

A Sequential Approach to Domains of Fashion Corporate Social Responsibility

Soo-Kyoung Ahn, Chonnam National University

Sua Jeon, Texas Wesleyan University

Keywords: Consumer Perspective, CSR Domains, Fashion Corporate Social Responsibility

Introduction Being under the pressure of society to behave in a socially responsible way, firms are required to understand how consumers perceive corporate social responsibility (CSR) before deciding any action of CSR. Since Carroll (1979, 1991) suggested multi-dimensions of CSR, a number of CSR studies have followed Carroll's taxonomy as economic, legal, ethical, and philanthropic or been grounded on it (Arli & Lasmono, 2010; Golob et al., 2008; Maignan, 2001; Rahim et al., 2011; Ramasamy & Yeung, 2009). As the public becomes aware of environmental issues and industries highlight the roles of stakeholders of business, environmental responsibilities (Castaldo et al., 2009; Egri & Ralston, 2008; Torugs et al., 2013) and diverse stakeholders (Graafland & Ven, 2006; Lockett et al., 2006) should be considered together. In spite of different endeavors to approach CSR, this study questions its legitimacy of dimension and viewpoint. Firstly, most studies are limited by employing this conceptual taxonomy which has not been empirically validated. Secondly, although consumers have emerged as a major stakeholder of CSR, CSR is generally defined based on managers' perceptions of what a socially responsible company should be. Therefore, this study employs a sequential approach to Fashion Corporate Social Responsibility (FCSR) to identify and validate its dimension from the consumer perspective.

Methods This study involves a three-phase procedure: item generation, item reduction, and item validation through literature review, in-depth interview, multiple Exploratory Factor Analysis (EFA), and Confirmatory Factor Analysis (CFA) with data of 1,000 adult samples.

Phase 1: A total of 305 FCSR activities was collected from the literature review (Ahn & Ryou, 2011; Arli & Lasmono, 2010; Aupperle et al., 1985; Golob et al., 2008; Lin et al., 2011; Maignan, 2001; Stanaland et al., 2011) and an in-depth interview of eight adult consumer participants. Two scholars with expertise in FCSR screened and assessed the applicability and representativeness of activities to three dimensions: people, planet, and profit. An initial pool of 75 items to measure FCSR domains was generated.

Phase 2: Item reduction was conducted through two preliminary tests. In the first preliminary test, 200 adult samples from nation-wide panels of a Korean professional survey company were used. Removing items with low factor loading or cross-loadings, EFA extracted 10 underlying dimensions with 50 items which explained 71.803% of total variance. The second test was conducted using a data set of 500 adults through an online survey as the first test. EFA revealed the underlying seven dimensions of FCSR with 29 items which explained 69.842% of total variance with acceptable scale reliabilities ranging from .786 to .894 Cronbach's α .

Phase 3: In order to test FCSR measurements' dimensionality and validity, the remaining 29 items were administered to newly collected samples. A total of 300 consumers aged 20 to 59 completed self-administered questionnaires online. All items were measured using a six-point Likert scale ranging from strongly disagree (1) to strongly agree (7). EFA identified FCSR domain with seven dimensions which explained 71.504% of total variance: environmental (36.770 %, Cronbach's α =.920), ethical (10.056 %,

Cronbach's $\alpha=.893$), social (6.805 %, Cronbach's $\alpha=.798$), internal management (5.058 %, Cronbach's $\alpha=.812$), philanthropy (4.845 %, Cronbach's $\alpha=.822$), economic (4.232 %, Cronbach's $\alpha=.784$), and legal (3.739 %, Cronbach's $\alpha=.830$). Subsequently, CFA confirmed 29 indicators to measure seven latent constructs: environmental, ethical, social, internal management, philanthropy, economic, and legal. The χ^2 of 681.992 ($df=354$, $p=0.000$; $\chi^2/df=1.927$), NFI of 0.918, CIF of 0.941, and RMSEA of 0.054 supported a good model fit. All items loaded significantly on their corresponding latent constructs indicating convergent validity was obtained. Composite reliabilities for all the measures ranging from .808 to .916. Φ^2 (i.e., the squared correlation between two constructs) did not exceed Average Variance Extracted (AVE) between each pair of constructs. Overall, discriminant validity was obtained.

Results A series of tests confirmed that FCSR embodied seven dimensions of corporate activities. The first dimension, environmental CSR contained five items related to environmental activities including “participating in activities of environmental protection,” “using eco-friendly materials for business,” “financially supporting for environment protection,” “providing educational programs related to the environment,” and “encouraging recycling of products.” The ethical CSR focused on business ethics including five items such as “ethically conducting business regardless of economic efficiency,” “defining and complying with ethical standards all the time,” “First meeting all business ethics and then thinking of profit growth,” “considering people, society, and environment in decision making from an ethical viewpoint,” and “observing ethical norms society requires.” The social CSR denotes activities related to various social stakeholders and issues comprising “having a clear politics to solve urgent social and societal problems,” “playing a crucial role in projects aimed at improving quality of life,” “actively reducing unemployment,” “participating in management of public affairs,” and “taking responsibilities for the local community.” The internal management CSR refers to corporate managerial effort for internal stakeholders including four items: “to develop innovative and good quality products and service,” “to guarantee quality of life and welfare of employees and their family,” “to secure consumers’ rights,” and “to protect employees’ human rights of vendors.” Four items of the philanthropy CSR that delineates activities to promote human welfare are “performing voluntary service,” “financial support charity organizations,” “aid to the 3rd world,” and “supporting sports sector (e.g., sponsorship, building sports facilities, etc.)” The economic CSR includes three items related to basic corporate economic roles such as “to take profitability as the only measure of effectiveness,” “to improve financial performance,” and “to achieve maximum profitability.” The legal CSR consists of three items regarding social contract including “to operate a business in line with legal principles,” “to submit to the newest law and regulation as soon as possible,” and “to perform what is explicitly permitted by law.”

Conclusions Upon employing a sequential approach, this study attempts to identify domains of FCSR from a consumer perspective. First, this study empirically extracted seven atomized domains of FCSR: environmental, ethical, social, internal management, philanthropy, economic, and legal. This result depicts that consumers not only perceive different forms of FCSR as the previous studies proposed, but also identify different FCSR domains in more detail. It suggests that fashion firms promote more specified FCSR activities which consumers may recognize and consider them as differentiated attributes of corporates.

As academia and industries consent CSR as an effective tool to confirm the legitimacy of a corporation, it is a critical issue to select right FCSR activities that fashion firms should focus on. Although this study provides empirical evidence and insights for consumer perceptions of FCSR domains

in the fashion industry, further research comparing with diverse industries is necessary to reinforce the findings.

References

- Ahn, S., & Ryou, E. (2011). Corporate social responsibility: Contents analysis on Korean fashion corporate websites. *Journal of the Korean Society of Clothing and Textiles*, 35(4), 455-465.
- Arli, D., & Lasmono, H. (2010). Consumers' perception of corporate social responsibility in a developing country. *International Journal of Consumer Studies*, 34(1), 46-51.
- Aupperle, K., Carroll, A., & Hartfield, J. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28(2), 446-463.
- Carroll, A. (1979). A three-dimensional conceptual model of corporate social performance. *Academy of Management Review*, 4(4), 497-505.
- Carroll, A. (1991). The Pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39-48.
- Castaldo, S., Perrini, F., Misani, N., & Tencati, A. (2009). The missing link between corporate social responsibility and consumer trust: The case of fair trade products. *Journal of Business Ethics*, 84(1), 1-15.
- Egri, C., & Ralston, D. (2008). Corporate responsibility: A review of international management research from 1998 to 2007. *Journal of International Management*, 14(4), 319-339.
- Golob, U., Lah, M., & Jancic, Z. (2008). Value orientations and consumer expectations of corporate social responsibility. *Journal of Marketing Communications*, 14(2), 83-96.
- Graafland, J., & Ven, B. (2006). Strategic and Moral Motivation for Corporate Social Responsibility. *Journal of Corporate Citizenship*, 22(Summer), 111-123.
- Lin, C., Chen, S., Chiu, C., & Lee, W. (2011). Understanding purchase intention during product-harm crises: moderating effects of perceived corporate ability and corporate social responsibility. *Journal of Business Ethics* 102(3), 455-471.
- Lockett, A., Moon, J., & Visser, W. (2006). Corporate social responsibility in management research: Focus, nature, salience and sources of influence. *Journal of Management Studies*, 43(1), 115-136.
- Maignan, I. (2001). Consumers' perceptions of corporate social responsibilities: A cross-cultural comparison. *Journal of Business Ethics*, 30(1), 57-72.
- Rahim, R., Jalaludin, F., & Tajuddin, K. (2011). The importance of corporate social responsibility on consumer behavior in Malaysia. *Asian Academy of Management Journal*, 16(2), 119-139.
- Ramasamy, B., & Yeung, M. (2009). Chinese consumers' perception of corporate social responsibility. *Journal of Business Ethics*, 88(1 supplement), 119-132.
- Stanaland, A., Lwin, M., Murphy, P. (2011). Consumer perceptions of the antecedents and consequences of corporate social responsibility. *Journal of Business Ethics*, 102(1), 47-55.
- Torugsa, N., O'Donohue, W., & Hecker, R. (2013). Proactive CSR: An empirical analysis of the role of its economic, social and environmental dimensions on the association between capabilities and performance. *Journal of Business Ethics*, 115(2), 383-402.