

## **Chapter I**

### **Introduction**

#### **1.1 Research Background**

Corporate Social Responsibility (CSR) is a theory which exclaim that company duties to all its associates, which include customer, workers, stockholder, communities, and the environment in whole parts of the company's tasks that include economic, social, and environmental aspects (Panwar, Nawani, Pandey, 2018). Because of that, CSR is firmly identified to "sustainable development", i.e. an organization, carried out its activities must base its choices not only on its impact on economic viewpoints, such as profit or dividends, but also must consider the consequences stemming from the decision, both for the short and long term. Based on that identification, Panwar et.al. (2018) exclaimed that "CSR is company's giving to the objective of sustainable development by various methods of impact management, which is limiting negative impacts and maximizing positive impacts on all its stakeholders".

In common, social responsibility is an assortment of corporate actions to enhance financial, social, and natural conditions and which go past juridical requests (Godfrey et al. 2009). All things considered, though that social responsibility is a viable affair in the business sphere, it becomes a consideration to studies the thoughts of future workers/managers/entrepreneurs, in other words, today's students. Fitzpatrick (2013) explored the link between gender, work experience, religiosity, and view of CSR perceptions, and analyzed the perceptions of CSR among a sample of business students in the United States.

As the pressing factor is figured by customers attempting to corporate to settle on more responsible choices and by the limitations of lessening natural resources, more companies are consolidating sustainable strategies and adopting more socially responsible practices. Since the company was established, from that point a company has given birth to obligations that must be fulfilled, a good company is a

company that is not only searching for-profit and not only has obligations to the company such as; responsibility to consumers, to employees, and investor themselves, but every company also has obligations to the environment around the social environment where the company was established with intend to enhance the welfare of the surrounding community and environmental sustainability by way of Implement the Corporate Social Responsibility (CSR).

CSR has been the topic of research and discussion for quite a while among both researchers and experts (Ibrahim et al. 2006) Notwithstanding the works and the sustained absorption within part of the business in society scarce studies to date, have attempted collectively CSR study directed by the firm, and the value formation of the community to CSR became the main focus. This insufficiency is more exceptional concerning advanced education (Weber et al. 2004). Specifically, the study of corporate social responsiveness direction of business students has been neglected. (Arlow 1991). Regardless, had frequently been tested the associations and differences between employer and employee concerning CSR, But now, CSR has become an essential subject in business literature. The growing number of studies in stimulating business journals and specific journals in this field provide wide data of that subject. Together, the social responsibility of companies is also obtaining fame among stakeholders (González et, al. 2012) Therefore, our main target is a research journal that previously examined the students' perception and their values' structure in a cross-cultural higher education context (González et, al. 2013, Fitzpatrick 2013, Teixeira et, al. 2017,) there is also a study on the prominent fast-food restaurant with more object to examined which conducted in United States (Elizabeth A. Yeager et. al,2016, Morgan et, al. 2016).

An empirical study was taken out with a sample of economics and business students, which came from various department related to its faculty, from a Higher Education Institution (HEI) in Padang, as they become employees/employers/entrepreneurs in the future, the group was divided into two, which consist of accounting students' and non-accounting students', to determine if they were aware of the environment and ethical behavior, besides, there are courses specifically that discuss CSR. Accounting students must have an understanding of accounting sustainability, which aims to make accounting students taught not only

think with profit as its priority, and its research role is to see accounting students' apply their knowledge into the society and its environment., Utilizing Fitzpatrick's (2013) questionnaire and different univariate and multivariate analytical methods that met our conditions. This study offers to the CSR body of information and provides data for Students' and Higher Educational Institute in Padang.

The object of this research uses KFC & McDonalds as the object of study, because McDonald's is the number second largest number of outlets in the world, after subway with 36,889 outlets. Mc Donalds was also ranked second after Walmart as a private company with the highest number of employees in the world (1.5 million employees) and ranked first as the largest fast-food restaurant franchise in the world when measured in terms of sales. And every second, Mc Donalds can sell as many as 75 hamburgers which, if calculated in one day Mc Donalds sells more than 6.4 million burgers (Ariefana & Hapsari, 2018).

There is a study of prominent fast-food restaurant Establishments by University Student in the U.S carried by Elizabeth A. Yeager in 2016, shows that MCD and KFC have its low likeliness for the implementation of the CSR under students' view, even though College understudies are famously regular purchasers of cheap food, with numerous allegedly visiting such diners on various occasions , for an assortment of cuisine.

This thesis planned to examined students' perceptions towards CSR implemented in fast food restaurants based on limited research. Better awareness of these links may enhance decision-making and advertising in restaurants, particularly those in cities. Restaurants may apply this data to help determine which CSR exercises are required and how they are undoubtedly passed on. In this case a case study of HEI Student's in Padang, West Sumatera with the title " **Examination of accounting and non-accounting student's perception toward implementation of corporate social responsibility (CSR) in fast food restaurant "**.

## 1.2 Problem Statement

Based on the background of the problem, the research problem formulation is as follows:

1. Does Economic Student's Perspective Toward Implementation of CSR have a different perspective with CSR toward Customer and Society in MCD and KFC at Padang city?
2. Do accounting and non-accounting students have a different perspective of CSR toward Customers and Society in MCD and KFC at Padang city?
3. Are There Any Differences Between Private and Public HEI of students perception of CSR toward Implementation of CSR toward Customer and Society in MCD and KFC at Padang city?

### 1.3 Research Objectives

This research aims to obtain empirical evidence about:

1. To investigate the difference between the perspective of students toward implementation of CSR toward Customer and Society in MCD and KFC at Padang city.
2. To investigate the difference between the perspective of accounting and non-accounting student's perspective toward implementation of CSR toward Customer and Society in MCD and KFC at Padang city.
3. To investigate the difference between the perspective of Private and Public HEI students toward Implementation of CSR toward Customers and Society in MCD and KFC at Padang city.

### 1.4 Research Benefits

The author doing this research is certainly expected to have benefits for various parties. This research is useful to provide evidence about:

1. For Author, the research will give an insight regarding the Perspective of economic students to implementation of CSR toward Customers and Society of fast food in Padang, used for understanding the mechanism of CSR, to study the differences between the knowledge background between economic students toward CSR toward Customer and Society.
2. For Academic purposes, this research is expected to be used by other parties for future uses regarding the perspective of students toward implementation of



CSR toward Customer and Society, for academic purposes to be a reference study material for further research development.

3. For other users, this research is expected to show the evaluation of the implementation of CSR toward Customer and Society and what is the perspective of the university students in Padang, by using KFC and Mcdonald as a study for the study of attention of CSR to customer and society and paying focused towards its service towards Customer and society alike.



### 1.5 Writing Systematic

The research is organized as follows. The first chapter presents the background and reason to conduct this research. The chapter then followed by the objectives and the benefit of this study, as well as writing systematic of this research. The second chapter explains about literature study of corporate social responsibility, Perspective of the economic students toward CSR toward Customer and society of the student's of Padang, the student's department perspective to CSR Toward Customer and Society, and finally with the Student's HEI type that influences the student's

perspective of CSR Toward Customer and Society. This chapter is continued by discussing several previous research that related to this research, research model, and hypothesis. The third chapter presents the research methodology which consists of research design, data type and sources, data collection method, and research population and sample. The next chapter presents the findings together with the discussion. The last chapter is closed by the conclusion, limitation, and research recommendation.

