Research article

Multilevel corporate environmental responsibility

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ARTICLE INFO

ABSTRACT

The multilevel empirical study of the antecedents of corporate social responsibility (CSR) has been identified as "the first knowledge gap" in CSR research. Based on an extensive literature review, the present study outlines a conceptual multilevel model of CSR, then designs and empirically validates an operational multilevel model of the principal driving factors affecting corporate environmental responsibility (CER), as a measure of CSR. Both conceptual and operational models incorporate three levels of analysis: institutional, organizational, and individual. The multilevel nature of the design allows for the assessment of the relative importance of the levels and of their components in the achievement of CER. Unweighted least squares (ULS) regression analysis reveals that the institutional-level variables have medium relationships with CER, some variables having a negative effect. The organizational level is revealed as having strong and positive significant relationships with CER, with organizational culture and managers' attitudes and behaviors as significant driving forces. The study demonstrates the importance of multilevel analysis in improving the understanding of CSR drivers, relative to single level models, even if the significance of specific drivers and levels may vary by context.

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1. Introduction

Revealing the antecedents of corporate social responsibility (CSR) is a multilevel challenge that has only rarely been approached from a multilevel perspective (Aguinis and Glavas, 2012). Research on CSR addressing precursors has been fragmented and highly dependent on the disciplinary approach taken. Institutional explanations compete with organizational explanations of CSR. Institutional perspectives focus on global, cultural, regulatory and stakeholder pressures (Campbell, 2007; Donaldson and Preston, 1995). Organizational behavior approaches emphasize organizational culture (Waldman et al., 2006) managerial orientation (Aguilera et al., 2007) and business profile traits (Lindgreen et al., 2009). Individual norms and personal values (Bansal, 2005) alongside workplace behaviors and attitudes (Collier and Esteban, 2007), have also been explored as possible precursors.

The present paper undertakes the challenge of unifying the divergent research paths into a coherent model that addresses the varied antecedents and mediators of CSR in a multilevel framework. This is an attempt to addresses the challenge identified by Aguinis and Glavas (2012, p. 953) as the "first knowledge gap" of CSR research. The paper first outlines a conceptual multilevel model of CSR, including most of the possible precursors that have been identified in literature. From this conceptual model is derived an operational model that is empirically validated. The operational model, like the conceptual model, integrates three levels of analysis: the institutional, organizational, and individual. Under the institutional level the operational model addresses regulatory and diverse stakeholder pressures. Under the organizational level corporate organizational culture (COC), leadership, and managers' responsibility for CSR are included. Finally, within the individual level are encompassed workers' attitudes toward the workplace: namely organizational commitment (OC), job satisfaction (JS), and organizational citizenship behavior (OCB). The dependent variable, corporate environmental responsibility (CER) is a subset of the broader concept of CSR, and allows for a focused empirical analysis.

The multilevel nature of the operational model allows us to explore the relative effects of the above antecedents and to assess the relative contribution of each level to CER. Validation of the model helps us gain the perspective needed to illuminate the mechanisms that bring about CER in the context of CSR.

The paper proceeds as follows: In part 2 we review the literature on the various precursors to CSR covered by the institutional,

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organizational and individual levels, and develop a conceptual model. In this part we also present the empirical model that is derived from the conceptual model. The empirical model is further developed in part 3 and is then empirically validated. Part 4 is then dedicated to the discussion of the results of the empirical analysis.

The findings reveal a reasonable goodness-of-fit measure of the operational model to the empirical data. They show that the predictive power of the institutional level is medium to strong, and that of the individual level is weak to null. The organizational level exhibits strong predictive power, especially with regard to organizational culture, manager behavior, and manager attitudes toward CSR.

2. A conceptual and operational model of multilevel antecedents of CSR

2.1. A multilevel model of CSR

Recent studies on CSR have described it as a political, multilevel governance phenomenon, involving different levels of actors (global, national, and local), both governmental and private (Scherer and Palazzo, 2011). Some of the pressures placed on firms in this structure are external, exerted by international and national regulators and by stakeholders. Others are internal, from within the firm.

In a large-scale literature survey of 588 research studies, Aguinis and Glavas (2012) identified three levels of analysis of precursors to CSR: individual, organizational, and institutional. In a 181-article subset it was found that 95% of the studies focused on only one level and only 1% of studies focused on three levels.

Examples of research that endeavored to address a multilevel model are Aguilera et al. (2007), who proposed a theoretical multilevel model of antecedents of CSR, but without subsequent empirical validation. Lerner and Fryxell (1988), included several dimensions as precursors of CSR, but with no clear multilevel analytical model to guide the research. Hence, the lack of "multilevel empirical study (of CSR), integrating several levels of analysis" has been identified as the "first knowledge gap" of CSR research (Aguinis and Glavas, 2012, 953).

Following the literature review by Aguinis and Glavas (2012) we develop a broad conceptual model of CSR differentiating between the institutional, organizational, and individual levels. From the broad categories included in the conceptual model we identify measurable variables within the context of this study and on this basis develop an operational model which is empirically tested.

2.2. The institutional level

Research on the institutional level focuses on regulatory, stakeholder or socio-cultural perspectives. These research streams have been rarely integrated (exceptions include Gunningham et al., 2003; Borck and Coglianese, 2011).

2.2.1. Stakeholders pressures

Institutional theory is one of the dominant approaches in the CSR literature explaining why firms are motivated to act in socially responsible ways (Marquis et al., 2007; Matten and Moon, 2008). Research with an institutional orientation on the antecedents to CSR has been concerned with both global and local institutional factors affecting business from without (Campbell, 2007). The institutional theory of CSR research has accommodated several leading approaches: (a) a business-oriented approach, (b) a regulation-oriented research, and (c) a socio-cultural approach.

Business-oriented research at the institutional level has focused on stakeholders as sources of varied interests and expectations affecting business (Sharma and Henriques, 2005; Stevens et al., 2005). CSR initiatives have been considered a way of responding to multiple stakeholder priorities and of balancing these against the economic and reputational interests of the firm, at the same time reducing the social costs of doing business (Gössling, 2011). Stakeholders can include consumers (Christmann and Taylor, 2006), suppliers (Cheung et al., 2009), employees and unions (McWilliams et al., 2006), financial institutions (Scholtens, 2006), the local community (Marquis et al., 2007), and interest groups (Greening and Gray, 1994). Potential demands by stakeholders are varied and may contradict each other. It is the role of the firm to balance these conflicting claims (Evans and Freeman, 1988; Donaldson and Preston, 1995; Gössling, 2011). Despite conflicting demands and pressures, the prevailing view in literature has been that stakeholders do influence CSR (Ditlev-Simonsen and Wenstøp, 2013). For these reasons, stakeholder demands are included as a distinct category of variables in the conceptual model (Fig. 1) at the institutional level.

Within the operational model (Fig. 2) we include as separate variables customers, employees, suppliers, financial institutions (banks and insurers), and the community. We address the power of stakeholders as it has been has been described as the main characteristic determining the degree to which organizations pay attention to different stakeholders (Mitchell et al., 1997; Parent and Deephouse, 2007).

2.2.2. Regulatory pressures

Institutional level research also addresses the effects of various regulatory pressures on CSR. These include both governmental command and control regulation, and soft or voluntary private regulation. A prominent theme is the relationship between a robust or feeble regulatory environment and CSR. A leading perspective has been that a strong regulatory backdrop and a credible threat of enforcement are necessary for various forms of voluntary regulation to be effective (Lenox and Nash, 2003). Bansal and Roth (2000) have found the effect of legislation to be a primary driver for different types of CSR across diverse industries.

Softer, voluntary forms of regulation, such as private standards, certifications, and rankings have the potential of effecting CSR performance. The evaluation of the effects of voluntary regulatory arrangements has been inconsistent due to the diversity of mechanisms and conceptual differences in analysis (Vogel, 2008, 2010). Some empirical research has shown that these types of mechanisms tend to produce formal symbolic results, as companies focus on the minimal requirements they have set and on their measured outcomes (Tenbrunsel et al., 2000). Other empirical research has contradicted the former findings, arguing that voluntary regulation can lead to higher sustainability performance when formal CSR standards and certifications are integrated into the core business of the firm (Halme et al., 2014).

Both forms of regulatory pressures are included in the conceptual model (Fig. 1). In the operational model (Fig. 2) we address regulatory pressures through two scales: regulatory power and regulatory demands or conditions, which include both strong and soft regulatory forms. In the case of regulators, compared to stakeholders, the demands variable is added since concrete regulatory demands can be derived from information supplied by the regulator.

2.2.3. Socio cultural conditions and norms

A different institutional approach has stressed social-cultural conditions and norms as determinants of CSR (Jones, 1999). Research seeking to discriminate socio-cultural conditions must usually adopt a comparative cultural approach. This avenue or research looks at societal conditions, such as local or national