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Corporate social responsibility in a global economy

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Corporations are increasingly adopting socially responsible actions, activities, policies and processes. A corporate social responsibility (CSR) policy is beneficial not only for a corporation's bottom line but also for its employees, stakeholders, consumers, and for communities, the environment and society at large. It is, therefore, imperative to assess and know the extent to which a corporation is socially responsible. Keeping this in view, the present paper seeks to introduce a new measure, based on a holistic and system modelling approach, to conceptualise and measure the phenomenon of corporate social responsibility. It develops, constructs and validates a model to measure CSR by using a latent variable structural equations model within the certain boundaries of the organisational strategic planning systems. It will provide us with a measurement or index of corporate responsibility at international level, country level or community level. A CSR index will indicate the extent to which a particular corporation has social responsibility and in which areas it lacks such responsibility, if any. Strengths and weaknesses of various components of the model will also indicate characteristics at a certain level which will enable the corporation to pinpoint what exactly is required in order to improve its responsibility towards people, the environment and society at large.

Keywords: corporate social responsibility; systems approach; social accountability; corporate governance; environment protection and sustainability; ethics and human resources; organisational strategic planning systems

Introduction

In the twenty-first century marketplace, businesses are increasingly showing signs of becoming conscious of ethics and human rights as well as being economically, environmentally and socially active and responsible. At the same time, laws and other public initiatives are putting a lot of pressure on industries to improve ethical business practices, processes and actions. Researchers have found a strong correlation between social performance and financial performance of a business.¹ However, the scale and nature of the benefits of corporate social responsibility (hereafter, CSR) go beyond the financial ones and can include benefits such as improved perceptions of the company, proactive management of risk, building loyalty-based customers on account of distinctive ethical values, building a genuine culture of 'doing the right thing' within the organisation, following steps to implement issues related to labour standards and health and safety policies, and so on. Corporations are using CSR tactics to win the war for talent (Bhattacharya et al., 2008). CSR improves the company in social respects, as well as the financial and non-financial performance of a company and creates an environment

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of health and safety practice at the workplace and in society at large. A CSR policy results in a triple focus for a corporation: people, planet and profit. The benefits of CSR practice are immense for corporations, the community and the environment. There are various factors responsible for the steep rise in the number of corporations adopting CSR. First, consumers across the globe are becoming more and more aware of the environmental and social implications of their purchases and hence they take these issues into consideration when making their decisions. Second, globalisation has given rise to new challenges for corporations in terms of government regulations, tariffs, varying standards, ethical issues, environmental restrictions, labour exploitation, and so on. These issues can be very costly for corporations, and hence corporations have to use socially responsible policies. Many corporations use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions to provide a subconscious level of advertising (Fry et al., 1982).

In addition, there is a growing trend for non-government organisations to hold businesses responsible for their actions (Roux, 2007). Some government regulations require corporations to hold regular ethical training and this also results in employee loyalty and pride. Furthermore, corporations increasingly like their actions, activities, policies and processes to be visible through various manifestations of CSR. Thus, corporations are put under immense pressure to avoid harm in respect of the broader social welfare, including people and the environment.

On conceptualising corporate social responsibility

Corporate social responsibility (CSR) means operating a business in a socially responsible manner whereby the business:

- undertakes ethical practices in employment and labour by improving workplaces;
- is involved in building local communities and communicates with concerned communities regarding the consequences of its policies and products;
- invests in building social infrastructure;
- contributes to a cleaner environment, its protection and sustainability; and
- contributes by way of its corporate governance to economic development at large.

CSR (also known as corporate social performance, sustainable business, sustainable responsible business, corporate responsibility, corporate citizenship, responsible business) is an integral component of the operations of a company whereby it voluntarily contributes to society in terms of economic, environmental, ethical and social investment (see Figure 1).

Organisations should measure these components in order to produce a positive and suitable impact for both society and the organisation. CSR is sometimes described as being a tacit contract between business and a community, whereby the community permits the business to operate within its jurisdiction to obtain jobs for residents and revenue through taxation. It is now seen as a vital tool in promoting and improving the public image of some of the world's largest companies and corporations. Additionally, the community expects the business to preserve the environment and to make the community a better place to live and to work through charitable activities. Good CSR is about a company maximising its positive impact on society while at the same time maximising its own returns. In a nutshell, CSR is all about a corporation contributing positively and giving back to society.



Figure 1. Cyclical matrix of corporate social responsibility.

Corporate social responsibility: the ongoing debate

There is ongoing debate regarding the basic purpose of a corporation. Is it to provide products and services that produce profits for shareholders or to be responsible to society as a whole? Economics Nobel Laureate Milton Friedman (1970) and others argue that CSR is incompatible with capitalism and the very nature and purpose of business. It is only people that have social responsibilities; corporations have no obligations to society. The fundamental purpose of a corporation is to maximise profits for its stakeholders by obeying the laws of the countries within which they work. Those who hold this view favour neo-liberalism and they contend that improvements in body capital, mortality and longevity have been created by economic growth attributed to free enterprise. It has been argued by Borelli (2006) that CSR just acts as

an insurance policy for image-sensitive CEOs. By paying an ideological and financial cover charge to social and environmental causes, CEOs gain admittance to Club CSR and enjoy a host of membership privileges. One major club benefit is protection from advocacy actions such as protests and boycotts wielded by anti-business activists. . . . By feeding into politically correct themes, these campaigns frequently distract the media and shareholders from failed business practices and poor stock performance.

Opponents of CSR have naturally argued the contrary, emphasising the economic costs of following such a 'misguided virtue' as CSR. For example, the CSR cost for Nike is about \$10 million to \$12 million a year, just for the CSR staff and expenses, to go to these sustainability meetings all over the world.

Moreover, there has been criticism of government plans in Australia to force directors to meet certain levels of CSR (see McMahon, 2005). Also note:

'Mandating CSR through legislative intervention runs the risk of stifling the innovation and creative approaches to CSR that are being adopted by Australian companies,' claims the lobby group, in a submission to a Parliamentary inquiry. The submission stresses, 'The greatest social contribution made by corporations is through employment, the goods and services they create and the wealth these produce.' It also highlights the existing CSR efforts of Council members. The chair of Morgan Stanley Australia says government mandates

would result in less meaningful CSR: ‘People would invent a bit of jargon, for example “societally appropriate value maximisation,” as a way of asserting that they were doing whatever Canberra thought it was causing them to do.’ (http://www.sourcewatch.org/index.php?title=Corporate_Social_Responsibility)

Osorio (2006) says that Clive Crook, ‘whose article in *The Economist*, “The Good Corporation,” sparked considerable debate on CSR, adds another important consideration: “Profit seeking serves the social purpose.”’ Osorio further adds that ‘[b]y doing anything to reduce their bottom line, companies make the world poorer – and there’s nothing responsible in that.’² The debate will continue regarding CSR because many business leaders feel that their companies are ill equipped to pursue broader societal goals and activities, and argue that companies have no democratic legitimacy to take such roles. Last but not the least criticism against CSR is that many global corporations such as British American Tobacco, McDonalds, petroleum giant BP and so on undertake CSR programmes to distract the public from ethical questions raised by their core business operations, such as the adverse health effects of tobacco (McKibben, 2006).

Critics of the above arguments against the implementation of CSR maintain that neo-liberalism is a hindrance to human freedom and is a form of economic and cultural imperialism in developing countries resulting in greater exploitation of labourers by multinational corporations. Although Milton Friedman (1970) labelled CSR as a ‘subversive doctrine’, much of the business community has embraced it, arguing that it is simply ‘good for our business’. In fact, the owner value is enhanced over the long term by ethical business behaviour. A closer analysis of the ‘business case for CSR’ shows that it is, indeed, based on a set of assumptions that undermine the legitimacy of the free-enterprise system.³ Business leadership can change the world for the better and all economic entities should serve human beings by contributing to economic justice for all. CSR practices can significantly improve the long-term profitability of corporations and enhance benefits to individuals and society at large. To sum up, CSR is a win-win situation – for both corporations and the public.

Corporate social responsibility failures: an overview

There have been many instances of corporate social responsibility failures in recent years which have incurred huge costs for individuals and society at large. The Bhopal tragedy in 1984 shook the world: hundreds of thousands of local people died and became handicapped owing to the release of toxic gases. General Electric is an example of a corporation that has failed to clean up the Hudson River after contaminating it with organic pollutants. The company continues to argue via the legal process on allocation of liability, while failing to carry out the cleanup (Sullivan & Schiafo, 2005). Another reason for failure is the financial burden that regulation can place on a nation’s economy. This view is shared by Bulkeley (2001), who cites the Australian federal government’s actions to avoid compliance with the Kyoto Protocol in 1997, on the grounds of economic loss and national interest. The Australian government took the position that signing the Kyoto pact would have caused more significant economic losses for Australia than for any other OECD nation (Bulkeley, 2001, p. 436). Critics of CSR also point out that those organisations pay taxes to government to ensure that society and the environment are not adversely affected by business activities. Often it takes a crisis to precipitate attention to CSR. One of the most active stands concerning environmental management came as a result of the Exxon Valdez incident in Alaska in 1989. Other examples include the lead poisoning paint used by toy giant Mattel, which required a recall of millions of

toys globally and caused the company to initiate new risk management and quality control processes. In another example, Magellan Metals in the West Australian town of Esperance was responsible for lead contamination killing thousands of birds in the area. The company had to cease business immediately and work with independent regulatory bodies to execute a cleanup.

Kanji–Chopra corporate social responsibility model (KCCSRM)

Throughout the literature, it is generally agreed that corporate social responsibility is vital for business survival and success (Trapp, 2009). The basic principles of fair trade involve fair prices (minimum floor prices), fair labour conditions (including an absolute ban on child labour), direct trade (no middlemen if possible), and environmental sustainability. However, it is imperative to know how far a particular corporation is socially responsible. Therefore there is a need for a framework to assess the phenomenon of CSR related to any organisation or corporation. The present authors are not aware any previous serious attempts to assess CSR by way of a holistic approach. Previous attempts have not taken into account many important social responsibility factors such as social investment, economic responsibility, etc. Moreover, it has been very difficult to determine causation and the fact is that these factors are highly correlated in real life. The KCCSR model provides a mechanism by which corporate social responsibility can be communicated through the system. It is a vehicle for communication, bringing out factors such as human resources that might not be otherwise considered. It provides a means for identification, classification and analysis and then a response to CSR. A highly complex phenomenon like corporate social responsibility is one of the key challenges facing global companies, i.e. how to deal with the corporate social responsibility associated with operating in a sovereign jurisdiction requires a multidisciplinary approach for its conceptualisation, measurement and analysis.

The present paper, therefore, introduces a new corporate social responsibility measure based on holistic and system modelling approaches (Kanji & Chopra, 2007, 2009). It constructs a latent variable structural equation model using systems components (see Figure 2)

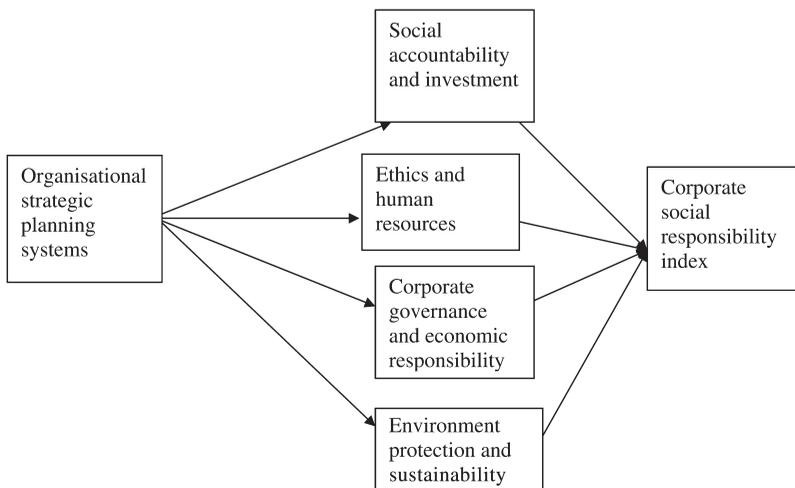


Figure 2. Kanji–Chopra corporate social responsibility model (KCCSRM).

to measure corporate social responsibility within certain boundaries of the organisational strategic planning systems. The model divides the corporate social responsibility index into social accountability and investment index, environment protection and sustainability index, corporate governance and economic responsibility index and ethics and human resources index.

Dimensions of corporate social responsibility

CSR mobilises business for advantage. The current economic crisis should make the socially responsible business even more important than ever before. The United Nations' Global Compact aims to make it possible for companies all over the world to participate in and contribute to tackling various socio-economic problems such as human rights, labour exploitation, the environment and corruption. However, the following are the six latent variables of Kanji–Chopra's corporate social responsibility model.

Organisational strategic planning systems (OSPS)

The quality of management of a corporation, in terms of both people and processes, depends upon its strategic planning systems. The organisation should have policies and procedures to identify, measure, monitor and control the company's ethical and human resources strategy; to evaluate socio-economic trends and social aspects of the company; to provide the required level of governance and economic responsibility; to institute a proper internal reporting system to monitor and control social accountability and social investment; to provide environment protection and sustainability; and to respect the human rights of its employees and the general public at large.

Social accountability and social investment (SASI)

A corporation's social accountability refers to the improvement of workplaces and communities. It is concerned with the protection of human rights. Corporate social investment includes activities that focus on establishing social infrastructure and contributing to the uplifting of communities through the transfer of technology, skills and education with the aim of creating sustainability. An organisation should have transparency and openness regarding its business activities; a system for preventing corruption, financial irresponsibility and underhand dealings; arrangements to produce an overall positive impact for a better society; facilities for socially responsible investment for education, healthcare, etc. Social accountability means to meet the expectations that society has of business in terms of social awareness and education, of holding businesses responsible for their actions and products.

Environment protection and sustainability (EPS)

Traditional categories of liability and negligence can be readily applied to business activities that cause environmental harm. Familiar general environmental issues such as air and water pollution and toxic waste disposal, as well as the infamous particular cases of Love Canal, Bhopal, and the Exxon Valdez, speak to a wide range of environmental responsibilities for business. While there is a strong consensus that business has ethical responsibility concerning the natural environment, a more controversial claim is that business might have ethical responsibility to the natural world. According to the former view (concerning the natural environment), environmental responsibilities are indirect. Business

has direct responsibilities only to human beings, but fulfilling these responsibilities sometimes requires certain actions concerning the environment, e.g. do not pollute water, do not dump toxic wastes, etc. According to the latter view, business would be said to have direct moral responsibility to the natural world. If animals, plants, or ecosystems have moral standing, then business ethics must address business's moral responsibility to such natural objects. Reducing paper consumption can improve efficiency and reduce costs while also earning your company a reputation for being environmentally conscious.

Corporate governance and economic responsibility (CGER)

Corporate governance refers to the broad range of policies and practices that stockholders, executive managers and boards of directors use to (1) manage themselves; and (2) fulfil their responsibilities to investors and other stakeholders. Over the past decade, corporate governance has been the subject of increasing stakeholder attention and scrutiny. These concerns have given rise to a powerful shareholder movement. Shareholder activists, composed primarily of large multi-billion-dollar pension funds, religious and socially responsible investment groups, and other institutional investors, are now using a variety of vehicles to influence board behaviour, including creating corporate governance standards of excellence and filing shareholder resolutions. These investors are concerned with such topics as board diversity, independence, compensation and accountability, as well as a broad range of social issues, e.g. employment ethics practices, environmental policies and community involvement.

A business has economic responsibilities to its direct stakeholders – its investors, employees and customers. There are four basic economic responsibilities a business has to its direct stakeholders:

- (1) **Profitability:** A business creates profit when it sells products or services that are more valuable than the materials and labour it uses to create them. Put simply, the business creates profit by adding value.
- (2) **Transparency:** When a business acts with transparency, it provides as much information as possible about its operations. The company allows direct stakeholders to clearly see its practices, strategies and financial position. Transparency benefits direct stakeholders.
- (3) **Non-discrimination:** In an economic sense, non-discrimination doesn't refer to the absence of bias against gender or ethnic groups. It means a business applies the same financial criteria to all of its customers, suppliers and employees.
- (4) **Sustainability:** Businesses ensure the sustainability of their operations by improving business processes and developing secure, long-lasting relationships with suppliers and customers.

Ethics and human resources (EHR)

Business ethics is about conducting business ethically. The rise in popularity of business ethics over the past three decades can be linked to the rise of CSR. Consumers are becoming more and more aware about the environmental and ethical implications of their purchasing decisions. Hence businesses will have to incorporate these issues into their business strategic planning. A corporation ought to have in-house ethical training to help employees make appropriate ethical decisions, to meet the environmental and ethical concerns of consumers. A transparent system is needed to examine, in respect of

the company itself and the entire supply chain, labour practices such as normal working hours, taking any necessary steps against labour exploitation, harsh and inhumane workforce treatment, ensuring safe and hygienic working conditions, no discrimination on the basis of age, sex or ethnic origin, etc. and the involvement of staff in activities such as payroll giving, fundraising or community volunteering, etc.

Corporate social responsibility index (CSRI)

CSR is the continuous management of business processes to produce an overall positive impact on society in terms of social accountability and social investment, environment protection and sustainability, corporate governance and economic responsibility and ethics and human resources. CSR is all about business's fair-trading and giving back to the workforce, their families, local community and society at large as well as protecting and sustaining the global environment.

Development of Kanji–Chopra corporate social responsibility model (KCCSRM)

In the Kanji–Chopra corporate social responsibility model (KCCSRM) the organisational strategic planning systems provide the foundation for social accountability and investment, environment protection and sustainability, corporate governance and economic responsibility and ethics and human resources. The way these are developed and supported will determine the degree of corporate social responsibility; thus it is a major challenge for the multinational and national companies to effectively manage the relationships among the corporate social responsibility components.

In this case the latent variable structural model is used to represent the causal relationships among latent variables. For the requirements of corporate social responsibility evaluation it is necessary for the system to deliver meaningful results in terms of causal (cause–effect) relationships and a structural approach; that is to say that the analysis shall be model-based. Structural equation modelling (SEM) provides a means by which relationships can be tested. To estimate the strength of these causal connections, it is necessary for each of the latent variables to be operational in terms of manifest variables (measurement items). In reality, the manifest variables are measured by using measurement instruments, such as questionnaires; also, they serve as indicators of the latent variable.

SEM traditionally has some assumptions, namely:

- independence of variables;
- random sampling of respondents;
- linearity of all relationships;
- multivariate normality of distribution;
- no kurtosis and no skewness;
- appropriate data measurement on interval or ratio scale;
- sample size between 100 and 400.

The importance of meeting these conditions depends on the estimation methods used. Some estimation methods can adjust for the violation of some of these assumptions. Kanji–Chopra corporate social responsibility measurement software (KCCSRMS) essentially uses the partial least square (PLS) method in the simultaneous estimation of the weights of the constructs of the CSR system. It calculates these weights in a way that maximises the goodness of fit of the model and thus the ability to explain CSR as the ultimate endogenous variable.

The approach used for CSR measurement reflects, on one hand, its general aims and purposes and, on the other, value-to-cost considerations of developing and operating such a system for the benefit of global activities. Ensuring integration and alignment between the various systemic subsystems means that CSR measures must be compatible and deployed in a coherent way within the corporation. The general approach for CSR measurement involves the following:

- Adopting the KCCSR model as the framework for measuring CSR against a set of well-established criteria that correspond to the organisational strategic planning systems.
- Identifying the key CSR contributors from whom the feedback is going to be collected.
- Using suitable questionnaires covering each of the areas of the KCCSR model to conduct the assessment exercise.
- Introducing the data collected from the questionnaires in KCCSRM software.
- Running the correspondent program files to obtain the systemic system's parameters and scores.
- Analysing the score for each criterion, the overall CSR index and the relationships among the CSR measurement criteria.
- Designing and implementing improvement strategies and monitoring their results.
- Repeating the process from the third step.

Methodological foundations of the model

This section discusses the methodological foundations of the KCCSR model. The CSR questionnaire in line with the organisational strategic planning systems is identified as the main instrument employed to measure CSR in a company that adopts the KCCSR model. In addition the general advantages and disadvantages of survey methodology, data collection and data analysis are examined using a suitable formula for the CSR index and KCCSRM software.

Finally some key indicators are given regarding Kanji–Chopra software, which is the essential support for the analysis of the CSR data collected through the questionnaires. This section provides the basis for empirical work with the sole purpose of developing and validating a measurement tool to assess CSR and other factors of CSR in a corporation. Results obtained serve as a premise for an empirical study, which has the following objectives:

- (1) to develop a reliable measurement instrument that measures the model's dimensions and corporate social responsibility;
- (2) to validate the causal connections in the structural model;
- (3) to examine the causal connections or path coefficients among latent variables;
- (4) to use the model to provide measures of CSR in terms of various companies.

Because corporate social responsibility dimensions cannot be observed directly they are measured by way of a measurement instrument that contains measurement scales pertaining to every aspect of corporate social responsibility. The reliability of the measurement instrument is determined by using Cronbach's alpha. In essence, this item gives a good estimate of reliability. Estimates of path coefficients are determined by using KCCSRM software which also computes inner and outer coefficients and coefficients of determination, and reliability of measurements. After the model had been validated, it

was used as the measurement instrument to evaluate CSR. For each dataset all the CSR dimension indices were computed by using a formula (see Equation (1)) that took into account outer path coefficients and mean scores of corresponding manifest variables. These indices were used as performance ratings of CSR dimensions for the particular dataset.

Causal connections of latent variables

Path coefficients represent the strength of causal connection specified in the model. There are two categories of path coefficients: those associated with relationships linking manifest variables to latent variables, usually called outer coefficients, and others associated with latent to latent variable relationships, usually called inner coefficients. Before the values of path coefficients can be obtained, the structural equation model must be specified in such a way that the model is 'identified'. Identifying a model involves fixing the values of other coefficients (free parameters) that would result in a unique hypothetical population covariance matrix of manifest variables (James et al., 1982). The least squares estimation method is used to minimise the sum of squared differences between the elements of sample covariance matrix and the hypothetical population covariance matrix for manifest variables.

Reliability of measurement scales

Reliability refers to the consistency and stability of a score from a measurement scale. There are several general methods of determining reliability of a measurement scale. In this research Cronbach's alpha (Cronbach, 1951) is used to assess the homogeneity of items that belong to the same dimension in the measurement instrument. A Cronbach alpha value (coefficient) gives a good indication of the quality of the measurement scales employed to assess each criterion of the CSR system. It is a general method that was used to determine the internal consistency of latent variables that are being empirically reflected by manifest variables. It is calculated by using variance of individual questions and covariance between items.

The formula is:

$$\alpha = \frac{k}{k-1} \left\{ 1 - \frac{\sum \sigma_j^2}{\sum \sigma_i^2 + 2 \sum \sum \sigma_{ij}^2} \right\}$$

where k = the number of items in the scale, σ_i^2 = the variance of item i , and σ_{ij}^2 = the covariance of the items i and j . According to Nunnally (1967), a coefficient value of $\alpha = 0.7$ indicates that the measurement scale is reliable. Kenny (1979) suggests that in multivariate cases, the bias due to measurement errors may be negligible if reliabilities of measurement scales are high.

Corporate social responsibility indices

The general formula used for the CSR dimensions and CSR index (CSRI) is as follows (Kanji, 2002; Kanji & Chopra, 2007, 2009):

$$\text{CSRI} = \frac{\sum w_i x_i - \sum w_i}{(N-1) \sum w_i} \times 100 \quad (1)$$

where N = number of points on the scale; x_i = manifest variables; and w_i = outer coefficients. The index value has a range of 0 to 100. Zero indicates no social responsibility and the values scores closer to zero indicate the lower social responsibility end of the scale; the scores closer to 100 indicate higher social responsibility end of the scale. Kanji–Chopra corporate social responsibility measurement software has been developed to measure the indices with the help of the above formula.

Sample size and data collection

Collection of data using the questionnaire is the basic tool to measure CSR of a corporation against the model. Since each CSR dimension corresponds to a concept that cannot be directly measured because of the complex nature of the various indicators of a particular social responsibility, it must be translated into a set of indicators that are then converted into items of the questionnaire. Ideally, the questionnaire should be administered throughout the different dimensions of CSR so that everyone’s opinions can be accommodated. Specific questionnaires can be developed for the purpose of getting feedback from everyone.

However, since the principles are universal, demanding that common aspects must be addressed under each criterion, changes to questionnaires should be kept to a minimum as radical changes may jeopardise the model’s reliability and the chance of getting meaningful and comparable results. To complete the questionnaire it is necessary only to indicate the extent to which the company has experienced each suggested dimension on a 1 to 10 scale. There are some requirements in terms of the number of questionnaire responses needed to perform the statistical analysis associated with KCCSR model. A number around 250 usually gives the best results, but as a general rule it is possible to run the Kanji–Chopra CSR index program with a number of responses between 100 and 250. Data thus collected should be analysed without delay in order to identify CSR.

Data entry

Inputting the questionnaires’ responses using Kanji–Chopra software is very simple. All that is needed is the introduction of the data (the questionnaire responses) into the excel spreadsheet (see Table 1). Of course, the spreadsheet must follow a structure that fits the questionnaires (see Table 2), i.e. have the exact number of columns to match the number of manifest variables for each of the model dimensions.

A survey methodology has been applied to measure the CSR and the questionnaires for the measurements are given in Table 2. Respondents were asked to evaluate the extent to

Table 1. The procedure of data entry (first two dimensions).

CORPORATE SOCIAL RESPONSIBILITY											
Organisational strategic planning systems						Social accountability and investment					
5	4	3	4	5	5	5	2	3	7	1	6
6	6	5	4	5	4	5	4	5	6	4	5
5	6	5	4	5	5	4	5	3	5	4	5
8	9	10	8	9	7	8	7	8	9	9	8
4	3	4	5	5	3	5	6	5	4	6	6

which each factor is problematic for the operation and growth of corporate social responsibility, with potential answers ranging from 1 (no social responsibility) to 10 (major social responsibility).

Corporate social responsibility measurement instrument

The assumption that CSR comprises a set of behaviours that can actually be observed, measured and developed is critical in the development of a structural equation model (SEM). Such a model includes a set of latent variables, each of them translated into manifest variables, which correspond to an item in a questionnaire.

The Kanji–Chopra corporate social responsibility model includes the main constructs (organisational strategic planning systems, social accountability and investment, environment protection and sustainability, corporate governance and economic responsibility, ethics and human resources and corporate social responsibility) which cannot be directly measured. A set of manifest variables must be associated with each of these constructs then measured through the development and administration of a suitable questionnaire. A version of the Kanji–Chopra corporate social responsibility model questionnaire is given in Table 2, where each of the questions is answered on a 1 to 10 scale, ranging from ‘very little’ to ‘very much’.

In our approach, SEM is used to test the postulated causal relationship that forms the Kanji–Chopra corporate social responsibility model. SEM is a multivariate technique combining aspects of multiple regression and factor analysis to estimate simultaneously a series of interrelated dependence relationships. These equation models include one or more linear regression equations that describe how the endogenous constructs depend upon the exogenous constructs; their coefficients are called path coefficients.

The purpose of the approach is to estimate the strength of the causal connections among the latent variables and to test the goodness of fit of the structural model. To estimate the strength of these causal connections, it is necessary for each of the latent variables to be operational in terms of manifest variables (measurement items). The manifest variables are measured by using measurement instruments, such as questionnaires; in addition, they serve as indicators of the latent variable. A measurement instrument (i.e. questionnaire) is then developed and used to obtain scores from respondents on a variety of attributes that provide an empirical content for the model’s constructs. The corporate social responsibility index is obtained using structural equation models that simultaneously measure the impact of all the variables on corporate social responsibility.

Survey methodology

Questionnaire surveys (see Table 2) have been widely acknowledged as efficient tools for assessing the perceptions of individuals as well as of the company on a particular subject. This does not mean, however, that the weaknesses of this instrument are to be ignored. In social research, one of the central issues for the critics of questionnaires is how it can be guaranteed that the questions will be interpreted by the respondent in the manner required when there is no opportunity for a participatory dialogue in order to reach understanding. These limitations can be overcome through a careful design, as most problems stem from a misunderstanding of the meaning of the concepts covered and tendency to follow systematic response patterns.

Table 2. Measurement instrument of corporate social responsibility: assessment from the organisation.

Serial no.	Criteria	Not at all → Very much									
		1	2	3	4	5	6	7	8	9	10
<i>(a) Organisational strategic planning systems (OSPS)</i>											
The extent to which the organisation has policies and procedures to ...											
1	Identify, measure, monitor and control the company's ethical and human resources strategy										
2	Evaluate socio-economic trends and social aspects of the company										
3	Provide the required level of governance and economic responsibility										
4	Implement a proper internal reporting system to monitor and control social accountability and social investment										
5	Provide environment protection and sustainability										
6	Respect the human rights of its employees and general public at large										
<i>(b) Social accountability and social investment (SASI)</i>											
The extent to which the organisation has provided ...											
1	Transparency and openness regarding its business activities										
2	A system for preventing corruption, financial irresponsibility and underhand dealings										
3	Arrangements to produce an overall positive impact for a better society										
4	Facilities for socially responsible investment for education, healthcare, etc.										
5	Social accountability to meet public expectations that society has of business										
6	Social awareness and education of holding businesses responsible for their actions and products										
<i>(c) Ethics and human resources (HER)</i>											
The extent to which the company has managed to implement ...											
1	Ethical training inside the corporation to help employees make appropriate ethical decisions										
2	Ethical consumerism to meet the rising environmental and ethical concerns of consumers										
3	A transparent system to examine the company's own labour practices such as normal working hours, steps against labour exploitation, harsh and inhumane workforce treatment and also of entire supply chain										

(Continued)

Table 2. Continued.

Serial no.	Criteria	<i>Not at all</i> → <i>Very much</i>												
		1	2	3	4	5	6	7	8	9	10			
4	Safe and hygienic working conditions at own workplaces and also of entire supply chain													
5	No discrimination on the basis of age, sex or ethnic origin, etc.													
6	The involvement of its staff in activities such as payroll giving, fundraising or community volunteering, etc.													
<i>(d) Governance and economic responsibility (GER)</i>														
The extent to which the company has achieved . . .														
1	Changes in its policies to behave responsibly due to pressure from its shareholders and investors													
2	Interactions with its stakeholders on a voluntary basis to act socially responsibly													
3	That its shareholders and stakeholders understand the causes that are important to its employees as it generates business benefits such as more loyalty, higher productivity, increased retention, etc.													
4	Respect for quality of life of the workforce and their families as well as of the local community and society at large													
5	Contributions to economic development of the country													
6	Creation of employment opportunities for local communities													
<i>(e) Environmental protections and sustainability (EPS)</i>														
The extent to which company has sought the following . . .														
1	To manage and control risk within the organisation to control incidents such as environmental accidents													
2	To publish on website or in literature to make public aware regarding the environmental effects of its products													
3	To rebrand its core products or values in the light of global environmental considerations													
4	To reduce the unwanted packaging of its products in the light of global environmental problems													
5	To build in self-regulating mechanisms whereby business can monitor and ensure its adherence to environmental protections and sustainability													
6	To communicate the environmental effects of its economic actions to a particular group(s) or to society at large													

(Continued)

Table 2. Continued.

Serial no.	Criteria	<hr/> <i>Not at all</i> → <i>Very much</i> <hr/>									
		1	2	3	4	5	6	7	8	9	10
<i>(f) Corporate social responsibility index (CSRI)</i>											
The extent to which the company has the systems to provide ...											
1	Responses to non-governmental organisations for its socially responsible behaviour										
2	Use of the power of the media and Internet to increase scrutiny and collective activism around corporate behaviour										
3	Full compensation to the public for bad social or environmental effects of actions or products										
4	To its staff and management all the tools and means required to pursue broader societal goals										
5	External audited annual reports on corporate social responsibility issues (triple bottom line reports, i.e. profit, people and planet)										
6	Community-based development projects such as children's education, new skills for adults, etc.										
7	Complete adherence to government law and regulations preventing itself from causing harm to the broader social good, including people and environment										
8	Company policies for CSR, and information on how such policies are implemented in practice and what results have been obtained so far including future expectations										

Corporate social responsibility measurement software

The statistical reasoning behind the KCCSR model is relatively complex, but the user will not need to have any particular mathematical expertise, although some basic skills and statistical knowledge will help. To support the implementation of the KCCSR model, the Kanji–Chopra corporate social responsibility index measurement software package calculates all the associated indices and produces some standard graphics. As mentioned before, KCCSRM is based on a structural equation modelling technique which combines aspects of multiple regression and factor analysis to estimate simultaneously a series of interrelated dependence relationships. The Kanji–Chopra software, which essentially uses the partial least squares (PLS) method in the simultaneous estimation of the weights of the constructs of the model, calculates these weights in a way that maximises the goodness of fit of the model and thus has the ability to explain corporate social responsibility as the ultimate endogenous variable. It is not necessary to have any particular expertise to work with the software package. Anyone who feels comfortable working with Windows usual software programs will soon become familiar with this package.

Data analysis

Data analysis comprises estimating the various parameters of KCCSR model and calculating the indices for each dimension as well as the final corporate social responsibility index (CSRI). Given that all performance aspects are interrelated, the indices for the different variables of the model are calculated simultaneously according to the whole dataset. Through the results provided, the company will know how each criterion impacts on the overall corporate social responsibility index (structural or path coefficients) and where improvement efforts are more likely to have a greater impact.

An illustrated example

Data in this example have been collected from a corporation in the UK by using a survey questionnaire. Final findings and various tables have been presented in order to discuss the validity of the model and its importance. In this illustrative example we have collected some data from the group of respondents in order to implement the Kanji–Chopra corporate social responsibility model. Here, we present the main outputs of the Kanji–Chopra software program with some discussion and interpretation of the main results.

Statistical reliability and validity of KCCSR model

The methodology of KCCSRM describes the construct, content and criterion validity of the model. The inner coefficients, inner R-squares, reliability alphas and indices of the survey instrument are analysed in order to assess the quality of the measurement and the suitability of the model.

Inner coefficients

It is expected that the relationship between the various corporate social responsibility measurements and the path coefficients will be positive, emphasising the nature and the principles of the model.

These inner or path coefficients are indications of the relationship between independent and the dependent variables of the model. The table values of Table 3 and Figure 3 shows that all coefficients are positive and organisational strategic planning systems values are strongly associated with the other factors of the model.

Statistical reliability of the model

The reliability alpha scores for the illustrated example are shown in Table 4. The alpha score for the latent variables of environment protection and sustainability was less than 0.7, indicating either that the manifest variables were inconsistent in explaining the latent variables or that the questions were not well understood by the respondents. The alpha values of organisational strategic planning systems (0.8719), social accountability and social investment (0.7692), ethics and human resources (0.8226), corporate governance and economic responsibility (.8665) and corporate social responsibility (0.9637) were more than 0.7, indicating that each latent variable did fit the model as a positive indicator. Hence, the CSR measuring model is a good fit.

The strength of the relationship is a proportion of the regression sum of squares corresponding to latent variables. The coefficient of determination can be used to evaluate the accuracy of a structural model. Table 5 indicates the values for the coefficient of

Table 3. Inner coefficients of Kanji–Chopra corporate social responsibility model.

	OSPS	SASI	EHR	CGER	EPS	CSRI
OSPS	0	0	0	0	0	0
SASI	0.76293	0	0	0	0	0
EHR	0.72788	0	0	0	0	0
CGER	0.76974	0	0	0	0	0
EPS	0.64257	0	0	0	0	0
CSRI	0	0.1740	0.1383	0.0108	0.6317	0



Figure 3. Path coefficients of the model.

Table 4. Alpha values of the model.

OSPS	SASI	EHR	CGER	EPS	CSRI
0.8719	0.7692	0.8226	0.8665	0.2267	0.9637

determination for the paths leading up to a corporate social responsibility index. The higher the value of r^2 , the better the model fits the data. The values of r^2 resulted vary between 0.413 and 0.778. The minimum value of at least 0.65 was considered a reasonably high indication of model accuracy. In this case, except one, the rest of the r^2 values were less than the cut-off value of 0.65, meaning that the variations in the model explained less than 65% of the variance. However, given the positive scores of the model, several good correlations could be deduced from the data results.

Table 5. Inner R-squares of the model.

Path variables	Inner R-squares
OSPS–SASI	0.582
OSPS–EPS	0.529
OSPS–CGER	0.593
OSPS–EHR	0.413
OSPS–CSR	0.778

Outer coefficients

These outer coefficients show how each question loads into the respective factors in the corporate social responsibility model. Table 6 indicates how each variable contributes to the respective factors of the CSR model.

Corporate social responsibility indices

It is relatively easy to interpret the scores obtained for each criterion of the corporate social responsibility measurement system given in Table 7 and Figure 4. The final corporate social responsibility index will reflect the simultaneous effect of all the relationships estimated in the model.

Here the measurement instrument consists of 38 questions in six dimensions that correspond to the five critical factors and corporate social responsibility. Each question uses a 10-point scale on which respondents rate an organisation with respect to specific social responsibility. The analysis of CSR using the partial least squares method provided a measure of strength of causal connection (inner coefficients) between the model's constructs (critical factors). The values of inner coefficients are found to be positive non-zero, providing support for causal connection among critical factors and corporate social responsibility.

Analysis and interpretation of results

The responses to the research questions have to be addressed and mean scores and outer coefficients (weights) are analysed to facilitate the interpretation of the results. The survey questions provide insights to corporate social responsibility through the analysis and interpretation of the results. The judgements are based on the grading system. The lower index value means low corporate social responsibility and vice versa. For example, below 25% will provide a good indication for low corporate social responsibility, while 50% will indicate medium CSR and 75% will indicate a higher level of CSR. Above 75% will indicate an extremely high level of CSR.

Table 7 shows that organisational strategic planning system provides an index of 46.92%, indicating that the corporation has a moderate level of social responsibility. Table 8 reveals the results for organisational strategic planning system. In our illustrative study, the value of 0.1116 of outer coefficient indicates that the issue of human rights of employees and the general public is not contributing much to the overall CSR index. The corporation is not giving due attention and importance to the issue of human rights in the strategic planning of the organisation. So planners must look into this area seriously in order to improve the situation of human rights within the organisation. Also the organisational strategic planning system does not provide the required level of governance and economic responsibility as indicated by the low value of outer coefficient (0.1158). Environment protection and sustainability as a dimension of the organisational strategic planning system is also contributing very little to the overall CSR index. The corporation seldom evaluates socio-economic trends and social aspects of the company, as indicated by the outer coefficient of 0.1226. On the other hand, the outer coefficient of 0.3559 indicates that the corporation has a robust system and procedures to identify, measure, monitor and control the company's ethical and human resources strategy. The outer coefficient of 0.2585 reveals that the corporation has a proper internal reporting system to monitor and control social accountability and social investment.

Table 6. Outer coefficients of the model.

Outer coefficients					
OSPS	SASI	SASI	CGER	EPS	CSR
0.355886	0	0	0	0	0
0.122618	0	0	0	0	0
0.115795	0	0	0	0	0
0.258574	0	0	0	0	0
0.197467	0	0	0	0	0
0.111657	0	0	0	0	0
0	0.109359	0	0	0	0
0	0.080031	0	0	0	0
0	0.143509	0	0	0	0
0	0.436042	0	0	0	0
0	0.359393	0	0	0	0
0	0.027598	0	0	0	0
0	0	0.067267	0	0	0
0	0	0.224446	0	0	0
0	0	0.209082	0	0	0
0	0	0.021321	0	0	0
0	0	0.240682	0	0	0
0	0	0.396849	0	0	0
0	0	0	0.080983	0	0
0	0	0	0.139535	0	0
0	0	0	0.177151	0	0
0	0	0	0.296023	0	0
0	0	0	0.219561	0	0
0	0	0	0.291021	0	0
0	0	0	0	-0.42765	0
0	0	0	0	0.108167	0
0	0	0	0	0.157344	0
0	0	0	0	0.17306	0
0	0	0	0	0.645149	0
0	0	0	0	0.381564	0
0	0	0	0	0	0.126416
0	0	0	0	0	0.14457
0	0	0	0	0	0.143187
0	0	0	0	0	0.143325
0	0	0	0	0	0.137384
0	0	0	0	0	0.143187
0	0	0	0	0	0.143325
0	0	0	0	0	0.137384

The overall result for social accountability and social investment is 48.22 % (Table 7) which is quite moderate in this case. Table 9 shows the detailed results for social accountability and social investment. The outer coefficient or weight of 0.0800 indicates that there is an inadequate system for preventing corruption, financial irresponsibility and underhand dealings. The corporation is in a weak position with regard to social awareness and education of holding businesses responsible for their actions and products, shown by the low outer coefficient value of 0.0276. The outer coefficient of transparency and openness regarding its business activities (0.1093) is also small and contributing very little to the overall index and it should be a concern for the social accountability and social investment dimension of the CSR index of an organisation. The arrangements to produce an overall

Table 7. Corporate social responsibility indices.

Strategic planning systems index	F1	46.92
Social accountability and investment index	F2	48.22
Ethics and human resources index	F3	47.97
Governance and economic responsibility index	F4	48.03
Environment protection and sustainability index	F5	47.05
Corporate social responsibility index	F6	47.09

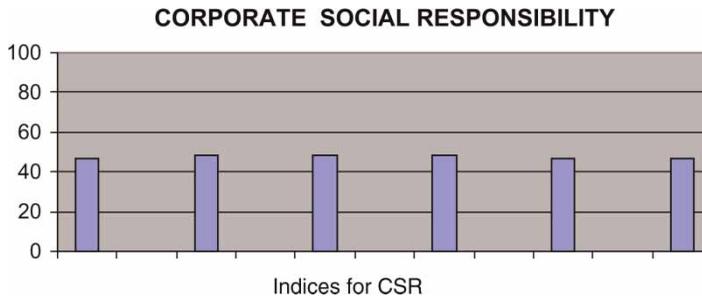


Figure 4. Corporate social responsibility indices.

Table 8. Results for organisational strategic planning system.

Serial no.	Criteria	Average score	Outer coefficients
1	Identify, measure, monitor and control the company's ethical and human resources strategy	5.29	0.3559
2	Evaluate socio-economic trends and social aspects of the company	5.18	0.1226
3	Provide the required level of governance and economic responsibility	5.33	0.1158
4	Implement proper internal reporting system to monitor and control social accountability and social investment	5.16	0.2585
5	Provide environment protection and sustainability	5.24	0.1974
6	Respect the human rights of its employees and general public at large	5.06	0.1116

positive impact for a better society of the corporation are also very poor as indicated by the low value of outer coefficient (0.1435). On the other hand, the corporation has adequate facilities for socially responsible investment for education, healthcare, etc. indicated by a high outer coefficient value of 0.4364. There are adequate facilities for social accountability to meet society's expectations of businesses as indicated by the outer coefficient of 0.3594.

Table 7 reveals the overall index of ethics and human resources as 47.97, which is below 50% suggesting that there is medium level of resources, planning and actions in corporate social responsibility but certain factors indicate that more careful intervention is required in respect of CSR. Table 10 reveals that there is a lack of safe and hygienic working conditions at the company's own workplaces and also those of the entire supply chain as indicated by the outer coefficient 0.0213. There is a strong need for the corporation to look into this area urgently. However, the outer coefficient of 0.0672

Table 9. Results for social accountability and social investment.

Serial no.	Criteria	Average score	Outer coefficients
1	Transparency and openness regarding its business activities	5.34	0.1093
2	A system for preventing corruption, financial irresponsibility and underhand dealings	5.42	0.0800
3	Arrangements to produce an overall positive impact for a better society	5.25	0.1435
4	Facilities for socially responsible investment for education, healthcare, etc.	5.35	0.4360
5	Social accountability to meet public expectations that society has of business	5.35	0.3594
6	Social awareness and education of holding businesses responsible for their actions and products	5.18	0.0276

indicates there is a lack of ethical training inside the corporation to help employees make appropriate ethical decisions. The corporation should improve this area as this manifest variable is contributing very little in the overall CSR index. However, the corporation has moderate facilities for a transparent system to examine the company's own labour practices such as normal working hours, taking steps against labour exploitation, harsh and inhumane treatment of the workforce and also those of the of entire supply chain as indicated by the outer coefficient of 0.2091. On the other hand, the corporation involves its staff in activities such as payroll giving, fundraising or community volunteering, etc. as indicated by a high value of outer coefficient of 0.3968.

The overall governance and economic responsibility index for an organisation is 48.03 % (Table 7), which is again below 50% and requires careful evaluation. The value of outer coefficient of 0.0809 for the manifest variable, changes in its policies to behave responsibly due to pressure from its shareholders and investors is very low and is not contributing to the overall CSR index. The outer coefficient of interactions with its stakeholders on a voluntary basis to act socially responsibly (0.1395) indicates that this manifest variable is also

Table 10. Results for ethics and human resources.

Serial no.	Criteria	Average score	Outer coefficients
1	Ethical training inside the corporation to help employees make appropriate ethical decisions	5.46	0.0672
2	Ethical consumerism to meet the rising environmental and ethical concerns of consumers	5.14	0.2244
3	A transparent system to examine the company's own labour practices such as normal working hours, steps against labour exploitation, harsh and inhumane workforce treatment and also of entire supply chain	5.33	0.2091
4	Safe and hygienic working conditions at own workplaces and also of entire supply chain	5.34	0.0213
5	No discrimination on the basis of age, sex or ethnic origin, etc.	5.15	0.2407
6	The involvement of its staff in activities such as payroll giving, fundraising or community volunteering, etc.	5.49	0.3968

Table 11. Results for governance and economic responsibility.

Serial no.	Criteria	Average score	Outer coefficients
1	Changes in its policies to behave responsibly due to pressure from its shareholders and investors	5.30	0.0809
2	Interactions with its stakeholders on a voluntary basis to act socially responsibly	5.29	0.1395
3	That its shareholders and stakeholders understand the causes that are important to its employees as it generates business benefits such as more loyalty, higher productivity, increased retention, etc.	4.99	0.1771
4	Respect for the quality of life of the workforce and their families as well as of the local community and society at large	5.40	0.2960
5	Contributions to economic development of the country	5.31	0.2195
6	Creation of employment opportunities for local communities	5.48	0.2910

contributing very little to the overall index and hence there is a need for the corporation to improve this area. There is also a very low degree of involvement in the corporation by its shareholders and stakeholders to understand the causes that are important to its employees as it generates business benefits such as more loyalty, higher productivity, increased retention, etc. as shown by the outer coefficient 0.1771. However, the corporation is contributing to some extent to the overall corporate social responsibility by creating employment opportunities for local communities as indicated by the moderate value of outer coefficient 0.2910. The outer coefficient of 0.2960 indicates that there is a system to improve the quality of life of the workforce and their families as well as of the local community and society at large. The corporation is contributing in a moderate way to the economic development of the country (0.2195). Thus, it is clear from the above adumbrated analysis that there are certain areas that need to be addressed in the corporation's governance and economic responsibility to improve its corporate social responsibility.

The environment protection and sustainability index is 47.05, which is again below 50% representing medium responsibility level. Table 12 reveals that the outer coefficient -0.4276 indicates that there is no agreement among the respondents on the issue whether the corporation has adequate facilities to manage and control risk within the organisation in order to control incidents such as environmental accidents. The corporation is not doing enough to publish on its website or in literature to make the public aware regarding the environmental effects of its products as indicated by the lower value of the outer coefficient of 0.1681. Also the corporation has done very little to rebrand its core products or values in the light of global environmental considerations (0.1573). There have been no significant attempts to reduce the unwanted packaging of its products in the light of global environmental problems. On the other hand, the corporation has a reasonable system and resources in place to communicate the environmental effects of its economic actions to a particular group(s) or to society at large (0.3815). The outer coefficient of 0.6451 shows that the corporation has quite a strong in-built self-regulating mechanism whereby the business can monitor and ensure its adherence to environmental protections and sustainability.

In our illustrative example, the overall corporate social responsibility index has been found to be 47.09% (Table 7) which indicates a moderate level of social responsibility. The manifest variable of corporation's responses to non-governmental organisations for

Table 12. Results for environmental protections and sustainability.

Serial no.	Criteria	Average score	Outer coefficients
1	To manage and control risk within the organisation to control incidents such as environmental accidents	5.16	-0.4276
2	To publish on website or in literature to make public aware regarding the environmental effects of its products	5.18	0.1681
3	To rebrand its core products or values in the light of global environmental considerations	5.14	0.1573
4	To reduce the unwanted packaging of its products in the light of global environmental problems	4.95	0.1730
5	To build in self-regulating mechanisms whereby business can monitor and ensure its adherence to environmental protections and sustainability	5.21	0.6451
6	To communicate the environmental effects of its economic actions to a particular group(s) or to society at large	5.27	0.3815

its socially responsible behaviour does not seem to matter much as indicated by its low value of 0.1264. The power of the media and the Internet to increase their scrutiny and collective activism around corporate behaviour has been found to be contributing very little as well to the overall CSR index (0.1445). The company's policies for CSR, how such policies are implemented in practice and what results have been obtained so far including future expectations also do not seem to matter much (0.1374). The outer coefficient of 0.1432 reveals that the corporation does not seem to give full compensation to the public for bad social or environmental effects of its actions or products. The company does

Table 13. Results for corporate social responsibility.

	Criteria	Average score	Outer coefficients
1	Responses to non-governmental organisations for its socially responsible behaviour	5.32	0.1264
2	Use of power of the media and internet to increase scrutiny and collective activism around corporate behaviour	5.39	0.1445
3	Full compensation to the public for bad social or environmental effects of actions or products	5.21	0.1432
4	To its staff and management all the tools and means required to pursue broader societal goals	5.15	0.1433
5	External audited annual reports to corporate social responsibility issues (triple bottom line reports, i.e. profit, people and planet)	5.25	0.1378
6	Community-based development projects such as children's education, new skills for adults, etc.	5.21	0.1432
7	Complete adherence to government law and regulations in preventing itself from causing harm to the broader social good, including people and environment	5.15	0.1433
8	Company policies for CSR, and information on how such policies are implemented in practice and what results have been obtained so far including future expectations	5.25	0.1374

not seem to have a system to provide its staff and management with all the tools and means required to pursue broader societal goals (0.1433). The company does not have external audited annual reports in respect of corporate social responsibility issues ('triple bottom line' reports, i.e. profit, people and planet). The community-based development projects such as children's education, new skills for adults, etc. are also not enough as indicated by the lower value of outer coefficient 0.1432. The company also lacks a system of complete adherence to government law and regulations in preventing itself from causing harm to the broader social good, including people and the environment (0.1433).

Conclusions

To sum up, currently corporations in the global economy are strengthening their commitment to respecting human rights, social and environmental accountability, ethical control and promoting sustainable development through their services, processes, products and relationships. Corporate social responsibility in a global economy entails aligning a company's activities with the social, economic and environmental expectations of its 'stakeholders'. However, the scales of the KCCSR model can be used to measure corporate social responsibility. These measures are needed for benchmarking and monitoring changes over time, which help to make changes transparent and demonstrate corporate social responsibility improvements. This model provides systematic measures, sound analyses of the data and feedback of the findings and enhances the quality and commitment of social responsibility of corporations in a global economy. Agree with it, disagree with it, like it, or dislike it – social responsibility is here to stay, along with social responsiveness, and everyone must live with them. Government, business and society should work together more closely to improve human accountability. Corporations can achieve both maximisation of profits and social responsiveness.

Notes

1. See Orlitzky et al. (2003).
2. http://www.sourcewire.com/releases/rel_display.php?relid=30412&hilite
3. <http://www.nationalreview.com/comment/post.200603030839.asp>

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