

ABSTRACT

SOCIAL RESPONSIBILITIES OF BUSINESS ; A STUDY OF SELECTED FIRMS

OBJECTIVE : An empirical inquiry into the social responsibilities as defined by corporations in the U.S.A. : A testing of various models and relationships.

The primary focus of this study concerns corporate social responsibility (CSR), how it is viewed and defined by the business community and how corporations have been responding by being responsible or irresponsible to CSR. To achieve this, the CEO's of 798 firms listed in the 1986 Forbes Annual Directory were surveyed. A major obstacle to the survey was the value laden, elusive, and unbounded qualities of CSR. Not only is CSR hard to define but it is also capable of producing a significant amount of social desirability response bias. In order to contend with these problems, the survey instrument utilized a forced-choice procedure and also incorporated Archie Carroll's (1979) comprehensive four-part CSR construct. This construct essentially defined CSR through four components identified as : economic, legal, ethical and discretionary.

With the validation of the instrument, the 798 firms were surveyed. A total of 241 (30.2%) usable returns were generated for data analysis. The data analysis involved three fundamental research areas. The first area concerned the performance in order to identify the number of factors inherent to the Carroll construct. Not only was there empirical support for the construct but an inverse relationship was also discovered to exist between the ethical and economic components.

In addition, the economic component was found to be the most important with the legal, ethical and discretionary components respectively depicting declining degrees of importance.

The second area involved a partitioning of the 241 responding firms into a nine-cell social performance matrix. The matrix represented a "concern for society" on one dimension and "concern for economic performance" on the other dimension. Firms scoring high on one of the dimensions were found to be significantly different from those scoring low on the same dimension. Few significant differences were found between the various cells in terms of financial performance and risk.

The final research area examined ten CSR issues. The major concern was the relationship between CSR and profitability. No relationship was observed to exist regardless of whether profitability was risk adjusted or unadjusted.

INDEX WORDS :

Strategic Management, Corporate Social Responsibility (CSR), Business and Society, Social Contract, Corporate Social Performance (CSP) Matrix, Concern for Society (CS) Concern for Economic Performance (CEP).