

CHAPTER VI

METHODOLOGY AND CONDUCT OF STUDY

1.0 This chapter describes the methodology used in re-searching corporate social responsibility. An extensive effort is made to explain the procedures used in designing the research instrument, as well as the manner by which it was tested, validated and administered. In addition, the issues of sample population and response rates are examined extensively.

1.1 Methodological Purpose

Survey research requires the development and use of an appropriate instrument. Such an instrument need be contingently designed so that it serves the research purpose. In this particular study, the research mission evolved around the subject of corporate social responsibility (CSR). The core objective was to determine how large corporations view their various social responsibilities. The research parameters employed were derived from Carroll's four-part CSR model. This model contains four separate CSR components which, as a complete construct, describe or define CSR. These components represent evolving values and hence, define CSR at a point in time. It was from such a construct that the 798 firms of the Forbes 1986 Annual Directory were surveyed. (Appendix D)

1.2 Why 'Forbes Annual'

For the purpose of this study it was essential to have a representative sample. It was necessary to utilize either the Fortune 500 Directory or the Forbes Annual Directory. Both indexes are commonly chosen for similar survey research. The Forbes Annual Directory was eventually chosen as the best index to research from since it offered a diversified mixture of firms in terms of size and industry type that was

lacking in the Fortune 500. Such a mixture was an important part of the study undertaken. The 1986 Forbes Annual Directory consisted of 798 firms. In order to ensure that at least 200 usable responses would be generated to facilitate a proper data analysis, it was decided that this entire population needed to be surveyed. This put the least acceptable response rate at 25%.

1.3 The Problem of Response

The response rate is an important factor to consider, since as the non-response increases, the validity of the data is increasingly questioned. The probability of the non-respondents representing a different set from the respondents is a greater prospect with lower response rates. Previous research indicates that the response rate of CEO's is only about 24% (Mautz & Newman, 1970, p.58). In relatively recent studies by Holmes (1977) and Sturdivant and Ginter (1977), a response rate of 34% was attained. In order to obtain an acceptable response rate numerous factors had to be taken into consideration. For instance, Boyd and Westfall make an important observation concerning the mailed questionnaire : "Researchers using mailed questionnaires should start with the assumption that the questionnaire is an imposition".

1.4 The definitional model offered by Carroll and described in Chapter Three, conceptualized CSR in a comprehensive manner. As can be seen in Figure 3.1 "A Corporation's Total Social Responsibilities", an entire range of responsibilities and obligations was believed to exist. The four components which comprise this model include concerns that are : economic, legal, ethical and discretionary. The model in Figure 3.1 suggests not only four general CSR categories, but also categories which represent different weights. The relative weight of each category is indicative, in a

collective sense, of how CSR is defined at a given point in time. The dynamic qualities of such a model lend themselves to the study of corporate social responsibility. Since a major objective of this study was concerned with ascertaining how business organizations define their own social responsibilities, it was useful to employ a weighted construct. Such a construct provided the flexibility necessary to capture the CSR orientations of business organizations. No other CSR construct appeared to be any more comprehensive or to use a weighted approach. The Carroll construct was a logical choice through which to channel an empirical study.

2.0 The Carroll Construct

2.1 By using the Carroll construct, it was possible both to assess the CSR perspectives of major corporations and to test the construct to see if, in fact, four CSR components actually existed and, if so, whether the weighted proportions were depicted as in Figure 6.1. The actual construction of the instrument used in this study was derived from the Carroll construct. As a result the instrument had to address the four components. These components are defined as follows :

2.2 Economic Responsibilities

The economic responsibilities of business reflect the belief that business has an obligation to be productive and profitable and meet the consuming needs of society. Carroll notes that "The first and foremost social responsibility of business is economic in nature. Before anything else, the business institution is the basic economic unit in our society".¹ It is then possible to view firms as poor social performers when they fail in their operating decisions or strategic planning and actually find them behaving inefficiently and/or ineffectively.

Figure 6.1

A Social Performance Matrix

Concern for Society (CS)	High	Cell One: Idealistic Operating Mode: Proactive/Quality of Life - Fulfilling Open System Responsibilities	Cell Two: progressive Operating Mode: Interactive and Dynamic - Fulfilling Open and Closed System Responsibilities
	Low	Cell Four: Suicidal Operation Mode: Indifferent/Laissez Faire - No serious attempt to fulfill any responsibilities	Cell Three: Parochial Operating Mode: Reactive and Economizing - Fulfilling closed system responsibilities
		Low	High

Concern for Economic Performance (CEP)

2.3 Legal Responsibilities

The legal responsibilities of business indicate a concern that economic responsibilities are approached within the confines of the law. Here, the formally delineated ground rules established through laws and regulations need to be properly observed.

2.4 Ethical Responsibilities

The ethical responsibilities of business reflect the unwritten codes, norms, and values, implicitly derived from society. As such, these go beyond the mere legal framework and are capable of being strongly held as well as being nebulous and ambiguously stated. Carroll observes that, "Ethical responsibilities are ill defined and consequently are among the most difficult for business to deal with".²

2.5 Discretionary Responsibilities

The discretionary responsibilities of business are even more difficult to ascertain since these responsibilities are volitional in nature. While society may value voluntary and humanitarian activity from the business community, it is the responsibility of individual members of such a community to interpret just what these activities should be. For instance, Carroll states that : "Discretionary (or volitional) responsibilities are those about which society has has no clear-cut message for business - even less so than in the case of ethical responsibilities. They are left to individual judgement and choice These roles are purely voluntary, and the decision to assume them is guided only by a business' desire to engage in social roles not mandated, not required by law, and not even generally expected of business in an ethical sense."³

3.0 A SOCIAL PERFORMANCE MATRIX

3.1 The four CSR components not only provide a useful framework from which to assess CSR orientations, they facilitate the construction of a social performance matrix. The four components represent a natural dichotomy from which a two-dimensional social performance matrix can be derived. The legal, ethical and discretionary components can be merged into one dimension entitled a "concern for society". The remaining economic component can be retained to represent the second dimension, labeled a "concern for economic performance".

3.2 These two dimensions represent a dichotomy that is popular for many CSR researchers. It is possible for CSR to be defined or understood from the perspective of the three non-economic CSR categories, although, in some instances, the CSR construct is viewed from only the vantage point of ethical and discretionary response.

3.3 It should be observed that in the social performance matrix presented in Figure 6.1, both CSR dimensions are seen as representative of and contributing to social performance. While both dimensions reflect contrasting approaches to social performance, they need not be mutually exclusive as demonstrated by cell two. As a result, the matrix is consistent with the Carroll construct.

3.4 Once the four components receive their relative weightings, it is possible to derive the relative emphasis that is placed on a concern for society (CS) as opposed to a concern for economic performance (CEP). It is implicitly suggested in the matrix that total societal well-being is enhanced in cell two and minimized in cell four. Cells one and three are also suggestive of value orientations capable in theory of providing equal societal well-being but through different CSR approaches. While the social performance matrix is in part a derivative of Carroll's construct, it is

modeled after the more micro theories offered earlier by Blake and Mouton, and Hersey and Blanchard. However, the social performance matrix was transposed from a conceptual construct to a descriptive construct through the use of an instrument designed to obtain CSR responses.

4.0 THE SOCIAL DESIRABILITY PROBLEM IN INSTRUMENT CONSTRUCTION

4.1 In order to use the definitional model in Figure 6.1, it was necessary to develop an instrument suited to it. Upon closer examination, it was apparent that, at least in regard to CSR, executives could not simply be asked to rate the importance of the four components to their firm. The problem of a social desirability bias was likely to occur because of the attractiveness of each of the components. As a result, it was possible to expect all the components to be regarded as highly important on, for example, a Likert-type scale. This problem was resolved by using a forced-choice questionnaire format.

5.0 FORCED-CHOICE METHODOLOGY

5.1 One useful solution to possible social desirability problems is a forced-choice instrument.⁴ Nunnally sees some application for forced-choice, but he remains somewhat skeptical. He does not perceive the technique to be a panacea for the problem of social desirability bias and, in addition, believes it possesses construction problems.⁵ However, due to the volatile nature of the subject matter, the forced-choice format appeared to be the most practical way to proceed. The problems of increased construction complexity and diminished response rates were considered less threatening than social desirability bias.

5.2 The forced-choice method requires a respondent to choose from a number of alternatives which, on the surface, may seem to be equally attractive or unattractive. This

process is observed by Kerlinger to reduce or eliminate response bias from socially desirable items. The questionnaire was designed so that each respondent would respond to 20 sets of four CSR statements. The four statements in each set corresponded with the four components in Carroll's model. The basic procedure permitted respondents to allocate upto 10 points to each set of four statements. This made it possible to measure the relative importance of each CSR statement in the set. The directions provided on the final questionnaire form can be seen as follows :

"Based on their relative importance and application to your firm, allocate up to, but not more than, 10 points to each set of four statements. For example, you might allocate points to a set of statements as follows :

A = 4	A = 1	A = 0
B = 3	B = 2	B = 4
C = 2	or	C = 0
D = 1	or	C = 3
<hr style="width: 50%; margin: 0 auto;"/>	or	D = 0
Total =10 points	Total =10 points	Total =7 points "

6.0 ITEM SELECTION

The selection of CSR statement required consideration of both validity and reliability issues.

6.1 Validity

Validity pertains to the process of ensuring that what a researcher believes he or she is measuring is actually what is being measured. The difference or gap between what is intended to be measured and what is actually measured should be kept to a minimum. It is not realistic to expect to completely close this gap.

6.2 Assessing Content Validity

One type of validity closely examined in this study was concerned with item representativeness. Content validity

is generally presumed to exist if impartial experts agree that the test or instrument items are representative of the universe the tester is trying to measure. Some of these universes of content are easier to assess than others, but in all cases, sample items need be examined to ascertain true representativeness. However, in the final analysis, content validity is essentially a judgemental process.⁶

6.3 Provide "exhaustive" coverage

Since it was essential that representative items were used in the questionnaire, an attempt was made to ensure Carroll's CSR components were fairly represented in the questionnaire. In developing the questionnaire items, an exhaustive list of representative statements for the non-economic components were drawn from recent research efforts. This questionnaire appears in Appendix B.

6.4 Five studies in particular were used to help identify these potential CSR statements. The basic procedure was to use only those items or statements that were typically in the top half of all statements to which executives responded. In other words, only the more commonly accepted CSR statements were used. For instance, in examining 192 large firms, Holmes generated a list of 14 CSR items and asked the executives to identify the top five in terms of their importance to their firms. From the Holmes study only the top seven CSR statements were selected for use in forming questionnaire statements for this study.⁷ This approach was also used with the other four studies : Corson and Steiner (1974), Eilbirt and Parket (1973), Ostlund (1977) and Paluszek (1976).

6.5 Many items generated from the five studies required further screening. This was because many of the CSR items were industry specific. For instance, Holmes discovered pollution abatement to be an issue which was more of a concern of the manufacturing industries and the oil and gas industries than of the financial type industries.⁸ It

seemed apparent that certain industries had unique features which presented different CSR problems. Consequently, the questionnaire designed in this study included only those CSR items which could apply to all the firms to be surveyed from the Forbes Annual Directory.

7.0 INSTRUMENT MAILING

7.1 First Mailing

The initial mailing of the research instruments was on June 15, 1987. The mailing included an outgoing envelope, a cover letter, a questionnaire, and a self-addressed return envelope to each of the CEOs of 798 firms of Forbes 1986.

7.2 Second Mailing

On Monday, July 20, 1987, the final mailing was made even though it was evident by that date that the minimal target of 200 usable responses was going to be reached. The decision to pursue a second follow-up was one which had to be made six days earlier on July 14, where there was more uncertainty about the response rate. This six-day lead time was essential if a "go" decision was made since it took this much time to get all the printing work done, the envelopes and cover letter typed, addressed and personalized and neatly sealed in the outgoing envelopes.

8.0 RESPONSES GENERATED

The demarcation date used for the responding firms was established for Monday, August 10, 1987. After August 3, the responses were clearly diminishing. Since time was critical in regard to analysing the raw data, already generated, August 10, became the last day responses were received and it served as the cut-off date. The two mailings helped in reviewing 241 usable returns, giving a response ratio of 30.2%.

SUMMARY

A four page forced-choice instrument was administered to the CEOs of all 798 firms in the 1986 Forbes Annual Directory. As a result, 798 firms were surveyed through two mailings. The instrument itself was carefully examined and studied before it was administered.

The first mailing was on Friday, June 15, 1987. The first mailing produced the most participating returns; 157 participating returns.

Finally, on Friday, July 20, 1987, a second mailing was sent. This was done to ensure there would be at least 200 usable responses required for a proper statistical analysis. This mailing produced 88 additional participating returns.

The two mailings together accounted for 245 participating returns for a response rate of 30.7%. However, only 241 (30.2%) of these responses was actually usable. In addition, 42 firms responded that they did not wish to participate in the study. Four firms also responded after the cut-off date of August 10, 1987, and, as a result, were not included in the data analysis. Altogether 291 firms responded in some manner to the survey for a general response rate of 36.46%. The response rates obtained were believed to be very acceptable.

REFERENCES

- 1) Carroll B. Archie, Business and Society, Little, Brown and Co., Boston, 1981, p.500.
- 2) Ibid
- 3) Ibid
- 4) Nunnally Jum C., Psychometric Theory, McGraw-Hill Book Co., N.Y., (2nd Ed.), 1978, p.561.
- 5) Ibid
- 6) Ibid
- 7) Holmes Sandra L., "Executive Perceptions of Corporate Social Responsibilities" in Archie & Carroll (Ed.), Managing Corporate Social Responsibility, Little, Brown & Co., 1981, p.436.
- 8) Ibid