

Millennials' CSR Adoption: A Stakeholder Approach and the Impact on Profit

Mark R. Reavis
University of Central Oklahoma

Kuldeep Singh
Arkansas Tech University

Jack E. Tucci
Arkansas Tech University

Business education emphasizes an analytical approach to decision making and strategy development. However, certain factors, such as Corporate Social Responsibility (CSR), are challenging to quantify in corporate strategy. The consideration of CSR, including Environmental, Social, and Corporate Governance, by Boards of Directors, is among these difficult-to-quantify factors. Business schools now teach students to focus more on a CSR/stakeholder approach, in line with updated standards such as Advance Collegiate Schools of Business Standard 9, which has increased the focus on societal impact in curricula. The CSR/stakeholder approach has emerged as a global strategic management option but is not without challenges, including non-homogeneous CSR issues and potential greenwashing. Moreover, a measurable stakeholder approach might lead to decreased profitability. Individual differences, particularly among millennials, influence support for or against CSR initiatives. This paper evaluates these differences and their impact on decision-making, which will significantly influence society as millennials rise to leadership roles.

Keywords: ESG, corporate social responsibility, operations management, millennials, stakeholder theory

INTRODUCTION

Society is advanced through education. This advancement is supported by institutions of higher learning and aided by accrediting bodies through change initiatives. The Association to Advance Collegiate Schools of Business (AACSB), the world's leading business accrediting body, through its Standard 9, requires that each institution have measures in place that specifically address "Engagement and Social Impact." Engagement and social impact are the foundation words for corporate social responsibility (CSR) and ESG-focused curriculum. Education of students using "Active Learning" through "hands-on" community projects as service-learning initiatives (Stonkute, et al, 2018) (Larran, et al, 2018) is the foundation for CSR.

"Service learning" is a common means to meet Standard 9 through a minimum number of hours of service, or award diploma citations/notations to the student who maintains a specified level of participation

(Miftachal, et al, 2018). But as academics, we must ask ourselves: “does the curriculum engaged by a college of business have an influence on business students about Standard 9?” Specifically, we want to know if a student’s predisposition to a quantitative method for decision making influences how they make decisions and perform in making strategic decisions? This paper makes an effort to clarify and answer this question.

Howe and Strauss in 2000 discovered that Millennials perceived it as their unique identity to become societal change agents (Howe & Strauss 2000). From this, our research question emerges regarding millennials’ strategic decision-making with a CSR focus (stakeholder) and whether sub-sets of millennials’ decision-making will vary due to different characteristics. The characteristics identified in this paper are those with a propensity to be quantitative in their decision making, i.e. ‘do they score highly as measured by test results in an operations management measure’.

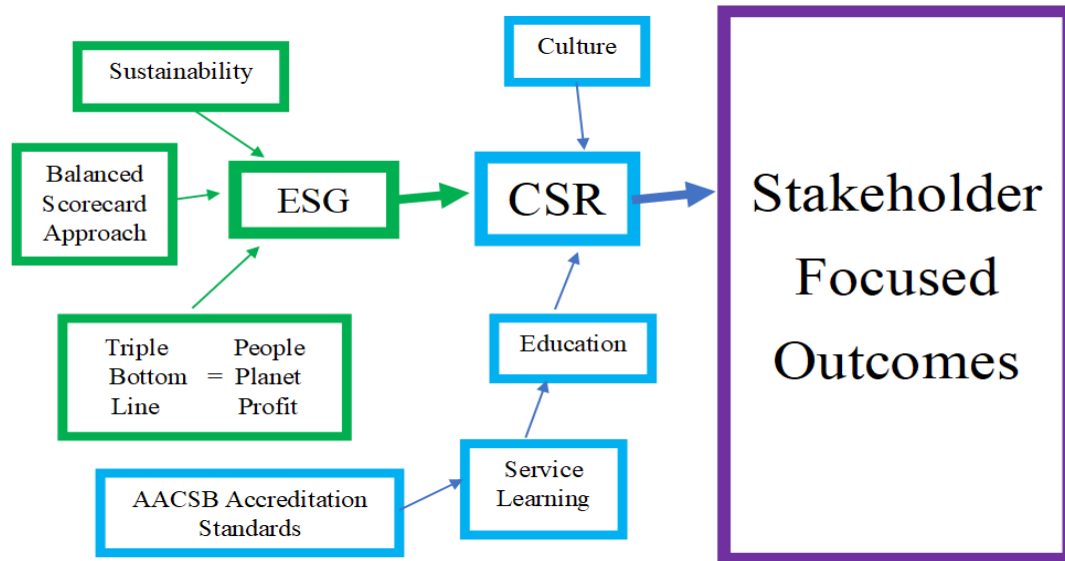
‘*Millennial*’ uses the common definition of categorizing people by age, but also to a specific worldview and society’s perception of them (Ohio University, 2020). It is commonly accepted that this generation was born between 1982 and 2000. This is the sample boundary used in this study. Millennials are more social-oriented than their parents or grandparents and are a generation born to social media. This is the first generation not to know about life pre-cell phone technology and convenience connectedness. This connectedness has allowed them easy access to activism and through social media communication. Society generally regards this generation as special and capable of greatness (Howe & Strauss, 2000). This generation is inherently different than their predecessors. “The Millennial future is what America is destined to become” (Howe & Strauss, 2000, p. 367). Demographics show that Millennials will supplant the baby Boomers in the workforce by 2024 as 10,000 baby boomers per day started retiring in 2007, (Dent, 2014). These demographic facts highlight our need to understand the millennial generation that will soon take the lead in our society.

The Model

AACSB-accredited schools of business focus on CSR and ESG as part of their programs to satisfy accreditation standards (Ferrell, Thorne, & Ferrell, 2016) (Prutina, 2016) (Serban, 2015). Traditionally, before 2003, business curriculum changes were made to adapt to ‘internal’ changes in business and technology. Standard 9 addresses ESG concerns, specifically ‘external’ changes to reflect changes in societal values for the benefit of society through the efforts of students, business schools, and in the long-term, business (Horng, et al 2019). The accelerated pace of social change in the last decade to manage societal imbalances was deemed paramount and this has shifted the focus of the business curriculum from a profit approach to an ESG approach in response to this dynamic change (Reavis, et al, 2017) (El Alfy 2020).

AACSB standards recognize the shift of business practices from a stockholder to a stakeholder approach (Reavis & Orr, 2021). As curriculum changes align with millennial students’ propensities, CSR goals succeed as a driver of decision-making, regardless of profitability concerns. The AACSB standards encourage/guidance to business schools/students to teach/learn how businesses can be successful and incorporate CSR. This change in focus is a movement toward stakeholder-focused decision-making; based on social responsibility, especially aimed at the burgeoning millennial cohort. The model is depicted with these drivers of change. These forces more than support changes in thought; they are driving forces for societal evolution (Reavis, Singh, Tucci, 2021).

**FIGURE 1
CSR ADOPTION MODEL**



This model predicts that stakeholder focused outcomes will accelerate as millennials emerge in the C-suite. Service-learning initiatives reflect the efforts of AACSB to require CSR in the early 2000's. The natural outcome is the emerging sustainability model, increases in Certified B corporations, and increases in Benefit Corporations as discussed in the Literature Review below.

As the model reflects, modifying the business curriculum is essential to accomplish goals and meet standards. If the curriculum is truly impactful, then the Brookings Institute of millennials' upending Wall Street predictions bears closer watch (Winograd and Hais, 2018). Values propositions unique to millennials who have a stakeholder preference indicate that CSR decisions stem from their cultural preferences (Ferrell, et al, 2016) (Serban, 2015).

LITERATURE REVIEW

Stockholder and Stakeholder Theory: Contrasting Perspectives

Smith and Ronnegard (2016) clearly outlined that stockholders must be held in the highest regard in all business decisions because they risked personal capital for the profits of the invested business. Smith and Ronnegard (2016) built their philosophy on Adam Smith's writing in *Wealth of Nations*, which is the foundation of capitalism in the United States and clarifies stockholder's rights and risks. Stockholder theory contends that the "individual risk taker" has the right to engage in socially responsible actions of their own choosing as supported by Milton Friedman (1970). Both Smith and Friedman acknowledge that a business cannot pursue profits at any cost, but must deal with "externalities" or rules, and quantifiable analysis supports their position (Lopez, Garcia, and Rodriguez 2007). For millennials, CSR is the 'new' externality.

In contrast, those who argue in favor of CSR argue that there are benefits to the stakeholder approach (Aquilera, et.al. 2007). The Stanford Research Institute defines "stakeholder" as "groups without whose support the organization would cease to exist" (Freeman, 1983). Stakeholder theory as championed by Freeman came to be defined simply as interconnectedness. Symbiotic relationships in society between individuals and corporations explain why companies engaged in CSR tend to increase employee affective commitment (Prutina, 2016). Stakeholders as defined above includes employees, suppliers, vendors, customers, creditors, government entities, resource communities, etc. (Post, Preston, Sachs, 2002). Stakeholders are affected by the business' operations and the business is obligated to provide value to these various stakeholders to some degree at the expense of stockholders (Rausch, 2011).

Measures and Methods of the Stakeholder Approach

As society advanced their embrace of ESG and CSR investments through the early 2000's, general business concepts evolved to meet these changes, one such model is the "the balanced scorecard" approach and is a method of quantifying the results of business decisions in various identified areas in a semi-holistic approach. The scorecard is used by a wide range of entities, from business to government to military to nonprofits. It is a planning and management tool that aligns activities with organizational goals and missions (Cokins, 2013). The Balanced Scorecard Institute (BSI) helps organizations develop a scorecard for their organization through the development of a framework of nine steps organized around four core components: Customers/Stakeholders, Financial/Stewardship, Internal Processes, and Organizational Capacity (9 Steps to Success, 2017).

The Triple Bottom Line (TBL), another approach to measuring CSR, was mainstreamed by John Elkington's book (1997) *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. The key aspect is the sustainability of the business through performance in financial, social, and environmental areas (Slaper & Hall, 2011). Essentially the Triple Bottom Line goes beyond profit to consider environmental and social dimensions (Pen, Wu, and Yu, 2020). The concept is simple; along with the Profit-making operational decisions of a company, there are two other operational areas to address: People and Planet. These three combined provide the basis for the 3P model that further supports the ESG corporate decision-making model. Duncan (2017) clearly identified that Millennials placed planet before profit. While there is still no universal TBL that fully addresses sustainability, companies find it useful in showcasing their Corporate Social Responsibility initiatives (Slaper & Hall, 2011). Wilburn & Wilburn (2015) advise that a 2010 study showed that companies with proof positive CSR programs enjoyed higher sales among global customers willing to pay more for their products.

A Certified B Corp is a company certified by the independent, non-profit organization B Lab founded in 2006 by three entrepreneurs (Honeyman, 2015). Their mission was to create a corporate entity that was about maximizing wealth and positively impacting society and the environment through sustainability initiatives. A Certified B Corp must establish the public benefit they are pursuing. (B Lab, 2024). It could be a specific public benefit addressing social issues such as unemployment, nutrition, or education. A Certified B Corp must assess their overall social and environmental impact using an accepted third-party standard for their industry. B Lab specifically directs that the company's Benefit Director has a duty to consider the impact of business decisions on a variety of stakeholders. A study in 2015 of the forty-five original Certified B Corp companies found that all made progress toward their stated goals, were profitable, and had published annual reports for greater transparency (Wilburn & Wilburn, 2015). These founding Certified B Corp companies were all from Canada and the United States (Wilburn & Wilburn, 2015).

To drive home the point of Certified B-Corp acceleration, it is instructive to note that by the end of 2022, 6,123 companies in 10 countries are utilizing the B Corp certification (Blab, 2024). This is a dramatic increase from 71 companies at the end of 2007. This upturn in CSR – Sustainability focus reflects a societal stakeholder perspective's growing awareness and acceptability.

Finally, as of 2022, thirty-seven states and the District of Columbia have enacted Benefit Corporation legislation (Benefit Corporation, 2022). This legally allows the designated company to operate in a manner that does not require the company to pursue maximization of stockholder wealth at the expense of public benefit (El Khatib, 2015). Unlike traditional for-profit corporations, Benefit Corporations (which are still in the business to make a profit) cannot be held accountable for business practices by stockholders unless there is a question of the company pursuing its stated benefit goals (Hacker, 2016).

The various measures and methods employed to demonstrate any stakeholder approach to corporate governance create an illusion for consumers that a company is more socially responsible than other, more traditional, for-profit corporations. This perspective bias theoretically creates an unfair advantage much to the detriment of a traditional company. 'Greenwashing' is defined as "use of a public-relations-enhancing social purpose to fritter away money without oversight" (Solomon, 2015). Hacker (2016) and El Khatib (2015) both refer to greenwashing as using labels that convey to the consumer the company is engaged in a public benefit when in actuality, it is just a complex marketing ploy. There is no substantive effort by the company or results from efforts to actually pursue the stated public benefit.

Corporate Social Responsibility Internationally

The CSR movement is also growing internationally (Armstrong, 2020; Ferrell et al, 2016). In addition to expanding B Lab to certify companies globally, other countries have taken legal steps to require corporations to engage in CSR. In 2013, India passed the Indian Companies Act 2013, an amendment to India's laws governing corporations. This Act required Indian companies to spend at least 2% of their average earnings on CSR activities. To be required to comply with this new law, a company in India must meet certain revenue and/or asset thresholds. To comply, a company may spend its earnings on such issues as hunger, poverty, education, child mortality, or maternal health (Hiralal, 2015). In 2015, Italy became the first foreign nation to make Benefit Corporations legal entities; similar legislation is also being advocated in Australia, Argentina, Chile, Colombia and Canada (Benefit Corporation, 2019).

Future Leadership and the Millennial Perspective

This literature review has so far described relevant theory and practice about CSR. The results of this study add to the existing body of knowledge by providing evidence of millennials' philosophy and attitudes on CSR reflected in their financial decisions while participating in a strategic business simulation. The 18-year period between 1982 and 2000 is the most commonly accepted period for the millennial generation that fits with most published estimates (McGlone, Spain, & McGlone, 2011). This generation is critical to our future economy as they play an important role in CSR because they will significantly influence society toward a more stakeholder-centered approach.

Millennials tend to be optimistic, cooperative, and civic-minded. They "will demand that employers make good on fair play on pay and benefits will be at issue" (Howe & Strauss, 2000). Millennials will not only demand changes in the workplace that focus on their needs but also tend to seek out and buy "products that combine their focus on family....and community approval" (Howe & Strauss, 2000). Millennials are activists. They will seek to influence community, political, economic, and environmental issues (Howe & Strauss, 2000). This leads us to assume that corporate CSR efforts will be the "natural" outcome of this generation's influence and future leadership.

Millennials are largely misunderstood in the workplace today. They are often viewed as lazy, entitled, and unsatisfied (Roker, 2017). Millennials have a different self-perception. They view themselves as ambitious, innovative, connected, and expressive. Millennials are "looking for things to support because we want to feel like we're making a change in the world" (Roker, 2017). For millennials, actions are important. They seek to reward or punish corporations based on CSR involvement (McGlone et al, 2011). Millennials also perceive that doing good is not enough, that authentic leadership is critical (Kim, et al 2018). It is not doing good for external measures; it is doing good because it is what the organization is at its core. This is an effort to prevent the greenwashing evidenced by firms who in times past "were not fully committed to the ethos of sustainability and lacked authenticity" (Tucci, Shin, & Benefield, 2015).

Millennials have become the largest generation in the U.S. labor force making up 35% of the total U.S. labor force (Arkansas Business, 2018). Over half of the workforce will be composed of millennials by 2025. They already seek change in society and will soon have achieved critical mass and its associated power to effect change. This age group seeks to advance societal welfare over individual success (Winograd & Hais, 2014). However, these demanded changes are not balanced. Rutina (2016) identified that organizational commitment increases as individuals rise in position and authority and are engaged in CSR. What remains to be seen, is why is this phenomenon increasing? This study contends curricula and culture have coincided. This paper reinforces that this rise of millennials and the make-up of the future corporate leadership class illuminates the force behind the change.

With the move towards CSR, the gender leadership ratio is changing simultaneously. Women see both a higher level of organizational commitment and commitment to their personal values as they rise within the organization (Aggarwal, Dhaliwal, and Nobi, 2018). As the baby-boomers age and as turnover increases and women ascend the corporate ladder into executive leadership, the expected change will be in increased CSR efforts and commitments to that as a bona-fide strategy (Rogers, Reavis, & Tucci, 2022). The corresponding lower likelihood of being replaced as a corporate leader in uncertain times will entrench these new leaders into the social fabric of these corporations (Cooper, 2017). Evolutionary factors such as

board diversity increases and strategy changes are becoming the norm (Rao and Tilt, 2016) (Marques-Mendes and Santos, 2016).

THE RESEARCH QUESTION

A literature review firmly establishes that a stakeholder approach is the “preferred” approach of millennials. Nevertheless, the question addressed by this study is, “given the opportunity, would millennials with an “operations management” propensity in a capstone competitive simulation use a stakeholder approach (CSR focus) strategy when financial performance is the measure of success?” The coursework requirements provided to these students clearly stated that a basket of financial measures would be used to determine their grade as this part of the course. CSR does help the students’ overall scores to a point, however, just like investments in R&D, and marketing/advertising, there are diminishing rates of return once optimal levels of investment have been reached. Students were aware that excessive investment in CSR is detrimental to their overall score.

METHODOLOGY

Millennial students were selected for this study as appropriate to test the prediction that they would have a greater propensity to seek the common good, be more socially conscious, and take a more active role in society and politics that follows the concepts of sustainability empowered by CSR than previous generations. In previous studies it has been shown that Millennials do have a heightened sense of CSR as reflected in a philosophy of “better for the common good” by business students attending a senior-level business class (Reavis, et al, 2021) (Reavis, et al, 2017). What has not been analyzed are the differences in decision behaviors of Millennials that score highly in “Operations Management” in strategic decision making and if those decisions reflect their stated values and the overall outcome in a competitive situation.

The assignment used to obtain the data is a commonly used business simulation called GLO-BUS (glo-bus.com). In the simulation, students are assigned to teams of two individuals. These teams compete not only against their classmates, but also against teams from other business schools around the world. Typically, about 3,800 teams compete in this simulation that lasts approximately 10 to 12 weeks. The simulation allows each team to manage a company producing two products: an action camera and a flying drone. The products are hypothetically made in east-Asia and are marketed around the world. There is a combination of decisions to manage both products’ design, finance, manufacturing, quality control, operations/production, human resources, marketing, and distribution.

Ancillary to direct operational decisions, each team must also decide whether they want to engage in Corporate Social responsibility and Citizenship (CSRC). Investments in charitable contributions accomplish this, Environmental Sustainability through the use of a “renewable energy program,” an on-site child-care facility and an on-site employee cafeteria, improved working conditions through increased lighting and ventilation, and the implementation of a supplier code of conduct requiring all suppliers to follow an ethical code of conduct. The ancillary decisions are the focus of this research to determine if millennials will engage in CSR decisions given the pressure to maximize profits in a financially competitive simulation.

Students in the capstone business policy class are randomly assigned to GLO-BUS teams prior to the beginning of the semester. When the semester begins, the students must first read the participants guide that explains each of the key areas in which decisions must be made, how they are made, and the potential costs and benefits of each decision.

Students are coached in the first week of school to pick a strategy and stick with that strategy for the long term since it has been proven in earlier classes that randomly making decisions leads to early failure. If students choose a low-cost strategy, all decisions should be made to minimize unneeded/excessive expenditures. If they choose a differentiation strategy, they must make decisions that enhance the features and benefits of the product that make their products stand out from competitors’ offerings. The third strategy is a best-cost strategy where they try to apply both a low cost and a differentiation strategy to satisfy customers’ needs at an affordable price.

There are two optional areas for students to invest profits. The first is research and development (R&D). Research and Development does not have an immediate payback but does have high return over time in direct portion to how much they invested up to a point and then the return is diminishing. Research and development and the delayed return on investment is not the subject of this paper. Investment in CSRC initiatives has immediate payback but has escalating diminishing returns once an investment plateau has been reached. Often students do not fully understand foreign labor conditions, 12-hour workdays, lack of food during work hours, or readily available child-care for manufacturing facilities. The lack of employee benefits in these forms for foreign workers is discussed in lectures as the course progresses and is covered in the text.

Students in Business Policy are required to be graduating seniors in their last semester and past performance for these students has been satisfactory. The business college where the data was collected typically places very high in the global competition. For our college, at least three to four teams out of 12 teams score in the top 100, out of approximately 3,800 other teams worldwide.

To test our research question, we looked at the students who met our definition of millennial in a senior Business Policy (Strategic Management) class. The analysis did not use students falling outside of the 1982 to 2000 birth years. Any students with incomplete data were also eliminated from the sample. The students selected for this study have been exposed to CSR topics and theory in several other classes before participating in the GLO-BUS simulation. We used an academic year format (five course sections) since most contained students we knew to fit the millennial definition.

As a research team we also considered other variables from the course data obtained from the simulation: Leadership Skills, Collaboration & Teamwork, Analytical Skills, Marketing Management, Human Resources Management, and Strategic Analysis & Planning. However, only operations management, financial management, and CSR were found to have any significant statistical relationships. The Operations Management variable data was based on the company's overall cost of production (fixed and variable), scheduling acumen (seasonal), production capacity utilization, overtime, workstation utilization, idle capacity, and product shortages in addition to exit exam score reviewing decision criteria for operations in the exercise. The CSR variable data was based on the percentage of company revenues spent on the six corporate social responsibility initiatives. The operations management score was derived from a combined decision score on production and an end-of-term knowledge test about how operations management decisions were made.

ANALYSIS AND RESULTS

Students from a university in the southern United States in the 2018 academic year enrolled in a business policy class participating in the GLO-BUS Simulation were selected for this study. The original sample had 138 respondents. Nine students were eliminated from the data because they did not fall within the age range definition of millennial and/or were eliminated due to missing or incomplete values. A final usable sample of 129 students was used for our study.

Table 1 shows the descriptive statistics of all the variables in this study. The mean score on operations management was 53.85, with a standard deviation of 24.78. On the other hand, the mean score on CSR was 54.11, with a standard deviation of 26.56.

**TABLE 1
DESCRIPTIVE STATISTICS OF VARIABLES WITHIN STUDY**

Variable	Response	Mean	Standard Deviation
Operations Management	129	53.85	24.78
CSR	120	54.11	26.56

A correlation analysis was performed to examine the relationship between operations management and CSR and the result is tabulated in table 2. The correlation result shows that operations management and CSR are significantly negatively associated.

TABLE 2
CORRELATION TABLE OF OPERATIONS MANAGEMENT AND CSR SCORE IN THE STUDY

Variable	CSR
Operations Management	-.204*
Significance (2- tailed)	0.020

* Correlation is significant at the 0.05 level (2-tailed).

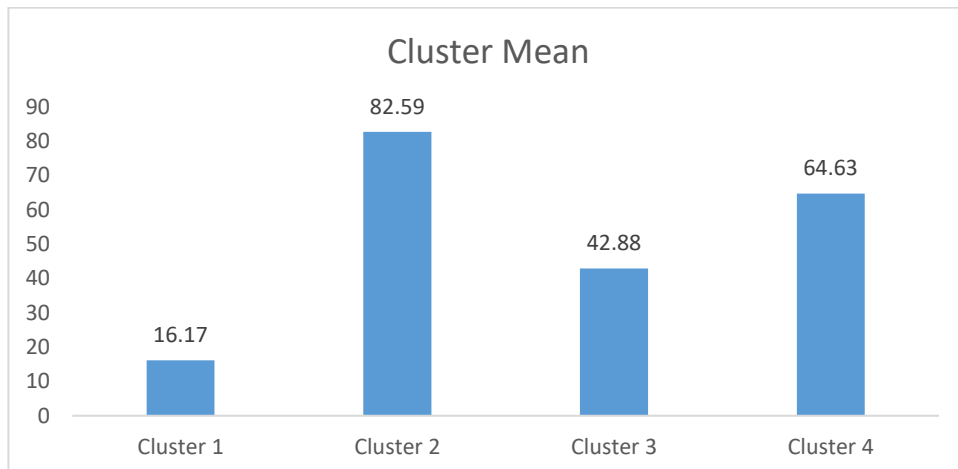
To further analyze the relationship between operations management and CSR, we performed a cluster analysis on operations management related to CSR scores. The goal of cluster analysis is to divide the data into meaningful subgroups when there is no knowledge about the subgroups' composition and/or number (Fraley & Raftery, 1998). There is no exact formula on the number of clusters, but the decision can be made based on a rule of thumb. For example, Lehmann (1979) suggested that number of clusters based on sample size (n) should be between $n/30$ and $n/60$. In this study, the sample size was 120, so the range of the number of clusters based on the above guidelines is between 2.15 and 4.3. We decided to use a four-cluster solution shown in table 3 in this study as four-cluster solution provided more insight as compared to a two or three cluster solution without increasing the complexity. The cluster analysis suggests that cluster 2 has the highest mean of 73, whereas the cluster 4 has lowest cluster mean of 33.

TABLE 3
CLUSTER SOLUTION ON OPERATIONS MANAGEMENT

	1 (Lowest)	2 (High)	3(Low)	4 (Medium)
Cluster Mean	16.17	82.59	42.88	64.63
Sample Size	24	37	41	27

The cluster analysis suggests that cluster 2 has the highest mean of 82.59, whereas the cluster 1 has lowest cluster mean of 16.17.

FIGURE 2
CLUSTER MEAN FOR OPERATIONS MANAGEMENT



To examine the difference across four groups, one-way analysis of variance (ANOVA) was used to test for the differences in mean score on CSR among four clusters. The results of ANOVA are shown below, and the results indicate that the proposed model is significant ($F=6.960$, and $P \text{ value}=0.000$) and we can infer that there is a significant difference among four clusters on the mean CSR score.

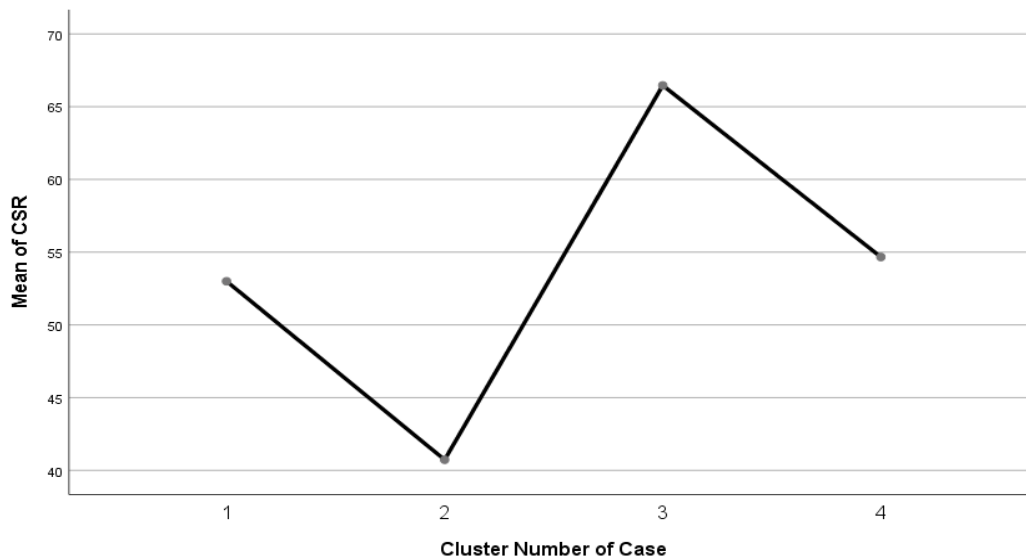
TABLE 4
ONE-WAY ANOVA RESULTS (CSR-DEPENDENT VARIABLE)

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	12918.988	3	4306.329	6.960	0.000*
With in Groups	77341.492	125	618.732		
Total	90260.481	128			

* Significant at the 0.05 level (2-tailed).

Also, the mean score on CSR for all four clusters is shown below. The mean plot indicates cluster 3 has the highest score among all clusters on CSR, whereas the cluster 1 has lowest score on CSR. The mean score of CSR plot also suggests that clusters 3 and 4 score high on CSR compared to clusters 1 and 2.

FIGURE 3
MEAN PLOT OF CSR



The data indicates that there tends to be a bi-polar split in the distribution of students use of stakeholder theory as measured by our study. A strong association exists between the lower operations management score and a higher CSR score as associated with preferences towards stakeholder theory. Conversely, there is a less strong relationship between higher operations management performance and a stakeholder approach to decision making by millennials in this study, especially in cluster 3.

Further analysis of cluster 4 revealed that some students were deficient in their operations management decision-making and only moderately investing in CSR. Students in Cluster 4 typically made strategic errors early in the competition that minimized the operational health of their company. The students are aware of the costs for every decision they make. Decisions are not made in a vacuum, but with a financial overview of their competitors' investments (competitive intelligence report), including their CSR activities.

To further analysis the relationship between four clusters on operations management and CSR, we conducted the Fisher’s LSD post-hoc test to identify the differences among clusters on CSR. The result of Fisher’s LSD is shown below.

TABLE 5
MULTIPLE COMPARISON (FISHER’S LSD POST-HOC TEST) RESULTS

(I) Cluster Number	(J) Cluster Number	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1	2	12.27	6.519	0.062	-0.63	25.17
	3	-13.464*	6.393	0.037	-26.12	-0.81
	4	-1.667	6.978	0.812	-15.48	12.14
2	1	-12.27	6.519	0.062	-25.17	0.63
	3	-25.73*	5.640	0.00	-36.90	-14.57
	4	-13.937*	6.295	0.03	-26.40	-1.48

* Significant at 0.05 level

The post-hoc test reveals a significant difference in mean CSR score between clusters 1 and 3. Similarly, the results also indicate a significant difference in mean CSR score between clusters 2 and 3. Moreover, the results indicate that the mean CSR score between cluster 2 and 4 is significantly different. The statistical analysis results support that students engage in a stakeholder model of decision-making and that decision-making directly impacts their teams’ performance. The analysis further indicates that the higher the score in the CSR values, the lower the operational performance by that team. This indicates that the business students in this study are willing to forgo profits to maximize stakeholder values in making strategic/financial decisions.

Interestingly, several students wrote in the required final paper for the course “What I learned in this class,” was the repeated expression “at the outset, our strategy was designed to make a difference in the world.” The decision to engage in CSR was conscious from the outset for thicker and investment in CSR are clearly covered in the simulation instructions and the pros and cons of said investments. The simulation awards teams who lead the industry in CSR, even though their financial performance lags those with a more “balanced management portfolio.” The balance being that you have the appropriate dollars invested in CSR activities, just as you would at setting employee salaries (which the students are also required to do). This simulation is done over a nine-week period with approximately 50 decisions required weekly with a “competitive intelligence report” to determine optimal/competitive positions.

LIMITATIONIS

The use of the terms CSR and profit as used in this study have become more commonplace and as a result lends itself to misuse or misunderstandings and issues of construct validity may give rise to error in differences in either interpretation or definition by either researchers or respondents. Another consideration is the regional nature of this study. Students from flyover states may lag their coastal counterparts significantly in social awareness. Although professors would like to think that their students may be taught better, financial performance may be due to the orient of the teaching rather than the content of what is being taught. To overcome this potential “regional” difference, other geographic regions would need to be studied to validate the generalizability of this research (Limaye et al., 2021).

CONCLUSIONS

As postulated by Howe and Strauss (2000), Millennials mostly prefer a stakeholder approach. This study extends earlier research findings, which illustrate that millennial students prefer a stakeholder approach, by demonstrating a negative financial (operational) consequence exists as behavior follows a stakeholder preference. Nevertheless, millennials do prefer CSR as a tool in their decision-making process across the population, even by those who do not use it as a primary referent when making decisions. All groups did engage in CSR activities, but groups three and four at a much higher rate. We believe that even groups one and two will increase over time due to changing societal standards and social grooming. Accreditation requirements, curriculum changes, and the very nature of the teaching materials and cases available to professors in AACSB accredited business schools will continually reinforce this.

Business students use CSR as a tool in strategic decision-making. This is evidence of the associated increase in commitment to organizational change as millennials advance to the C level suite within organizations as postulated by Aggarwal, Dhaliwal, & Nobi (2018) and Prutina (2016). The analysis presented herein indicates that as more millennials ascend to leadership positions, a continuing shift from a traditional stockholder approach to a stakeholder approach in corporate governance will occur.

Our findings demonstrate that those millennials with quantitative skill sets such as Operations Management as found in this paper, as well as finance and accounting majors (as found in previous research) do not align strongly with those from less quantitative disciplines in business (Rogers et al. 2022, Reavis et al. 2021, Reavis et al. 2020). Thus, individual differences within the millennial generation are likely to influence firm performance.

Broadly, the millennial generation supports social accountability as evidenced by their decision-making. The millennial generation supports the common good over financial profit. If financial performance is the same for real world corporations as it is in GLO-BUS, millennials' stakeholder approach to corporate governance will result in decreased financial performance for firms. This study lends support to the predictions by Howe & Strauss (2000) that as millennials continue to enter the C-level suite, they will lead significant cultural and strategic changes (Reaves et al., 2021). They will impact the fabric of commercial, political, educational, and religious institutions. As their actions follow their philosophy, significant changes in society will occur.

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