



Analysis

How green is my firm? Workers' attitudes and behaviors towards job in environmentally-related firms

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ARTICLE INFO

Article history:

Received 22 August 2012

Received in revised form 27 December 2013

Accepted 31 December 2013

Available online 14 February 2014

JEL classification:

Q50

J28

Keywords:

Environmental-related standards

Pro-social motivation

Workers' attitudes and behavior

ABSTRACT

The implementation of environmental standards can be facilitated by motivating workers with pro-social preferences. Therefore, we study if employees working for firms achieving registration for environmental-related standards are more likely to display positive attitudes towards their job, to be actively involved in their jobs and to donate effort. Using a French matched employer–employee database, we find that these “green employees” report a significantly higher perception of usefulness and equitable recognition at work. Besides, they are more likely to work uncompensated overtime hours. Finally, if the adoption of environmental standards is shown to have no direct influence on job involvement, we expose how it indirectly impacts job involvement through the mediation of employees' reported perception of usefulness and equitable recognition at work.

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1. Introduction

In post-industrial societies, firms need both a legal right and a “social license” to operate. Therefore, in addition to the well-known profit maximization goal, entrepreneurs may invest in social responsibility, i.e. a firm may commit to implementing procedures and policies devoted to improving the well-being of employees, customers and any institution representative of the local community (Turban and Greening, 1997). Firms can meet the requirements of “social licensors” by adopting environmental-related standards because these standards will lead the firms to conduct business in a more socially responsible manner.¹

A growing body of literature has been concerned with the motivation for adopting environmentally-related standards (e.g., Ambec and Lanoie, 2008; Grolleau et al., 2007a,b) and their impacts on firm performance (e.g., Darnall and Sides, 2008; Darnall et al., 2008). Among the different rationales for environmental activities, the pressure of stakeholders on firms to make valuable investments ensuring good environmental performance has been empirically evaluated. For instance, Nishitani (2009) highlighted the role of standardization as a signal of commitment

to environmental protection for stakeholders who are unable to control the firm, like foreign customers. Also, Lannelongue and Gonzalez-Benito (2012) found that the likelihood of implementation of an environmental management system rises with the pressure from different groups of stakeholders, like shareholders, employees, commercial buyers, regulators, environmental and community organizations but not the household consumers. Nevertheless, once the firms become environmentally registered, their environmental concerns are related only to the pressure from internal stakeholders, like shareholders and employees, neglecting pressures from external stakeholders. However, to date, scholars have neglected to study whether or how those standards impact internal stakeholders' attitudes and behaviors. Therefore, this paper aims to examine how the utilization of environmental-related standards² impacts employees' attitudes towards their employment relationship in terms of usefulness and equitable recognition, and behaviors such as job involvement and effort at work.³ Finding a positive link between environmentally-related standards and employees' attitudes and behavior will improve understanding of why employees' environmental pressure is still considered as important even after the

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¹ Following Brekke and Nyborg (2008), we will term environmentally registered firms as “green” firms, even if we are conscious that this certification may have an additional objective than improving environmental performance (see Lannelongue and Gonzalez-Benito, 2012).

² We use the term “environmental-related standards” to define the following standards: ISO 14001 standard, organic labeling or fair trade.

³ We follow the definition of attitude given by Eagly and Chaiken (1998) “a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor”. Therefore, job involvement and the intensity of effort are employees' behaviors while employees' assessment of the usefulness of their job and if they are fairly treated are attitudinal evaluations.

firms' registration for environmental standards (Lannelongue and Gonzalez-Benito, 2012).

A first rationale for suggesting a positive impact of environmental-related standards on employees' attitudes, job involvement and effort can be traced to Brekke and Nyborg's model (2008), which shows that workers who exhibit preferences that depend positively on the level of social welfare are ready to provide a form of labor donation to environmentally responsible employers. This labor donation could take the form of a lower reservation wage or a higher level of effort. Hence, one of the driving forces inducing firms to invest in environmental-related activities can be found in the desire to recruit pro-socially motivated applicants. Doing so ensures that a firm's employees are highly motivated and involved in their jobs. Therefore, green entrepreneurs may expect an advantage in labor productivity to compensate for the costs of environmental-related investments.

A second explanation derives from the moral prejudice that employees may face if their employer undertakes business policies that will damage their social reputations. According to social identity theory, individuals evaluate their self-image by comparing the main features of the social group to which they belong with the characteristics of other groups (see Ellemers et al., 2002; Haslam, 2001, for extensive discussion of social identity theory). Therefore, the employees of a firm that commits itself towards a better environmental performance should experience higher motivation, as they benefit from their employer's good reputation and image in the community.⁴ As stressed by Akerlof and Kranton (2005), if a firm can inculcate a sense of common identity in its workforce, the firm may use such non-pecuniary incentives to induce its workers to invest high degrees of effort.

Finally, work reorganization induced by the adoption of environmentally-related standards may improve employees' attitudes, job involvement and effort through two channels. First, work reorganization provides new working opportunities for employees, such as the opportunity to participate in the decision-making process, more autonomy and the opportunity to enhance one's skills and leadership, which may all lead to job enrichment and (most likely) job involvement. Second, an employer's commitment to environmental policies can be associated with greater attention to safety practices and a decrease in the number of environmental incidents. Employee's physical security belongs to a large set of valuable but non-pecuniary characteristics that can be expected to enhance the employee's reported perception of being equitably recognized by his or her employer.

For these three reasons, employers may expect that the implementation of environmental-related standards leads to an increase of employees' well-being at work and effort. This conjecture has never been empirically tested while a large body of research has studied the effects of "High Performance" and "High Involvement" practices on various employees' outcomes with mixed results (see Godard, 2010 for an overview). One strand of this literature has tried to identify whether the use of organizational and human resource innovations impacted on subjective evaluation of well-being, like job satisfaction (see e.g., Böckerman et al., 2012; Bryson et al., 2013 for recent evidence). Another strand has focused on their influence on employees' behavior at work, like the extent of physical and discretionary effort (Green, 2004) and voluntary turnover (see e.g., Cottini et al., 2011). In this work, we follow both roads and explore the effect of environmental-related standards on specific facets of well-being at work and indicators of effort.

In the classic tradition of Locke (1976), job satisfaction is an emotional state resulting from the appraisal by employee of how the different facets of his job help to achieve his values. Here, we do not have access to such overall measure of well-being at work and then choose to focus on two facets of the job that are first likely to be impacted by environmental-related standards and second have been shown to be major determinants of well-being at work. The first facet is the

employee's perception of equitable treatment resulting from his balance between the demands that his job imposes and the outcomes he receives from it. The use of environmental management standards is expected to alter the level of job demands and outcomes in two opposite directions. Employees' effort may become more intense to cope with the new standardized procedures together with the need of improved skill and training. At the same time, the job outcomes may increase with the diminution of environmental hazardous practices and the contentment to participate to a more socially responsible productive activity. In the literature this perception of equity at the workplace has been shown to be linked with higher job satisfaction (see Warr, 2007). The second facet is the perception that the employee's job is useful to others. Implementing an environmentally-related standard is likely to help the employees in achieving their pro-social values in the job. Indeed, the usefulness of one's job to society has also been shown to fuel one's job satisfaction (e.g. Clark, 2010; Sousa-Poza and Sousa-Poza, 2000).

In supplement to these two attitudes, we also study how two indicators of effort, employees' self-reported job involvement and amount of uncompensated overtime hours, are impacted by the implementation of environmental-related standards. In both cases, we expect that corporate social investments made by firms will drive the employees to donate labor for pro-social investment (see Gregg et al., 2011, for a study of labor donation).

Therefore, the gains achieved by the employers from the environmental-related standardization would come partly from the reduction of their labor costs. In fact, reported perceptions of equity and usefulness in one's job have been found to be associated with the likely determinants of worker productivity, such as lower levels of absenteeism (e.g., DeBoer et al., 2002) and job withdrawal (Donovan et al., 1998), lower risk of poor health (van Vegchel et al., 2005), higher morale (Bewley, 2007) and protection from psychological stress (Takaki et al., 2010). Similarly, job involvement has also been identified as a factor that increases employee effort and performance (Diefendorff et al., 2002).

As noted by Ambec and Lanoie (2008), it would be useful to explore empirically the effects of implementing environmental-related standards on labor costs. Although we cannot directly test this relationship, the first original contribution of this paper is an assessment of the likelihood that a firm will improve its labor efficiency. Hence, we investigate the effect of working for a firm registered to an environmental-related standard on the likely predictors of labor productivity. The second point of interest of our study comes from a matched employer–employee dataset, the Organizational Change and ICT Survey (COI 2006), which provides a representative sample of French private firms with more than 20 employees. Both employers and employees are interviewed. The former is interrogated with regard to firm practices, technological changes and organizational changes and the latter with regard to the work organization, the content of the employees' jobs, and their attitudes and opinions. Importantly, this large employer–employee database (7700 firms and 14,369 randomly selected employees) provides information about the employers' adoption of environmental-related standards along with the employees' evaluations of their working conditions and job characteristics. Additionally, we control for a detailed set of worker, job and firm characteristics to properly isolate the effect of environmental-related standards on employees' attitudes, job involvement and effort. The utilization of French data has the further advantage of allowing us to analyze the consequences of implementing environmental-related standards in organizations outside the more extensively studied US case (Delmas and Pekovic, 2012). From that point of view, France appears to be an interesting case for assessing the strength of environmental motivations because French voters showed their growing sense of concern about environmental questions in the 2009 European polls, where French voters elected the highest number of Green Party representatives in the European Parliament.

The paper is structured as follows. Section 2 reviews the literature on the link between firms' pro-environmental behaviors and workers' attitudes. Section 3 presents the data and model specification. The results

⁴ For a survey of the evidence on individuals' concerns with employer image, see Bénabou and Tirole (2010).

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