

MEASURING AND VALIDATING CORPORATE SOCIAL RESPONSIBILITY - A SEMINAL APPROACH

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Abstract

Research in the area of management studies has wide range of concepts that need to be explored. Corporate social responsibility has major scope that has to be studied in detail by the researchers. In the process of building literature concepts need to be framed and tested accordingly. Each construct consists of several multi facets with various dimensions. Like wise corporate social responsibility is explored by educationalist in way of building concept and industries exploring in way of operating. To measure corporate social responsibility many scales are developed in the academic literature. This paper is framed to drill the literature on seminal scales that are used to measure corporate social responsibility for further usage in the model to be studied in the research papers ahead. Validity of scales are tested on various samples across industries.

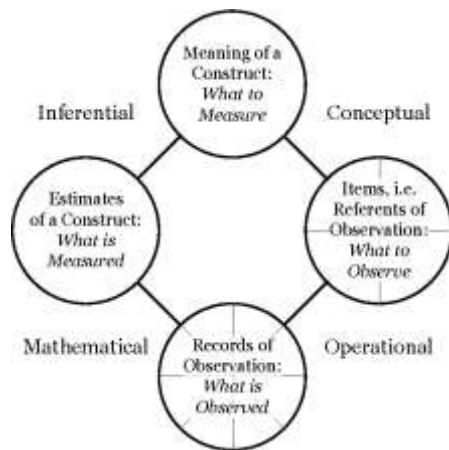
Keywords: Corporate social responsibility, evaluation, measurement, scale development, seminal, semantic, scale measurement

1. Introduction

Increased attention has been tending towards corporate social responsibility since the 2008 financial crisis. To rebuild their reputation companies increase social investment and CSR is vital for maximising corporate credibility (Pineiro et al. 2009). Employees morale is boosted in the companies that are showing more responsibility towards stakeholders. Clark et al. (1975), explores that the issues of business in the society are taken into consideration on resolving certain problems with systems approach. CSR measurement is so important that many companies are hiring in house specialists to monitor social performance of their organization. Results derived from CSR measurement are utilized in assessing market and social risk. Results are more focused on framing and formulating new management practices.

1. Why to measure Constructs:

Every variable that needs to be studied in a specific study is nomenclatured as a construct. Each construct consists of various sub dimensions. Each dimension comprises of various items. Each item draws the responses of the respondents and articulates the researcher to study the designed model. The central role of construct measurement is to develop a sequence for operationalization of the study strategy. Over years studies are operationalized on various schemes (Ginzberg, 1984 Hambrick. 1980 Snow & Hambrick 1980). Improved descriptive studies are attained by application of valid measures in which the relationship is being studied (Venkataraman, 1986).



Zwanenburg, S. P. (2015) above figure demonstrates the measurement of construct and its importance. To avoid false conclusions a valid measurement of construct is suggested. Perez (2012) in his study which relates CSR measuring in customer point of view has identified certain areas of improvement. His research mainly includes company responsibility towards stakeholders (customers, shareholders, employees and society). Using a multistage method a reliable scale of 20 items are developed and validated using structural equation modeling (Perez et al, 2012). Results confirm the reliability and validity of this Perez (2012) CSR scale for measuring customer perceiving capability regarding the CSR. Perez et al scale is differentiated with gender, age and level of education. Most of the studies are extracting perez CSR scale to their study relationships of the developed models for certain dimensions. Study models which consists of CSR performance can adopt this seminal scale due to its high reliability.

To attract certain business interests companies promote corporate social responsibility activities across the society and stakeholders. Wong et al.,(2020) has developed and validated a multidimensionall scale for measuring CSR in hotel sector staff who are known with CSR. Of the five domains legal, ethical, financial, environmental, and social domains legal domain has attracted much more mean score. The study by the researcher on employee attitude on CSR implementation in hotel industry. To suggest this scale for future studies researcher validated this measurement scale with convergent validity, discriminate validity criteria, nomological validityand predictive validity. When wong scale is applied for front-office and back office personnel results varied.

Researchers can adopt this scale for various other industries where the priorities of domains may differ accordingly.

Hanzaee et al., in his study on CSR (corporate social responsibility) with five dimensions namely obligation to employees , obligation to customers and markets, obligation to social programs and natural environmentt, obligation to laws and regulationns and obligation to society. Researchers studied different groups of stakeholders managers and employees with sample size and suggested to enlarge the sample size to generalize the study results. Generalization approach of the results are suggested to be used by corporate directors and plicy makers in the motto of creating wealth, profit maximization, bossting up market share, positionining, limited social risks, in general performing socially responsible activities.

Gruber et al., (2014) This research investigates consumers' perceptions of CSR by developing a measurement scale. The findings show that consumers disaggregate the concept of corporate social responsibility. Consequently, the construct 'consumers' perceptions of CSR' contains seven latent dimensions: responsibility towards employees, customers, the environment, society, the local community, suppliers, and shareholders. The primary contributions to marketing theory are the development of a CSR scale that captures the views and perceptions of consumers, the scale's multidimensional and hierarchical conceptualization, and its general scope. In addition, this scale is also a key mediator of CSR and consumer behavior outcomes. The developed scale also enables companies to better study and measure consumers' perceptions of CSR in different responsibility areas (CSR domains) and abstraction levels (overall CPCSR vs. individual CSR domains). In addition, this tool can help managers to assess consumers' perceptions of CSR relative to their own performance and to identify shortcomings in CSR engagement and/or communication. The hope is that this study will stimulate future work in this important area of marketing.

MOISESCU, O. I. (2015). Customers' perceptions of a company's social responsibility represent important outcomes of both the company's actions and its marketing communications. Moreover, the literature suggests that companies perceived as being

socially responsible enjoy several benefits derived from this status. However, the existent literature does not manage to clarify the means by which consumers' perceptions of corporate social responsibility (CSR) can be quantified, both practitioners and scholars being still uncertain when it comes to measuring consumers' perceptions of a company's CSR efforts. This paper manages to reduce this uncertainty by developing a specific and extensive instrument aimed at measuring customers' perceptions of CSR, and testing the proposed instrument in four important industries (mobile telecom services, banking services, dairy products, and personal care products), covering both services and products sectors. The developed scale was tested and validated by means of a survey conducted among a sample of 1464 respondents from the Romanian urban environment, using exploratory factor analyses, and treating perceived CSR latent variables as being reflectively measured through 28 items.

Isa, S. M., & Reast, J. (2014). Operationalising corporate social responsibility (CSR) and the development debate. *Asian Academy of Management Journal*, 19(1), 169. A considerable amount of attention has been paid to the construct of Corporate Social Responsibility (CSR) and yet research on the precise measurement of CSR has remained limited. Measures have been hampered by a lack of clarity in theoretical frameworks and empirical methods for the CSR construct. Given that the empirical study of CSR measurement is in an undeveloped state, this research describes efforts to justify and prove the relationship between measurement items and the construct. Based on a study among Malaysian stakeholders, this research conceptualises CSR as a formative construct consisting of eight dimensions: process, policy, values, environment, personal, profit, people and politics. The analyses reveal alternative approaches from a conceptual and methodological standpoint that makes clear the danger of misspecifying formative models as reflective, or vice versa. In this regard, it is proposed that the agenda and scope of CSR, as well as the measures used to implement it, are a manifestation of the formative construct that corporations have to operationalise in order to perform CSR better or more efficiently.

Sulaiman e al., (2020). This study develops a measurement scale to assess the contribution of companies' corporate social responsibility (CSR) programmes on employees' empowerment. Data from a self-administered questionnaire completed by 45 respondents were tested using exploratory factor analysis and reliability for scale validation. The results show two constructs, namely authority and ability, consisting of ten items, were found to be reliable and valid in assessing the CSR-Empowerment attributes. The developed scale could be used by companies as an instrument to assess CSR programmes, thereby assisting interested parties (regulators, researchers and companies) in evaluating the impact of the CSR programmes in empowering employees

Vazquez (2011), It can be concluded that the scales have been validated. As it have been shown, all variables in the model have reliable indicators (the three sub-constructs conforming the CSR, and the three first order constructs such as innovation, performance and competitive success) indicating good correlations between each construct and their indicators and explaining around the 50% of the variance. At the same time, constructs in the study show acceptable Cronbach's Alfa and AVE values and high construct reliability. Convergent validity and discriminant validity results have been also acceptable, assuring the validity of the scales to measure the constructs proposed and their relationship

Turker, D. (2009). Corporate social responsibility (CSR) is one of the most prominent concepts in the literature and, in short, indicates the positive impacts of businesses on their stakeholders. Despite the growing body of literature on this concept, the measurement of CSR is still problematic. Although the literature provides several methods for measuring corporate social activities, almost all of them have some limitations. The purpose of this study is to provide an original, valid, and reliable measure of CSR reflecting the responsibilities of a business to various stakeholders. Based on a proposed conceptual framework of CSR, a scale was developed through a systematic scale development process. In the study, exploratory factor analysis was conducted to determine the underlying factorial structure of the scale. Data was collected from 269 business professionals

working in Turkey. The results of the analysis provided a four-dimensional structure of CSR, including CSR to social and nonsocial stakeholders, employees, customers, and government.

Fatma, M., Rahman, Z., & Khan, I. (2014). In recent years, both academics and practitioners are paying more attention to CSR activities due to its significant influence on stakeholders. With regard to this, CSR includes the companies' responsibilities towards shareholders, customers, employees, environment and community. Despite numerous efforts to measure the consequences of corporate social responsibility (CSR), it remains unclear how stakeholders perceive CSR activities. This study aims at developing a measurement scale for corporate social responsibility activities in the Indian banking industry based on a stakeholder framework. A multistage method is applied to develop a valid and reliable scale. Items for the scale were generated from a qualitative research and literature review. The reliability and validity of the scale was confirmed through a first and second order confirmatory factor analysis. This study contributes to the literature by providing a valid and reliable scale to measure CSR and the successful implementation of the stakeholder theory in the banking industry.

Analysis & Discussion:

2. Scope for future study:

This study can be expanded from secondary data to analytical study by collecting the responses from the society and the front line workers who are involved in fighting the novel corona virus. A selective model also can be built accordingly to construct the theory on corporate social responsibility.

3. Conclusion:

Now a days organizations are more connected with the society. Mostly the weaker sections of the society, to uplift them in terms of job creation, rendering education and medical services. CSR is acting as a bridge to build a rapport between society and businesses. CSR initiatives should be strictly enacted by companies for finance advantage over other competitors in the long run. CSR also has become a plan to beat the competitor. By

practising CSR companies are succeeding in building customer loyalty, business performance, image creation. Hence it is identified that study on CSR will have a wider scope and there would be requirement of more studies to build theory on it.

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