

Title of paper

Development and Validation of the Corporate Social Responsibility Issues Scale (CSRIS)

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Abstract

While the CSR construct has proved useful in terms of thinking about the responsibility of business in society, the literature on the nature of CSR has been criticized for being difficult to translate into management practice. In some respect, focusing on the issues of CSR represents a more practical – and managerial – approach to CSR. Although most definitions of CSR has that in common that they point towards different issues companies are responsible for on the societal arena, very little research has been devoted to study how managers judge and evaluate the different issues constituting the content of CSR. This paper reports the development and validation of the corporate social responsibility issues scale (CSRIS). The analysis identified eight responsibility areas and issues of CSR: Accountability and transparency, Socio-Economic Development, Supply-chain Responsibility, Working conditions and opportunities, Moral Economic Decision-Making, Environmental protection, Bribery and Corruption, and Political Responsibility.

Key words: scale development, CSR issues, corporate citizenship

Introduction

The traditional role of the modern-day corporation in society is to maximize profits for the shareholders. Doing this, it is argued; it will also maximize societal welfare and promote the best interests of society without a conscious effort to attain these ends. This model of the corporation has been criticized for not take the full cost of production into account in the pursuit of economic profit. That is, the corporation generates social costs which are externalised and borne by third parties and the society as a whole (Van Over and Barone, 1975). The concept of Corporate Social Responsibility (CSR) has been suggested as one possible solution to avoid or minimize “social costs” and “externalities” like for example environmental degradation and unhealthy working conditions following the role and activities of the modern-day corporation in society.

While the CSR construct has proved useful in terms of thinking about the responsibility of business in society, the literature on the nature of CSR has been criticized for being difficult to translate into management practice (Frederick, 2006; Waddock, 2004). In some respect, focusing on the issues of CSR represents a more practical – and managerial – approach to CSR (Blowfield and Murray, 2008). Although most definitions of CSR has that in common that they point towards different issues companies are responsible for on the societal arena (e.g. Davis, 1973), very little research has been devoted to study how managers judge and evaluate the different issues constituting the content of CSR.

Studying manager’s attitudes towards issues of CSR is important of several reasons. The individual level is in many ways the key level in determining whether social responsibility will be “realized in decisions by real people in organizational and other settings” (Jones, 1999, p. 172). Building on the premise of what decision-makers do depend on what issues and

answers they focus their attention on (Ocasio, 1997), managers perception of CSR is important with regard to anticipated practice and decision-making. As argued by Rest (1979), before integrating broader social and environmental considerations in decision-making and activities, managers and other individuals in the organization have to recognize that there in fact are moral issues to be handled. The literature on institutional analysis has stressed that the cognitive frames, mindsets, conceptions of control, or worldviews of corporate managers are important determinants of how managers run their firms (e.g. Aquilere & Jackson, 2003; Dore, 1983; Hall & Soskice, 2001; Whitley, 2004). As such, it may be argued that managers' evaluation of the importance of various social issues is likely to directly shape the management of social and environmental issues (Sharfman, Pinkston and Sigerstad, 2000). Moving beyond such an instrumental approach, attitudes may also serve an expressive function, that is, attitudes become a means of expression, and enable individuals to indicate to others the values that they hold (Katz, 1960). Manager's attitudes towards CSR may thus be understood as part of the process of managing the expressive aspects of organizational life (Schultz, Hatch, Larsen, 2000). In addition, manager's attitudes towards different issues of CSR may also indicate something about manager's perceptions of the role of business in society.

The aim of the present study is to develop a reliable and valid scale for measuring how managers judge the importance of the different issues of CSR. Revealing managers preferences and attitudes towards CSR may be understood as part of the process of getting inside the "black box" of the firm, and hence open up for analysis of the internal dimension of CSR.

Theoretical and Empirical Review: the construct of Corporate Social Responsibility

Carroll (1979) conceptualization of corporate social performance (CSP) constitutes the overall theoretical framework for both our general understanding of CSR and the development and validation of an instrument to measure manager's CSR orientations and attitudes. The CSP model consists of three interlinked elements: 1) a basic definition of corporate responsibility, 2) an enumeration of the issues for which a corporate responsibility exists, and 3) a specification of companies' general philosophy of response.

Crane and Matten (2004) argue that Carroll's (1979, 1991) "Four-Part Model of Corporate Social Responsibility", who depicts CSR as a multi-layered concept that can be differentiated into the four, interrelated aspects of economic, legal, ethical, and philanthropic responsibilities, probably is the most established and accepted conceptualization of CSR in the literature. Building on this model, Carroll and Buckholtz (2000) define CSR as 'the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time'.

Based on the Carroll (1979) construct, Aupperle (1984) developed a scale to measure individual's perceptions of the relative importance of the different categories of CSR. This scale has later been used in numerous studies concerned with measuring managers CSR orientations and attitudes (see for example Pinkston and Carroll, 1994; Ibrahim and J. P. Angelidis, 1995; and Marz, Powers, and Queisser, 2003).

However, in spite of that the scale has proven to be highly reliable and valid, the scale is insufficient for our use. While the Aupperle-scale (1984) measures the relative importance of different categories of CSR, that is, how individuals evaluate and judge the relative

importance of the economic, legal, ethical and discretionary/philanthropic categories of responsibilities, our aim is to measure the relative importance of the issues of CSR cutting across different CSR categories. So, although we largely accept Carroll's (1979; 1991) conceptualization of CSR in different categories, for the purpose of the present study, we need to look further into the "issue" element of the CSP model.

Issues of CSR

While the categories of responsibility refers to the *nature* of business role and responsibility of business in society, the issues of CSR refers to the *concrete topics* or broader responsibility areas to which the categories of CSR are tied (Carroll, 1979). The relationship (and difference) between the categories and issues of CSR may be illustrated as follows (figure 1):

>INSERT FIGURE 1 ABOUT HERE>

There are several problems in specifying the issues of CSR. As observed by Carroll (1979, p. 501), "we are left with a recognition that social issues must be identified as an important aspect of corporate social performance, but there is by no means agreement as to what these issues should be". The problem of identifying the issues of CSR is due to their changing character: issues change over *time*, from one *industry* to the other, and from *society* to society.

This is perhaps one of the reasons for that few studies has been developed to systematically measure manager's attitudes and orientations towards the different issues and responsibility areas of CSR:

The study of Van Over and Barone (1975) measured executives' perceptions a "CSR ethic" vs. a more traditional view of the role and responsibility of business in society – "the profit

ethic". The scale does not measure the importance of different issues within the CSR model. In addition, the scale builds on a very narrow understanding of CSR: as philanthropic contributions. As already noted, the Aupperle scale (1984) measures the relative importance of different categories of CSR, and may be used to answer questions like for example: what is the relative importance of the legal category (that may cover issues like environmental protection, working conditions, corruption, product-safety, etc.) vs. the economic category? The scale does not inform us about how managers perceive and judge the relative importance of the issues and topical areas to which these categories are affiliated (e.g. environmental protection, human rights, corruption, etc.). In a somewhat similar manner as Van Over and Barone (1975), the four item Socially Responsible Attitudes Scale developed by Hunt, Kieker, and Chonko (1990), does not measure the importance of different issues within the CSR concept, but rather measure "the willingness to (at times) sacrifice corporate goals, interests, and needs to those of society" (Hunt et al., 1990, p. 241). The measure of Social Responsibility developed by Goll and Zeitz (1991) ask about the company's beliefs about monitoring opportunities to solve social problems, performing in ways consistent with philanthropic expectations, and emphasizing philanthropy as a useful measure of corporate performance. As the measure developed by Van Over and Barone (1975), the measure of CSR developed by Goll and Zeitz (1991) builds mainly on the fourth category of the Carroll (1979) construct, and, in addition, do not measure the importance of different issues of CSR. Of more interest then, is the Perceived Role of Ethics and Social Responsibility (PRESOR) 13 item scale developed by Singhapakdi, Vitell, and Rallapalli (1996). The instrument consists of items selected to reflect different dimensions of ethics and social responsibility within an organization. However, the overall aim of the instrument is to measure manager's perceptions of the role of social responsibility in achieving organizational effectiveness. The items mainly ask about the importance of social responsibility relative to more conventional criterion

measures of organizational effectiveness. The PRESOR scale does not offer a systematic measure of the different topical areas and issues of CSR. Of special interests is the Social Issues Scales developed by Sharfman, Pinkston and Sigerstad (2000). Based on a review of the literature on social issues – as understood and defined by Wartick and Mahon (1994) – Sharfman et al (2000) developed a list of 16 items measuring various social issues. To identify any structure underlying these items, it was conducted an exploratory factor analysis. They ended up with a three-factor solution, labelling factor 1 to 3 respectively “Community issues”, “Regulatory issues” and “Political issues”. Although we find this scale interesting, we argue that it is too narrow in scope to measure the very broad range of issues on the CSR agenda.

Based on the review of existing measurers of CSR, we conclude that there is a need to develop a reliable and valid scale measuring the different responsibility areas and issues of CSR.

A corporate citizenship perspective

In order to overcome some of the difficulties with the changing nature of issues of CSR, this study builds on the conceptual approach of corporate citizenship to the initial identification of the issues and broader responsibility areas of CSR.

Using this conceptual vantage point, this study joins a growing body of literature explicitly acknowledging the political nature of CSR and asking for more politically rooted conceptualizations of CSR and analysis of the firm (Matten and Moon, 2008; Vogel, 2005; Scherer and Palazzo, 2007). Although functionalist approaches will question the relevance of studying the corporate entity as a political actor, the position taken in this paper is that a

political conceptualization of CSR is needed given the reciprocal ties between corporations, civil society and states, and given the political roles business play in contemporary society.

Support for a political conceptualization of CSR may be found in Dahl (1963, p. 6) definition of a political system as “any persistent pattern of human relations that involves, to a significant extent, power, rule, or authority”. Such a broad definition, as Dahl himself recognise, implies that many organizations in society, not ordinarily thought of as political units (as for example religious organizations, labour unions, civic group and business firm and business associations), may be understood as political actors. Based on this definition, understanding the corporate entity as a political actor – and constituting part of the political system of a society – is highly relevant. Analysing the political aspects of business units and the business institutions is not in contradiction with understanding the firm as first and foremost an economic unit. As noticed by Dahl (1963), the political constitute only one aspect of an organization, and even traditional political organizations – like governmental bodies – are seldom only a political system. In addition, the definition does not say anything about motives. As such organizations and the peoples within it may be subject to a political analysis even if organizations and people not seek some form authority and power.

Within the business and society literature, the notion of citizenship has been connected to the unit of the firm and the concept of corporate social responsibility in three different ways: Matten and Crane (2003) argues that companies meet the concept of citizenship when they take on the role as sharing in the administration of basic citizenship rights. As they argue, services traditionally considered as the responsibility and tasks of government bodies today – due to de-regulations in the 1980s and 90s – are now partly governed by private corporations. Companies also step in as sharing in the administration of citizenship rights working with

CSR challenges in the supply chain, the issue of child labour, payment for living wages, and working conditions being key issues.

Nèron and Norman (2008) apply the concept of citizenship more directly, and discuss the implications of thinking of the corporate entity *as like citizens*, with the rights and duties that go along this concept. While they conclude that the concept of citizenship not easily may be used about a corporate entity, they argue that certain aspects of the concept may be relevant for businesses, hence representing a foundation for the concept of corporate citizenship:

Matten and Crane (2008) suggest that the concept of citizenship intertwine with the corporate entity in more complex ways than “merely” using the citizenship concept to “say something meaningful about the role and responsibility of business in society (e.g. “the firm as a provider and administrator of citizenship rights” and “the firm as a citizen”). In addition, they suggests that businesses – whether aware of it or not – may be engaged in the construction and transformation of the citizenship itself. In such a role, corporations will be “involved in the emergence, development, and transmission of political ideas of individual citizenship across time and space” (Matten and Crane, 2008, p. 32).

For the purpose of this paper, we adopt the approach of Nèron and Norman (2008), and hence outline some implications of thinking of the corporate entity as like citizens. Before such a discussion is possible, it is necessary to take a closer look at the notion of citizenship itself.

Citizenship may be understood in two different ways (Stokes, 2002): as a legal and administrative status, and as a descriptive and normative theory. Understanding citizenship as a legal and administrative status, the primary focus is upon qualifications for the status of

citizenship and the codifications of rights and duties following this status. The status of citizenship – and civic rights and obligations – is usually determined by the law. Understood citizenship as a political theory, while also indicating rights and obligations, normative conceptions of civic identity may first of all be understood as expressions of “political possibility and imagination that transcend current practices” (Stokes, 2002, p. 24). Further, normative conceptions of citizenship may not always correspond to actual legal and administrative requirements, but may also be understood as a practice of political opposition and radical critique, oriented towards challenging and changing (improving) norms, laws and society’s institutions. Citizenship – understood as a legal and administrative status – may hardly be applied to the corporate entity. Although corporations in most legal systems are entitled to a number of rights (and duties) they do not qualify for citizenship status. However, citizenship – understood as a normative political theory – may open for a fruitful analysis of the roles and responsibilities of business in society, that is, their rights and obligations, the issues of corporate responsibility, and the appropriate strategies to address these issues.

The question of what is the good citizen is answered differently from different models of democracy and citizenship, hence having different implications for a theory of corporate citizenship. Stoke (2002) distinguish between theories of liberal minimalism, civic republicanism, developmental democracy, and deliberative democracy: Within the *liberal theories*, the practice of good citizenship is largely confined to the requirements of voting in elections and possibly serving in juries. The main obligation is to obey the law. The liberal call for good citizenship is primarily an ethical appeal for individuals to be honest and upright and to refrain from always putting private self-interest above public interest. The main site for political participation is the nation-state. The model of *civic republicanism* share particular sets of rights and obligations with liberalism: “Like the liberal minimalist, republican citizens

ought to have equal political and legal rights that enable them to pursue their private goals and their public roles. They also have corresponding set of obligations that include obeying the law, paying taxes, performing jury services and, sometimes, military services” (Stokes, 2002, p. 31). However, contrary to the model of liberal minimalism, civic republicanism put great emphasis on the importance given to public interests and the common good. In addition, political participation is understood more widely than merely as voting in elections (as within the liberal model). As for the liberal theories, the main site for political participation is the national polity. Within the model of *developmental democracy*, the scope of citizenship is broadened beyond that officially granted by the state. Other institutions than the traditional political institutions is viewed as possible sites for the practice of citizenship. On this ground, developmental theorists generally recommend worker participation and workplace participation within the industry. Other institutions and organizations – and not only individuals – may also be entitled to citizenship within the model, both civil society institutions and economic institutions:

“Proposals for worker participation in industry... create the new categories of industrial or economic citizen. Further innovations are possible, such as corporate citizenship, in which corporations would be encouraged to act like good corporate citizens, taking seriously their wider responsibilities to society. Such obligations would reach beyond the usual concerns with corporate ethics or corporate philanthropy, to include internal obligations to treat their workers according to certain standards, as well as external duties to avoid bringing social and ecological harm to communities. Thus the pursuit of profit would be qualified by a commitment to civic obligations (Stokes, 2002, p. 38)”.

Within *the deliberative model of citizenship* and democracy, the hallmark of a good citizen is one that engages in dialogue and communication. Building of this perspective, preferences and interests are not solely given by established roles, but may be changed in processes of deliberation.

Building on the model of developmental citizenship, the following issues of CSR may be outlined: obeying relevant laws and regulation, contributing to community betterment through charitable giving, but perhaps more important through the core economic activity and operations of the firm, virtuous economic activity, and finally responsible participation in public processes and in the development of frameworks and institutions aiming at regulating the activity of business itself (Nèron and Norman, 2008)¹. Other issues of CSR may also be outlined from the model of developmental democracy. Above all, the model values citizens' participation, not only as an obligation or as a pre-requisite of good government, but also as a basis for societal improvement and flourishing (Stokes, 2002). Moon, Crane and Matten (2005) argue that, for this reason, the issues associated with the term *corporate sustainability* (economic, social and environmental development) come somewhat close to issues of CSR outlined from the model of developmental citizenship.

From a citizenship perspective, the corporate entity becomes a legitimate actor on the societal and political arena. There are many good reasons to be sceptical about such a role for the business entity. However, the strength of a citizenship perspective is that it opens the door for discussing "what sorts of political activities and relations with government regulators are appropriate or inappropriate, permissible or impermissible, obligatory or forbidden for

¹ Van Oosterhout (2005) has rightly criticised the corporate citizenship literature for not paying attention to the rights of companies when applying the notion of citizenship on the corporate agenda. From a citizenship perspective, it is natural to discuss both responsibilities *and* the rights of business in society. For the purpose of this paper, we will however limit the discussion to the responsibilities of business from a CC perspective, or more precisely, to the issues of CSR, and on the appropriate strategies to address these issues from a CC perspective. Moving beyond a liberal model of citizenship, the obligations of citizens are also given greater attention than the rights.

corporations” (Nèron and Norman, 2008). So, although a citizenship perspective at the one hand legitimise extensive corporate participation in political decision-making and services outside its primary area of influence, it on the other hand provide us with a vocabulary and constitute a analytical framework for discussing the obligations that follows with the rights of citizenship. In addition, a citizenship perspective – unlike most models of “explicit CSR” (Matten and Moon, 2008) recognise the both “legal” and “beyond” compliance as integral aspects of CSR. As such, a citizenship does not limit strategies to addressing the issues of CSR to voluntary and corporate centred initiatives but include strategies of institution building and obligatory agency.

Methodology

Churchill’s (1979) research paradigm on developing constructs was used to construct measures of attitudes towards the institutional responsibility of business. The process of developing an instrument in this paradigm involves: 1) specifying the domain of the construct; 2) generating sample of items; 3) collecting data; 4) purifying measures; 5) assessing reliability and validity; and 6 developing norms.

Generating the item-pool and suggesting the initial dimensions of CSR

As the theory indicates, CSR is a complex – and also highly contested – concept (Moon, Crane, and Matten, 2005; Windsor, 2006). Due to this complexity, the aim of this instrument is not to measure all of its aspects, but merely what we have termed the issues of it.

First of all, the items measuring the issues of CSR needed to be ground in theory. Our theoretical approach to the issues of CSR builds on the concept of corporate citizenship. We thus wanted the instrument to include economic, social, environmental, but also political

issues. In addition – and given our understanding of CSR as encompassing both a “legal compliance” and “beyond compliance” aspect – we also wanted the issues to be anchored in both the legal and ethical categories of CSR. That is, some of the issues needed to reflect current legal expectations placed upon business, while other needed to reflect expectations beyond contemporary legal frameworks.

Secondly, the items needed to be grounded in practice, that is, in managers own understanding and interpretation of CSR and the issues constituting aspects of this concept. To explore manager’s perceptions of CSR, the specific dimensions constituting the content of it, and the solutions to the challenges addressed by this concept, we used focus group interviews. Focus groups are group discussion exploring a specific set of issues. Focus groups are ideal for exploring people’s experiences, opinions, wishes and concerns (Barbour and Kitzinger, 1999).

Sample and data collection

Data based on a survey among Norwegian managers from the textile and apparel industry was considered adequate for the purpose of developing and validating the instrument. The textile industry is confronted with a range of different CSR issues, like for example the issues of payment of living wages, the adoption of fair purchasing practices, and respecting workers’ right to freely associate and bargain collectively².

The Brønnøysund Register/Infomediahuset (RAVN) was used in the sampling strategy. The sampling strategy was based on company size (number of employees) and membership in the Ethical Trading initiative (ETI-N). In a preliminary search it was found that the clothing and leisure part of the clothing industry consist of 1873 companies. In total about 841 companies

² These issues were ranked as the three top priorities for the apparel industry in 2008 by the industry itself. Source: <http://en.maquilasolidarity.org/en/node/752>.

was included in the sample. The management level represented the companies in the survey. This level is defined as the manager in the organizations that have the main responsibility for import of merchandize or that control the activity regarding CSR in the supply chain or at the strategy level. These managers received an e-mail containing a link to a server with the electronically based questionnaire. After three weeks, nonrespondents received a follow-up mail. The questionnaire was completed by 233 a total sample of 841 managers, a response rate at 28% This response rate is comparable to similar surveys of the management level and senior executives (Ghoshal and Noria, 1989). The data were analysed using the statistical software package SPSS and LISREL.

Assessment of scale reliability and validity

There are three main steps involved in conducting factor analysis (Pallant, 2005): 1) assessment of the suitability of the data for factor analysis, 2) factor extraction, and 3) factor rotation and interpretation.

The suitability of the data for factor analysis

Concerning the question of whether the data set is suitable for factor analysis, there are two main issues to consider: sample size, and the strength of the relationship among the variables. Although larger dataset (above 300-500) is considered to be an advantage when conducting factor analysis, there is little agreement concerning how large a data set should be before it is suitable for a factor analysis (Pallant, 2005). It may also be argued that it is not the overall sample size that is of concern, but rather the ratio of subjects to items. Nunnally (1978) recommends a 10 to 1 ratio: that is, 10 cases for each item to be analysed. Other suggests that 5 cases for each item are adequate (Tabachnik and Fidell, 2001). In this study, we have 233 cases for 24 items to be analysed, that is, a ratio at 10 to 1. In that respect – and although the

dataset do not fulfil the criteria for be recognized as a large sample size – we consider it to be sufficient for conducting a factor analysis.

The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) (Kaiser, 1970, 1974) was used to assess the strength of the inter-correlations among the variables and the factorability of the data. This measure varies between 0 and 1. The closer the value is to 1, the better, indicating that patterns of correlations are relatively compact. As such, value close to 1 should yield distinct and reliable factors (Field, 2005). Kaiser (1974) recommends accepting values grater than 0.5 as barely acceptable. Values above 0.7 and 0.8 are considered to be respectively good and very good. In this study, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.87, indicating that the variables belong together and thus considered as sufficient for conducting a factor analysis.

The major task when using factor analysis in scale development is to identify sets of relationships among a large group of items. The challenge thus is to reduce the number of items to smaller subsets that contain as much information from the initial items as possible. This process generally involves two stages (Nunnally and Bernstein, 1994): factor extraction and factor rotation and interpretation.

Factor extraction, rotation and interpretation

Factor extraction involves the determining the smallest number of factors that can be used to best represent the interrelations among the set of variables (Pallant, 2005).

Although the instrument was developed based on a theoretical approach – corporate citizenship – to the identification of the issues and responsibility areas of CSR – in order to assess the dimensionality of the scale, exploratory factor analysis was first performed.

The Principal Component Factor Analysis (PCA) – the most commonly approach to factor analysis – was performed on the total of 34 items (Appendix 1) without defining a specific number of factors. We used Kaiser’s criterion to assist us in the decision concerning the number of factors to retain for further analysis and instrument purification. Building on this criterion, only components with an eigenvalue – representing the amount of the total variance explained by the specific component – of 1.0 or above is considered to further analysis.

Concerning the method of rotation, there are two main approaches to be considered: orthogonal (uncorrelated) or oblique (correlated). All the time we expected the factors to be correlated (a person judging social considerations to be a part of decision-making within the business-enterprise is likely to also judge environmental issues to be part of the agenda), we chose the oblique (Direct Oblimin) rotation method.

The result of the exploratory, principal component factor analysis using an obliq rotation yielded 9 components with an eigenvalue > 1.0 . In total, the 9 factors accounted for 63, 5 percent of the variance.

Overall, the structure that emerged was surprisingly “simple” (Thurstone, 1947) in the sense that all but one items loaded strongly on only one component, and each of the nine factors was also represented with several strongly loading variables. On this background, the initial interpretation of 8 of the factors was relatively straight forward, and was named as follows: Transparency, Socio-Economic Development, Economic decision-making, Supply-chain

Responsibility, Working Conditions and Opportunities, Bribery and Corruption, Information, and Environmental protection. The 9th factor loaded high on items describing what CSR not is, and – given the purpose of the instrument – was considered insufficient for further analysis.

Given our theoretical approach – what we want the instrument to measure – most of the identified factors - Socio-Economic Development, Economic decision-making, Supply-chain Responsibility, Working Conditions and Opportunities, Bribery and Corruption and Environmental protection – was judged as appropriate.

However, given our theoretical approach to the issues and responsibility areas of CSR, we also wanted the final instrument to measure some aspects of the political role of business in society, and manager's attitudes towards the related responsibility area of accountability. On this background, we grouped together three items that – from a theoretical point of view – represented aspects of the political role of the firm. Similarly, items from the initial two components of Transparency and Information were grouped together to constitute a component measuring managers attitudes towards the responsibility area of Accountability. Explorative factor analysis was then performed on each and one of the eight responsibility areas of CSR. Each and one of the eight analysis resulted in a single component.

Scale validity

Factor analysis can help to assess scale validity (DeVellis, 1991). If Item groupings are identified prior to factor analysis, a solution consistent with anticipated groupings is evidence of factorial (Comrey, 1988) or nomological (Carman, 1990) validity. If item groupings also

seem reasonable – which is more a qualitative rather than quantitative assessment (Hair et al., 1998) – then there is evidence of content validity (Shanahan and Hyman, 2003).

Reliability analysis

Coefficient alpha was used to assess scale reliability. Reliability for the total 24 item scale was 0.86. Reliability analysis for each subscale identified through exploratory factor analysis was performed. Reliabilities ranged from 0.56 for “Accountability” to 0.71 for “Environmental protection”:

0.56 Accountability

0.58 Working conditions and opportunities

0.69 Supply chain responsibility

0.60 Economic decision-making

0.66 Socio-economic development

0.60 Political responsibility

0.71 Environmental protection

0.64 Corruption and bribery

Although these reliabilities do not meet the “usual 0.7 criterion, we consider these reliabilities as acceptable since, as Nunnally (1978) suggested, an alpha of 0.5 or 0.6 is sufficient at the early stages of research. In addition, in exploratory factor analysis an alpha of 0.60 is acceptable (Nunnally and Bernstein, 1994).

The final analysis identified eight responsibility areas of CSR. The first factor was named *Accountability and Transparency*. This dimension – or responsibility area of CSR – contains

issues of considering the potential negative influence of corporate activity on the community in which it's operate, informing society and constituencies about its products and services, and publishing corporate contributions to charity, sponsorship, and the like. The second factor was named *Socio-Economic Development*. In this dimension, we see issues as charity and philanthropic contributions, buying products and services from local firms, and contributing to local infrastructure and institution building when operating in developing countries.

Supply-chain Responsibility – the third factor – contains issues all associated with corporate responsibility in what may be called the global production chain, like for example working conditions, human rights, and child labour. In the fourth dimension, we see issues of working conditions, worker participation in decision-making and diversity at the work place. This factor was labelled *Working conditions and opportunities*. The fifth factor was named “*Moral Economic Decision-Making*”, containing issues of moral considerations coupled with the core economic activity of the firm. *Environmental protection* is the sixth identified dimension of CSR. In factor, in short, we find issues all associated with limiting the potential negative impact of corporate activity on the natural environment. The seventh dimension was named *Bribery and Corruption*. This responsibility area contains issues of defining what is and what is not appropriate behaviour related to the activity of the firm and, in general, working actively with the employees to avoid corruption. The eight and final factor was labelled *Political Responsibility*. Within this dimension or responsibility area of CSR, we find issues of participation in public will formation and processes aimed at better regulation of corporate activity, but also corporate support to organizations working with the human rights.

Conclusion

In this section of the paper it is argued that the measurement of manager's attitudes towards the different responsibility areas and issues of CSR may be important in several respects (e.g.

in comparing managers attitudes towards CSR between industries, societies and over time). Manager's attitudes towards different issues of CSR may also explain why managers in their decision-making attend to some issues of CSR, but not others. However, the development of reliable and valid scales may be described as a "never-ending story". The instrument should hence be tested and validated both within other industries and societies.

FIGURE

*Figure 1: The relationship between the categories and issues of corporate social responsibility
(adapted from Carroll, 1979)*

CATEGORIES OF RESPONSIBILITIES	Philanthropic										
	Ethical										
	Legal										
	Economic										
		Reducing emission to air	Non-discrimination in the work place	Fair wages	Staff-development and in-house training	Recycling and waste reduction	Freedom of association and collective bargaining	Job opportunities	Local community engagement	Ethical trading	Supporting local culture
EXAMPLES OF ISSUES OF CSR											

Appendix – Items used in the factor analysis

1. In cooperation with employees, companies should develop support schemes for a smooth return to work after illness, repetitive strain injuries or similar
2. In their recruitment companies should endeavor to achieve diversity in the workforce
3. Companies should encourage their employees to belong to a union
4. Management should always confer with employees in important matters
5. Companies should only choose suppliers who guarantee satisfactory working conditions for their employees
6. Good working conditions should be a key performance target for companies
7. Companies should always relocate production/choose new suppliers if this results in increased profitability
8. Apart from complying with relevant legislation, the company's only responsibility is to run a profitable business
9. In order to ensure profitability and to secure jobs, minor infringements of the law are acceptable
10. Companies should only take social and environmental considerations into account if this does not affect profitability
11. Companies should contribute to the observation of human rights through an informed choice of suppliers
12. Companies should not use suppliers who employ child workers under the age of 16
13. Companies should support organizations that work for the improvement of human rights in the countries in which their business activities are located or from which they purchase goods
14. It is not the duty of companies to help ensure that human rights are observed
15. Companies should limit harmful effects to the environment through the use of energy saving, reductions in waste, environmentally-friendly transport, etc.
16. Companies should assume environmental responsibility throughout the entire supply chain
17. Companies should promote stricter environmental requirements in their country of operation
18. Companies should do more than required by the public authorities in production countries to safeguard the environment
19. A key performance target for companies should be the greatest possible reduction in harmful effects on the environment
20. Companies should work actively to avoid corruption
21. Company employees should not give or receive gifts other than promotional gifts of little value
22. Companies should define clearly what is to be regarded as corruption in terms of their own activity
23. Companies should raise the awareness of employees concerning what is regarded as corruption in their own company
24. Companies should adapt to local practice on what is defined as corruption in the countries where they are located or from which they purchase goods
25. Companies should make public all contributions given to voluntary organizations, charity, sponsorship, etc.
26. Companies should provide clear and precise information about their products and activities to customers, suppliers, the local community and others
27. Companies should inform customers about environmental pollutants in their own products even though the sale of these products is not prohibited by law
28. Companies should set requirements for the monitoring and inspection of the supply chain
29. Companies should investigate whether there are any negative effects on the local community where their activities are based or where they purchase goods

30. Companies should support organizations, activities and projects in the local community
31. Companies should enter into an open dialogue with customers, suppliers, the local community and others about problematic aspects of their activities
32. Companies should prioritize the purchase of services and products from local suppliers
33. Companies should contribute to the local infrastructure and building of institutions (health, education, roads, housing, etc.) when operating in or purchasing goods from industrialized countries
34. Companies should contribute to the local infrastructure and building of institutions (health, education, roads, housing, etc.) when operating in or purchasing goods from developing countries

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