075	19.59821	-27.58448058
Ethical responsibilities	-1.391	15.40179	-21.42388989
Altruistic responsibilities	-1.44	14.73214	-21.2142816

Reliability statistics. Cronbach’s Alpha was taken as measure of reliability. Except from economic responsibilities of universities – where score is slightly lower than .7 but reasonable – other dimensions of CSR scored higher than 0.7.

Table 3
 Reliability Analysis for CSR dimensions

CSR dimension	Number of Items	(Cronbach’s Alpha)
Perception of academic responsibilities	4	.702
Perception of economic responsibilities	2	.631

Perception of legal responsibilities	4	.836
Perception of ethical responsibilities	7	.919
Perception of altruistic responsibilities	3	.804
Expectations on academic responsibilities	4	.712
Expectations on economic responsibilities	2	.607
Expectations on legal responsibilities	4	.764
Expectations on ethical responsibilities	7	.878
Expectations on altruistic responsibilities	3	.813

Paired samples t-test. Paired sample test is conducted to find out that significant differences existed in perceptions and expectations of stakeholders. P-value for all the pairs is less .05, so we conclude that there are significant differences in perception and expectation (see Table 4).

Table 4
Paired Samples T- Test

		Paired Differences				
		Mean	Std. Deviation	t	df	Sig. (2-tailed)
Pair 1	PerceptACA – ExpectACA	-1.72	0.81	-22.36	111	.000
Pair 2	PerceptECO – ExpectECO	-1.76	0.94	-19.76	111	.000
Pair 3	PerceptLEG – ExpectLEG	-1.43	0.91	-16.57	111	.000
Pair 4	PerceptETH – ExpectETH	-1.39	0.90	-16.23	111	.000
Pair 5	PerceptALT – ExpectALT	-1.47	1.02	-15.22	111	.000

Conclusion

This is research aimed to find out some facts on the issue of CSR in connection to the concept's applicability in public sector

universities of KPK. Experts on the issue of CSR consider CSR strategy vital for universities of modern times and there can be different drivers of CSR but ultimate aim can be reputation. The study tried to record stakeholders' opinion on reputed universities in comparison to their respective public sector universities in KPK. The perception of reputed universities is assumed as stakeholders' expectations from universities on several issues of concern. Significant differences are found in their perceptions and expectations that mean universities need to concentrate more on stakeholders' concerns as they are the actors or entities who can influence universities directly or indirectly. If universities could deal with stakeholders' concerns more effectively, it will help in sustaining better position in market by universities.

The gap framework can be used by universities - on periodic bases - to assess their performance on different social issues, if such universities are not using any international or national standards of corporate social responsibility or corporate social performance. It will help universities to identify which areas of CSR are important and will help administrators in planning and allocation of resources to stakeholders' concerns.

The future research on the issue can include the impact of different demographic factors and more refined instruments can be used for determining perceived benefits of different CSR dimensions to stakeholders. Furthermore, issues related employees' attitudes towards ethical values and practices of universities, performance standards on social dimensions, and accountability on social performance can be considered for future research.

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