

# Corporate Social Responsibility in Hong Kong Graduate Labor Market

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## II. LITERATURE REVIEW

**Abstract**—This paper investigates whether there is a relationship between the corporate social responsibility ('CSR') of organizations and the perception of them by potential job applicants as undergraduates, one of their stakeholders, in Hong Kong graduate labor market. This research is significant as its outcomes could be informative for both human resource management theory and for practice in organizations where there is a debate over whether, and how, they should pursue a CSR agenda. Also the research results can help address the empirical gap in knowledge on the relationship between an organization's CSR and CSR orientation ('CSRO') of undergraduate job applicants. The research was built on the Carroll (1979) [5] and Carroll (1991a) [6] '4-Domain CSR Model' and its results establish a positive relationship exists.

**Keywords**—Corporate Social Responsibility, Corporate Social Responsibility Orientation, Undergraduate Students, Employers

## I. INTRODUCTION

HONG KONG, one of the financial hubs in the Far East and a gateway to Mainland China, is made up of a mix of people of different nationalities. Hong Kong has been continuously subject to influences from foreign countries mainly through internationalization and globalization of business activities. Global and multi-national corporations have a long and firm standing in Hong Kong. This social-cultural environment provides an interesting context within which to explore corporate social responsibility's role in Hong Kong's graduate labour market.

In employment decisions, applicants' consideration can include a variety of factors, such as the company's products, the fashionableness of an industry and trends, organizational scale of operations, organizational culture, organizational reputation and image, and even its corporate social responsibilities, which applicants may perceive as important. In recent years, corporate social responsibility has been increasingly regarded as important by both employers and employees.

Since about six decades ago, attention to CSR has increased (Albinger & Freeman, 2000) [1], (Angelidis & Ibrahim, 2004) [2]. Some organizations consider CSR as a moral thing to do (Luce et al., 2001) [13], (Makower, 1994) [14], while others perceive it as a business necessity in the context of business performance and community expectations (Barnard, 1938) [4].

Previous research indicates that reactions to organizations' CSR have implications for employers, especially under tight labour conditions (Lievens & Highhouse, 2003) [12]. Prior research has been done on this or related research topics, however, to date research has been conducted in the context of western countries. Students' CSRO, mainly in the Anglo-Saxon culture contexts, and relationships with different backgrounds or variables have been identified (McGinty and Reitsch, 1992) [15]. Results generally show an organization's Corporate Social Performance ('CSP') does influence people's positive perception toward the organization. However, there is little research on senior-year undergraduates' CSRO, and the context of Hong Kong has to date been under-researched.

There had been a lack of consensus on what the CSR concept really means (Carroll, 1979) [5], (Carroll, 1991a) [6]. However, Carroll's 4-domain framework/model of total organizational CSR (1979, 1991a) has generally been accepted in management and social research. Carroll (1979) laid out the first conceptual model of CSP and it has been considered as one of the most encompassing. Based on the CSP model, he (1979) [5] operationalizes CSR by specifying it as consisting of four domains or faces of a corporate citizen (economic, legal, ethical, discretionary), showing the responsibilities that society expects businesses to assume.

The CSP model from which Carroll (1979) [5] derives his CSR model consists of CSR categories, social issues involved, and philosophy of social responsiveness. He argues 'responsibility' suggests motivation and is not measurable, whereas 'performance' is the operative term.

The conceptual model is in the form of a tall rectangle (Carroll, 1979) [5] and/or a pyramid (Carroll, 1991a) [6], shown respectively at Fig. 1 and Fig. 2. The layers or domains or categories in the rectangle and pyramid are mutually non-exclusive, reflecting the respective responsibilities in decreasing order of implied attention, not importance. He (1979) [5] considers these four domains neither cumulative nor additive; the different domain sizes in either rectangular or pyramidal shape reflect 'relative magnitude' and an order of evolution; any given responsibility or action of business could have economic, legal, ethical, or discretionary motives embodied in it. The dotted lines in the rectangle in Figure 1 suggest the four responsibilities must be met simultaneously (Carroll, 1979) [5].

Carroll (1991a) [6] considers a CSR firm, or for CSR to be accepted as legitimate, should strive to make a profit, obey the law, be ethical, and be a good corporate citizen. The pyramid of CSR enables managers to see that the different types of obligations are in a constant but dynamic tension with each

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other, thus helping them make decisions which fulfill all its components at the same time.

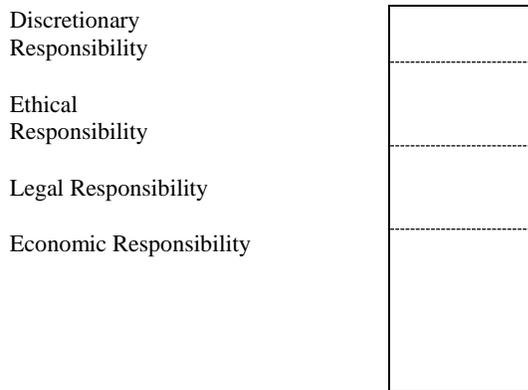


Fig. 1 Carroll's Framework For A Corporation's Total Social Responsibilities (1979)

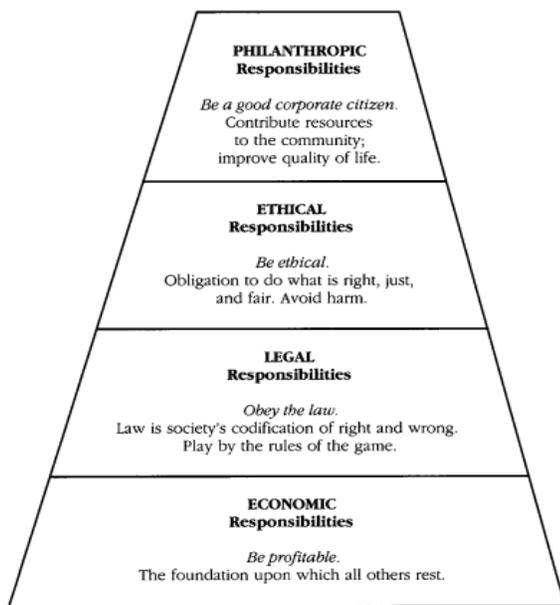


Fig. 2 The Pyramid Of Total Corporate Social Responsibility (Carroll, 1991a)

In Carroll's (1979) [5] and (1991a) [6] model/framework, he defines CSR as the ways organizations can meet the economic, legal, ethical, and discretionary needs/expectations of their stakeholders in society. Carroll (1998) [8] refers these as the four faces (components) of a corporate citizen, suggesting that organizations which can be considered socially responsible must meet society's needs as reflected through these four faces. Carroll (1991a) [6] later changed the 'discretionary' responsibility to 'philanthropic' responsibility. There has been support of the view that CSR is a contingent construct influenced by circumstances and the actors involved (Carroll, 1979) [5] and (Carroll, 1991a) [6].

*Economic Responsibilities*

This responsibility is the first and foremost for a business. The business institution is the basic economic unit in society. It has a responsibility to produce goods and services that society wants and to sell them at a profit. All other business

roles are predicated on this fundamental assumption (Carroll, 1979) [5]. Some characteristics of this responsibility include: maximizing earnings per share; maximizing and sustaining profitability; strong competitive position; high level of operating efficiency (Carroll, 1991a) [6].

Aupperle (1982) also considers that organizations, if not economically viable, cannot be expected to be good social performers.

*Legal Responsibilities*

Though allowed to take up a productive role in the economic system as sanctioned in society, businesses are expected to operate subject to certain ground rules, i.e. laws and regulations, while fulfilling their economic mission and not harming others, as a partial fulfillment of the "social contract" (Rose, 2006) [16]. Carroll (1991a) [6] puts down some characteristics of this type of responsibility: performing consistent with expectations of government and law; be a law-abiding corporate citizen; producing goods at least meeting minimum legal requirements.

A law-abiding organization and its management can give the public a social responsible perception (Davis, 1973) [10].

*Ethical Responsibilities*

There are additional behaviors and activities that are not necessarily codified into law but nevertheless are expected of business by society's members. These ethical behaviors are ill-defined, yet society has expectations of business over and above legal requirements. However, there has been continuing debates on what is and is not ethical (Carroll, 1979) [5].

Davenport (2000) [9] argues organizations can meet these needs as if by adhering to a set of 'rigorous standards'. Actually meeting ethical standards by organizations has long been recognized as important for corporate sustainability and survival, for example, after outbreaks of ethical failing and questionable or abusive practices by corporations, executives, and corporate directors (Kok et al., 2001) [11]

*Discretionary or Philanthropic Responsibilities*

Carroll (1979) [5] considers these kinds of responsibilities are ones which society does not have a clear-cut message for business. They are left to individual judgment and choice. A business is considered unethical per se if it does not participate in these activities. Carroll (1991a) presents some characteristics of this category of responsibility: involving in activities consistent with philanthropic and charitable expectations of society; assisting fine and performing arts; assisting private and public educational institutions; assisting community projects to enhance quality of life.

III. RESEARCH METHODOLOGY

*A. Research Design*

The research design is mainly qualitative in the form of focus-group interviews (audio-taped) to inductively and holistically understand participants' experiences, attitudes, feelings, beliefs, opinion via a qualitative survey questionnaire carrying several leadings relating to the research topic. The researcher also kept a journal recording field observations and issues arisen at the

scenes which were not captured on the audio-tapes. The interview last about an hour.

### B. Sampling

The participants were drawn based on purposely sampling, full-time and part-time mode students in their senior years, gender (roughly equally split), either studied an ethics course or not, with business or business (industry-oriented) majors.

Data thus collected was used to identify the pertinent factors the research participants (i.e. the students) have in making employment-choices. During the whole process, the researcher was the facilitator.

### C. Data Analysis

Audio-taped focus-group discussions were transcribed verbatim in Chinese; then coding was conducted before translating into English selected coded transcripts of participants' direct quotes or key/relevant views and responses identified in the transcriptions; followed by categorizing, coding data and inputting them into NVivo 9 software. This software helps organize and content-analyse responses and views from the focus-group interview discussions and phone-interviews. Its flexible nature enables nodes to be reorganized to identify themes as they emerged. It also helps to uncover subtle connections and patterns. Integrated with the researcher's interaction with the data, insights and sensitization, thereby emergent categories and themes were subsequently derived.

During the transcription and translation processes, the researcher tried to accurately grasp the participants/respondents' meanings in words said. The language used carried the unique cultural meaning of special terms

## IV. FINDINGS

Evidence shows good CS organizations as contrasted to bad ones should assume the 4 types of responsibilities in Carroll's definitional CSR model/construct (1979, 1991a), they are: economic, legal, ethical, and voluntary/discretionary responsibilities. No particular priority or magnitude in assuming these responsibilities has been specified. Majority of participants considered a significant attribute signifying bad CSR — if an organization or a business tycoon monopolizes or controls markets thus adversely affecting people's society's well-being, though law-compliant, it is bad in corporate social responsibility.

Carroll's 4-domain framework (1979, 1991a) does not exactly apply to the participants, in either their negative or positive employment-choice decisions in Hong Kong graduate labour market. Participants made sense by having their own set of employment-influencing factors,

### Future Research

- Some possible future research areas/questions include:
- comparing undergraduates from different countries
- researching minority subpopulations and CSRO
- creating measurement instruments of CSRO

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