RELATIONSHIP BETWEEN PERSONAL VALUES AND PERCEPTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY: A CRITICAL REVIEW

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Abstract: *CSR has attained miraculous strength and has now, been perceived as a major strategic focus. It has been proposed that from FY 2015 onwards, companies having a turnover of INR 1,000 crore or net profit of INR 5 crore or more have shall ensure that they spend 2% of their net profit for the preceding three years on CSR activities.There is some underlying motivation for the implementation of CSR by the companies and personal values act as a driving force. It is of extreme importance to study the values of managers who play a pivotal role in strategy formulation and implementation and their perception towards CSR performance of companies. Every individual displays mixed value structure that is self-transcendent, self-enhancement, openness and conservation and one's personal values have been considered as factors elucidating the development, adoption, and enactment of CSR policies in organizations. The present paper is an attempt to evaluate relationship between personal values and perception towards CSR through extensive literature review and it offers useful implications for the companies in their strategic planning activities through valuable inputs on both CSR perception and personal values. The findings will assist companies in determining the quantum of focus required on individual personal values and its role in shaping perception towards CSR.*

Keywords: *Personal Values, Perception, Corporate Social Responsibility, Self-transcendent, Self-enhancement.*

JEL Classification: *M14, M10*

INTRODUCTION

India has liberalized its business policies, started working with the western countries and has become a market economy from centralized economy. Moral behaviour and concern to deliver information that is rational and advantageous in external decision makers is the biggest challenge faced by the business in present time. Nowadays, CSR activities have been undertaken voluntarily by the business organizations. The notion of CSR is that business and society are not distinct entities rather they are interlaced.As concept of CSR is not a novel concept it has a long history and has an extensive influence on relationships of business, government and society. Nowadays, mostly company's websites and reports discuss their

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endeavours for CSR implementation ensuring that the organization accomplishes all the obligations towards society. Indian business organizations haverealized that they have to consider not only the economic dimension of their company, but also at its legal, environmental, ethical and social impact. Nowadays, most of the companies are taking CSR with great interest and are making disclosure of their social activities in their annual reports along with product improvement and human resources. CSR is an issue which is tremendously capturing the imagination of the people in this business world and nowadays it has become a buzzword.

Individual actions are guided by one's values. The significance of personal values as a driver of ethical conduct and decision-making has been duly acknowledged. The way to inspire responsible behaviour and develop CSR is to cultivate individual values and nurture their intrinsic worth.Therefore, it is very important to investigate the underlying values of the individuals involved in strategy formulation and implementation. Ethics and social responsibility is very important for the success of the organization and if management imbibe it in their value system and inculcate ethical and altruistic values it will lead to success of the organization.

LITERATURE REVIEW

Personal Values

The theory of personal values has compatibility with all parts of life, suggesting that each personal value plays a major role in influencing one's preferred choice of behaviour. Our values play a pivotal role in making comparisons across specific objects and situations and guiding our judgements, attitudes and actions (Long and Schiffman, 2000). As attitude and behaviour is guided by our personal values, it is of great significance to know about the values of an individual. Values have varying degree of importance for each individual and it varies with culture also. Our actions are the results of our values. Just as individuals imbibe varying values, so do companies and institutions. If we have to examine any company, we have to see their business value which is the key to their success.

Value typology has been derived from Rokeach's work. Ten value types emerge from 56 value item scale. These values are universalism, benevolence, conformity, self-direction, stimulation, power, achievement, security, tradition, and hedonism (Schwartz, 1992; Schwartz, 1994). Values are indispensable for maintaining company's culture, affecting numerous significant activities and relationships, such as personnel policies, competitive strategies, and dealings with various stakeholders (Hunt *et al*. 1989, Valentine & Barnett, 2003).

Values vary from each individual to individual working in different organization. Values of public sector employees are different from private sector employees. Employees of public sector are more socially responsible as compared

to private sector employees. Prestige seekers mostly go to the private sector (Lyons *et al.*, 2006). Values of accounting practitioners are different from students of accounting. The value type self-direction has been emphasized more by the younger students than the old practitioners of accounting (Lan *et al.*, 2009). Persons with different value sets have varied perception towards CSR. Chinese young generation with self-transcendence or openness value type exhibit negative perception towards CSR performance. Chinese young generation with conservation or self-enhancement value type exhibit positive perceptions towards CSR performance of corporations (Wang & Juslin, 2011).

Corporate Social Responsibility

Corporate Social Responsibility has attained a miraculous strength in public and business debate and is now a major strategic concern, affecting the way in which company does business.With the growing interest in CSR across a range of disciplines and to inculcate social responsibilities many business organizations have rebranded their core values. More recently, CSR in India is becoming a noteworthy measure of long-term growth of business initiatives (Balasubramanian *et al.*, 2005). Successful implementation of CSR activities will lead to growth of organization on sustainable basis.

The origin of the CSR construct has been traced back to the work of Bowen (1953). Management practices showing social concern towards customers, employees and society have an optimistic influence on the performance of the firm (Hammann *et al.* 2009). Business organizations have social responsibility towards all the stakeholder groups (Freeman, 1984; Clarkson, 1995). To cover the whole array of responsibilities of business towards society it must encompass the legal, economic, ethical and philanthropic responsibilities of business organizations (Carroll, 1979). Carroll obtained acceptance from a large number of researchers such as: Ullman (1985), Wartick and Cochran (1985), and Wood (1991). A content analysis was also conducted in which five dimensions of CSR were considered i.e. social, economic, voluntariness, stakeholder and environmental responsibility (Dahlsrud, 2006). Managers and consumers both have different perception of corporate social responsibility (Maignan, 2001).

Personal Values and CSR

Values denote an ethical component and these ethical values concern what is right and wrong (Valentine & Barnett, 2003). Responsibility towards society and ethics are considered vital by the managers for the effectiveness of organization before their behaviour becomes ethical and it exhibits more social responsibility (Hemingway, 2005; Singhapakdi *et al.*, 2001). Thus, for organizational success, the alleged significance of ethics and social responsibility is likely to be an imperative element of actual business behaviour (Singhapakdi *et al.*, 2001).

A personal value since long time has been associated with decision behaviour of individual and it plays a very important role in ethical dimension of decision making. (Fritzsche, 1995). Several researchers have claimed that personal values play an essential role in prompting the behaviour of managers (England, 1967; Freeman and Gilber, 1988). Numerous researches have been conducted studying the effect of personal values on corporate social responsibilty at managerial level and organizational level like public relation practitioners (Kim and Kim, 2009), working professionals (Fritzsche and Oz, 2007), managers (Hemingway and Maclagan, 2004 and Shafer *et al.*, 2006).

Chinese young generation display a mixed value structure and youth possessing strong self-transcendent value and openness value exhibit a negative perception towards social performance of organizations and youth having self-enhancement value or conservatism value exhibit a positive perception towards corporate social performance of business organizations (Wang & Juslin, 2011).

It is a belief of many researchers that CSR and business ethics are influenced by values of individual irrespective of corporate policies. Manager's personal values have been considered as aspects elucidating the formation, adoption, and implementation of corporate social responsibility policies in business organizations.

MATERIALS AND METHODS

Personal value of manager's play a crucial role in decision making process and these decisions lead to implementation of CSR in organization. Therefore, it is of extreme importance to understand the relationship between personal values of managers and their perception towards corporate social responsibility. The present paper attempts to evaluate relationship between personal values and perception towards CSR through extensive literature review and it offers useful implications for the companies in their strategic planning activities through valuable inputs on both CSR perception and personal values.

DISCUSSION & IMPLICATIONS

Our values determine our behaviour, actions, judgement, perception and attitude so; it is of immense significance to know the personal values of the managers working in the organization as the key to success of the organization is in their hands. Types of values managers inculcate i.e. self –transcendence, self-enhancement, conservatism and openness will act as a basis for having positive or negative perception towards CSR.

Numerous efforts have been made by many researchers to give clear and unbiased definition of CSR, but still there is difference of opinion in this regard as to how CSR should be defined. Carroll (1979) has considered four dimensions of

CSR i.e. legal, economic, ethical and philanthropic. Elkington (1998) &Panapanaan *et al.* (2001) have propounded a concept triple bottom line specifying three dimensions social, economic and environmental responsibilities. Dahlsurd (2006) attempted the content analysis of definitions of CSR and analyzed five main elements of CSR i.e. environmental, social, voluntariness, economic and stakeholder dimension. CSR concept needs to be examined with broad perspective comprising of all five dimensions of CSR collectively (i.e. economic, legal, ethical, philanthropic and environmental responsibility).

It is of immense significance to determine the effects of personal values on individual perception of CSR issues. Wang &Juslin (2011) examined the personal values of Chinese students and their perception towards CSR performance of corporations. Study was conducted using Schwartz value scale and triple bottom line approach. But there is a need to attempt a study on personal values of managers who play a pivotal role in strategy formulation and adoption and considering the dimensions economic, legal, ethical, philanthropic and environmental responsibility Lan (2009) has examined the personal values of practitioners of accounting and accounting students by using Schwartz value scale. The study was conducted due to accounting irregularities which have affected many companies listed in china's stock market. Due to accounting irregularities, it is of great significance to study the ethical and social conduct of the business and relating it to personal values of practitioners and students. Fritzche& Oz (2007) conducted a study in which the relationship between personal values of individual and the ethical dimension of decision making was examined using five vignettes and Schwartz value scale. Bribery, deception, theft, unfair discrimination and coercion are the vignettes used to study the ethical dimension relating with the values. But there are other ethical dimensions which can be considered like lying, whistleblowing, sweatshop etc. and data was collected from part-time working professionals which was not sufficient for relating their personal values with ethics. Arlow (1991) examined the personal characteristics like age, sex, gender of business students and their ethical values using measure of corporate social responsibility and business ethics. Though personal characteristics play a crucial role in determining their business ethics, but scope can be widen further by including personal values.

To bring sustainability and stability in society, corporate world has to wake up to the reality that new four P's i.e. people, process, programs and performance should occupy a distinct place in their mission statement where the people signify the employees of the organization and the insights on their personal value will shape their CSR perception; and performance signifies CSR dimension for measuring their social performance. Such an effort will generate outcomes opening new path towards holistic marketing.

CONCLUSION

Are we socially responsible or not, it all depends on our values we imbibe. If values like equality, protecting the environment, wisdom, social justice, responsible, honest, world of beauty are prevalent in person it can be said that person is socially responsible. It is all our values that determine our code of conduct. Studying relationship between personal values and CSR will be of great use for companies active in CSR towards their strategic planning activities. It will assist such companies in determining the quantum of focus required on individual personal values and its role in shaping perception towards CSR. Knowing personal values of employees will also act as a powerful tool in the hands of managers who want to maintain high standard of ethical behaviour in their organization.

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