PUTTING THE S BACK IN CORPORATE SOCIAL RESPONSIBILITY: A MULTILEVEL THEORY OF SOCIAL CHANGE IN ORGANIZATIONS

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We provide a multilevel theoretical model to understand why business organizations are increasingly engaging in corporate social responsibility (CSR) initiatives and thereby exhibiting the potential to exert positive social change. Our model integrates theories of organizational justice, corporate governance, and varieties of capitalism to argue that organizations are pressured to engage in CSR by many different actors, each driven by instrumental, relational, and moral motives. We conclude by highlighting empirical questions for future research and discussing some managerial implications.

Economic progress, through a fair and open world trading system is essential to tackle poverty and ensure a safer more secure world for everyone now and for future generations. The challenges remain of ensuring that the benefits of that progress reach all sectors in all countries and are not at the expense of the environment (Sir Stephen Timms, U.K. Minister for CSR, Royal Institute for International Affairs, March 1, 2004).

Corporate Responsibility at Chiquita is an integral part of our global business strategy. It commits us to operate in a socially responsible way everywhere we do business, fairly balancing the needs and concerns of our various stakeholders—all those who impact, are impacted by, or have a legitimate interest in the Company's actions and performance (Statement on Corporate Responsibility link on Chiquita web site, www.chiquita.com).

Social change is at the core of social science inquiry. In this paper we develop a multilevel

theoretical model to explore why corporations around the world might trigger positive social change by engaging in corporate social responsibility (CSR) initiatives. These initiatives include actions within the firm, such as changing methods of production to reduce environmental impacts or changing labor relationships both within the firm and across the firm's value chain, as well as actions outside the firm, such as making infrastructure investments in local communities or developing philanthropic community initiatives. Although it is still contested whether corporations have social responsibilities beyond their wealth-generating function (Friedman, 1962; Henderson, 2001), there exist today increasing internal and external pressures on business organizations to fulfill broader social goals (Davies, 2003; Freeman, Pica, & Camponovo, 2001; Logsdon & Wood, 2002). We further illustrate that because business organizations are embedded in different national systems, they will experience divergent degrees of internal and external pressures to engage in social responsibility initiatives (Logsdon & Wood, 2002; Matten & Crane, 2005; Windsor, 2004).

The definition of CSR that we are using refers to "the firm's considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along

with the traditional economic gains which the firm seeks" (Davis, 1973: 312).[1] Orlitzky, Schmidt, and Rynes (2003) provide a "breakthrough" in the CSR literature with meta-analytic evidence showing a significant positive effect of corporate social/environmental performance on corporate financial performance, and Mackey, Mackey, and Barney (2005) theorize with a supply and demand model that investing in socially responsible initiatives will maximize the market value of the firm. These studies should bring

some closure on the long-running debate (Margolis & Walsh, 2003; McWilliams & Siegel, 2000, 2001; Roman, Hayibor, & Alge, 1999; Ullmann, 1985; Wood & Jones, 1995) about whether it is in an organization's financial best interest to engage in CSR. Therefore, an important new line of inquiry within this field is no longer whether CSR works but, rather, *what catalyzes organizations to engage in increasingly robust CSR initiatives and consequently impart social change.*

Our model addresses an important gap in the existing organizational literature by proposing a multilevel theoretical framework of CSR, which, following the advice of CSR scholars (Margolis & Walsh, 2001; Waddock, Bodwell, & Graves, 2002), seeks to turn our attention to new research questions. We examine CSR at the micro (individual), meso (organizational), macro (country), and supra (transnational) level, drawing on theories from psychology, sociology, and legal studies, as well as such other disciplines as ethics and international business. Specifically, we present a framework that identifies (1) the multiple *actors* (e.g., employees, consumers, management, institutional investors, governments, nongovernmental organizations [NGOs], and supranational governmental entities) that push organizations to act in a socially responsible or irresponsible manner and (2) the instrumental, relational, and moral *motives* that lead each actor to push for positive social change, as

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[1] CSR definitions have proliferated as the idea has gained traction in society and as scholars have increasingly studied its antecedents and consequences. We have adopted a definition that is quite general and "transposable" to different levels of analysis and, thus, useful for our theoretical model. The definitions cover a wide spectrum of views. For example, a recent survey by *The Economist* on corporate social responsibility (*Economist*, 2005) synthesizes the CSR concept as "the art of doing well by doing good," although with certain skepticism. Henderson criticizes the notion of CSR as insufficiently defined but still uses as a working definition running business affairs "in close conjunction with an array of different 'stakeholders', so as to promote the goal of 'sustainable development'. This goal supposedly has three dimensions, 'economic', 'environmental' and 'social'" (2001: 15). His definition is, for the most part, consistent with Wood's (1991) process-oriented stakeholder definition of CSR. Finally, Waddock and Bodwell's definition centers around the stakeholders, "as the way in which a company's operating practices (policies, processes, and procedures) affect its stakeholders and the natural environment" (2004: 25).

TABLE 1
CSR Motives at Multiple Levels of Analysis

	Level				
				Transnational	
Motives	Individual	Organizational	National	Intergovernmental Entities	Corporate Interest Groups and NGOS
Instrumental	Need for control	Shareholder interests (short term)	Competitiveness	Competitiveness	Power (obtain scarce resources)
Relational	Need for belongingness	• Stakeholder interests • Legitimation/collective identity (long term)	Social cohesion	Social cohesion	Interest alignment, collaboration, and quasi-regulation
Moral	Need for meaningful existence	• Stewardship interests • Higher-order values	Collective responsibility	Collective responsibility	Altruism
Interactions	Upward hierarchical	• Insider downward hierarchical • Outsider upward hierarchical	Compensatory	Compensatory	Multiplicative

shown in Table 1. We then discuss how actors' motives within and across levels combine to encourage (discourage) CSR.

In addition, we provide a unique theoretical model to address cross-national comparisons and discuss the key variables that will shape CSR across countries. While there exist rich case studies describing CSR practices in individual countries (Gill & Leinbach, 1983; Kapelus, 2002; Wokutch, 1990) and studies analyzing the role of multinational corporations (MNCs) in CSR (Donaldson & Dunfee, 1999; Dunning, 2003; Hooker & Madsen, 2004; Logsdon & Wood, 2002; Snider, Paul, & Martin, 2003), little attention has been paid to nations' institutional and cultural effects on CSR efforts (Maignan, 2001, and Maignan & Ralston, 2002, being the main exceptions). In this paper we discuss how regulations, business practices, and employee attitudes toward CSR might differ across borders. In sum, while research to date has been fruitful in pushing our knowledge of CSR forward, we hope to show that the theoretical model developed here will shed light on how social change might be triggered or precluded, and we point to important contributions for researchers, managers, and policy makers.

CSR AND SOCIAL CHANGE

Much that has been written on CSR focuses on corporate social *irr*esponsibility and the public's reaction to it (Aman, 2001; Cropanzano, Chrobot-Mason, Rupp, & Prehar, 2004). For example, in 1996 it was alleged that Royal Dutch Shell supported the Nigerian military in its execution of the writer Ken Saro-Wiwa and a number of other Ogoni community members for their political organizing against Shell. The public outcry related to this event, and the contemporaneous environmental controversy over Shell's decision to discard the Brent Spar oil drilling platform in the North Sea, caused Shell to change its social outlook and relationships with host countries and consumers. In response, Shell reevaluated its operating principles to establish clearer human rights guidelines and issued its first social report.

Although this example represents *reactive* social change, there are also an increasing number of examples of *proactive* social change, such as corporations engaging in "triple bottom line" thinking, which suggests an organization's suc-cess hinges on economic profitability, environmental sustainability, and social performance (Hart & Milstein, 2003); giving greater visibility to CSR rankings (e.g., 100 Best Corporate Citizens); incorporating emerging global standards of expected responsible conduct into their management systems (e.g., the UN's Global Compact); and introducing accountability initiatives (e.g., SA 8000 and AA 1000) into their production processes and global supply chains (Waddock et al., 2002). Over half of the Fortune Global 500 MNCs produce a separate CSR report annually (Williams, 2004), and most have senior executives with responsibility for CSR efforts (*Economist*, 2005).

One premise in our analysis is that, in either case (reactive or proactive CSR initiatives), corporations are being pressured by internal and external actors to engage in CSR actions to meet rapidly changing expectations about business and its social responsibilities (Clark & Hebb, 2004; Cuesta Gonzalez & Valor Martinez, 2004; *Economist*, 2005). Another premise is that organizational practices such as CSR are exposed to decoupling effects so that some companies introduce CSR practices at a superficial level for window-dressing purposes, whereas other companies embed CSR into their core company strategy (Weaver, Treviño, & Cochran, 1999). We further assume that companies' responses to changing social expectations—in particular, their serious implementation of CSR initiatives into their strategic goals—have the potential not only to change their corporate culture but also to impart true social change.

As one example among many of a corporation's serious pursuit of CSR initiatives leading to positive social change, we would point to the Chiquita company, which has implemented living wage standards for all of its farm workers in every country in which it harvests fruit, and which has introduced state-of-the-art environmental practices throughout its supply chain (Taylor & Scharlin, 2004). We assume that efforts such as Chiquita's, which are being replicated by numerous other global companies in every sector—from extractives to apparel to pharmaceuticals to automotives and other heavy industry (Global Compact, 2005)—can have positive impacts on the lives of individuals working for Chiquita, on communities in which Chiquita operates, and on ecosystems on which Chiquita depends. Thus, we seek to develop an analytic

framework to understand, more systematically, pressures on companies to engage in such CSR initiatives.

THEORETICAL FRAMEWORK

We argue that at each level of analysis (individual employee, organizational, national, transnational) actors and interest groups have three main motives for pressuring firms to engage in CSR: *instrumental* (self-interest driven), *relational* (concerned with relationships among group members), and *moral* (concerned with ethical standards and moral principles). Cropanzano, Rupp, Mohler, and Schminke (2001) presented a similar needs model that synthesized several decades of research and theory on employee justice perceptions.

We seek both to refine and expand the multiple needs theory in two important ways. First, our exploration is more focused: we are looking not at general justice perceptions but more specifically at intentional actions taken by the firm in the name of social responsibility and the impact of those actions on employees' justice perceptions. Second, our model is more expansive: we move beyond employee perceptions to theorize that the needs and motives of top management, consumers, national governments, and transnational entities to encourage firms to engage in CSR can also be understood using this multiple needs framework.

Our model makes several contributions to the CSR literature. First, the field of organizational justice, which to date has resided almost exclusively in the microorganizational behavior literature and organizational psychology literature, has much to offer CSR in considering the responsibilities of firms, the degree of firm accountability (Cropanzano et al., 2004), and how firms' treatment of people, both internally and externally, affects a variety of actors (Masterson, 2001). This analysis allows for a more socially centered treatment of CSR, as opposed to the more economic approach often taken (Friedman, 1962; Henderson, 2001).

Second, the organizational justice literature has recently experienced a shift from instrumental, socioeconomic models to models that consider principled moral obligations of organizational actors (Cropanzano, Goldman, & Folger, 2003). Using the multiple needs theory as a framework allows for the simultaneous consid-

eration of instrumental, relational, and morality-based motives that various actors might act upon in putting pressure on firms to engage in CSR. Such an approach provides a powerful framework by which to study the complex network of factors that may lead organizations to be more socially responsible and, if successful, to impart social change.

Third, our model takes a different approach from existing CSR theories in that it considers the *antecedents of CSR*. More specifically, we examine the factors that might lead various actors at various levels of analysis to push firms to engage in CSR. This represents a unique treatment of CSR in that the majority of the existing models look at the consequences of CSR.

Last, we add value to the existing theoretical models by transposing theoretical constructs from the individual level to the organizational, national, and transnational levels. This gives us the flexibility to integrate the existing theories and research at each level of analysis while still using a comparable framework of analysis. Considering one level and set of actors at a time, we discuss the antecedents of CSR and then turn to their interactions.

Antecedents of CSR at the Individual Level

We start our analysis at the individual level—specifically, by examining why employees might push corporations to engage in CSR initiatives. Surprisingly, employees as the unit of analysis have received scant attention in the CSR literature.[2] Our individual-level framework, summarized in Table 1, draws from the research on employee justice perceptions (Cropanzano, Byrne, Bobocel, & Rupp, 2001; Cropanzano, Rupp, Mohler, & Schminke, 2001). In this part of the model we argue that employees' perceptions of the firm's external CSR are a special

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[2] Exceptions to this lack of research attention to employees include both Wood (1991) and Swanson (1995), who take a multilevel approach to studying corporate social performance (CSP), where they consider principles of CSP at institutional, organizational, and individual levels of analysis. The "individuals" in these models are individual managers or executives, who have discretion over a firm's socially responsible (or irresponsible) actions. In more recent work, Logsdon and Wood (2004) have extended the micro level of analysis to consider more explicitly the instrumental and moral motivations of employees to engage in behaviors consistent with global business citizenship.

aspect of their more general justice perceptions and that these CSR perceptions shape the employees' subsequent attitudes and behaviors toward their firm. Although our model does suggest that a firm, armed with the knowledge that employees' perceptions have such effects, will be pressured and motivated to be more socially responsible (and ultimately lead to social change via serious firm engagement in CSR), the heart of our theoretical argument lies in predicting how employees react to the firm's past socially responsible or irresponsible actions.

Forty years of justice research indicates a consistent effect of employee justice perceptions on a far-reaching set of outcomes (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Indeed, the perceived fairness of the working environment has been shown to affect both employee well-being (e.g., job satisfaction, stress, health, emotion) and organizationally relevant outcomes, such as employee commitment, turnover, absenteeism, job performance, citizenship behavior, and counterproductivity. In effect, when fairness is perceived, employees are happy and work harder. However, under unjust conditions, employees reciprocate through lowered performance and vengeful behaviors (Ambrose, Seabright, & Schminke, 2002; Aquino, Tripp, & Bies, 2001; Tripp, Bies, & Aquino, 2002). Some authors argue that revenge is not necessarily a bad outcome in that it is often socially motivated, and, thus, the risk of revenge can serve as a social barometer and motivate organizations to strive to be more fair (Bies & Tripp, 1998).

We believe that an organization's social actions (positive or negative) provide employees with critical information to use in judging the fairness of the organization. Although much research in this area has focused on self-focused perceptions (i.e., "How fairly am *I* treated?"), recent studies have taken a more deontic approach, considering how individuals react to others' being treated (un)justly (Cropanzano et al., 2003). In effect, one can argue that an organization's CSR efforts define its level of social justice. Just as fairness heuristic theory (Lind, 2001) predicts that fairness is used as a heuristic for trust, so do we propose that CSR is a heuristic for fairness.

Using the classic typology provided by the organizational justice literature (Colquitt, 2001), we propose that employees make three distinct judgments about their employing organization's CSR efforts. That is, employees judge the social concern embedded in their organization's actions (procedural CSR), the outcomes that result from such actions (distributive CSR), and how individuals both within and outside the organization are treated interpersonally as these actions are carried out (interactional CSR). These judgments are similar to the self-focused judgments of distributive (Adams, 1965), procedural (Thibaut & Walker, 1975), and interactional (Bies, 2001) fairness studied in the justice area but in this case are focused on the organization's impact on the broader social milieu (as opposed to simply how the employee is treated). Upon forming these distinct CSR judgments, employees reciprocate socially (ir)responsible actions through their subsequent attitudes and behaviors, as shown in Figure 1.

Following the work of justice scholars (e.g., Degoey, 2000), we view employee judgments of CSR as socially constructed and as social contagions that are communicated from one employee to another, eventually spreading to groups and entire organizations and shaping the organizational-level climate for CSR. Just as self-focused justice judgments create a "fairness climate" within groups (e.g., Liao & Rupp, 2005), employee perceptions of CSR, we propose, will combine to create an organizational climate for CSR, which contributes to a firm's overall social reputation.

There is empirical research showing that an organization's social actions matter to its employees, although more work is needed in this area. For example, in two studies Greening and Turban (2000; Turban & Greening, 1997) found that job applicants' perceptions of a firm's corporate social performance influenced their desire to work for the firm. These authors used both social identity theory to demonstrate that individuals prefer to work for socially responsible firms, because doing so bolsters their self-images, and signaling theory to show that employees use a firm's social reputation to judge what it would be like to work for the organization.

Research also indicates that employees' perceptions of a firm's social policies will impact their willingness to participate in, contribute to, and initiate social change initiatives. For example, Ramus and Steger (2000) found that when employees perceive their employing organization to be strongly committed to environmental

FIGURE 1
Actors' Mechanisms to Influence Social Change
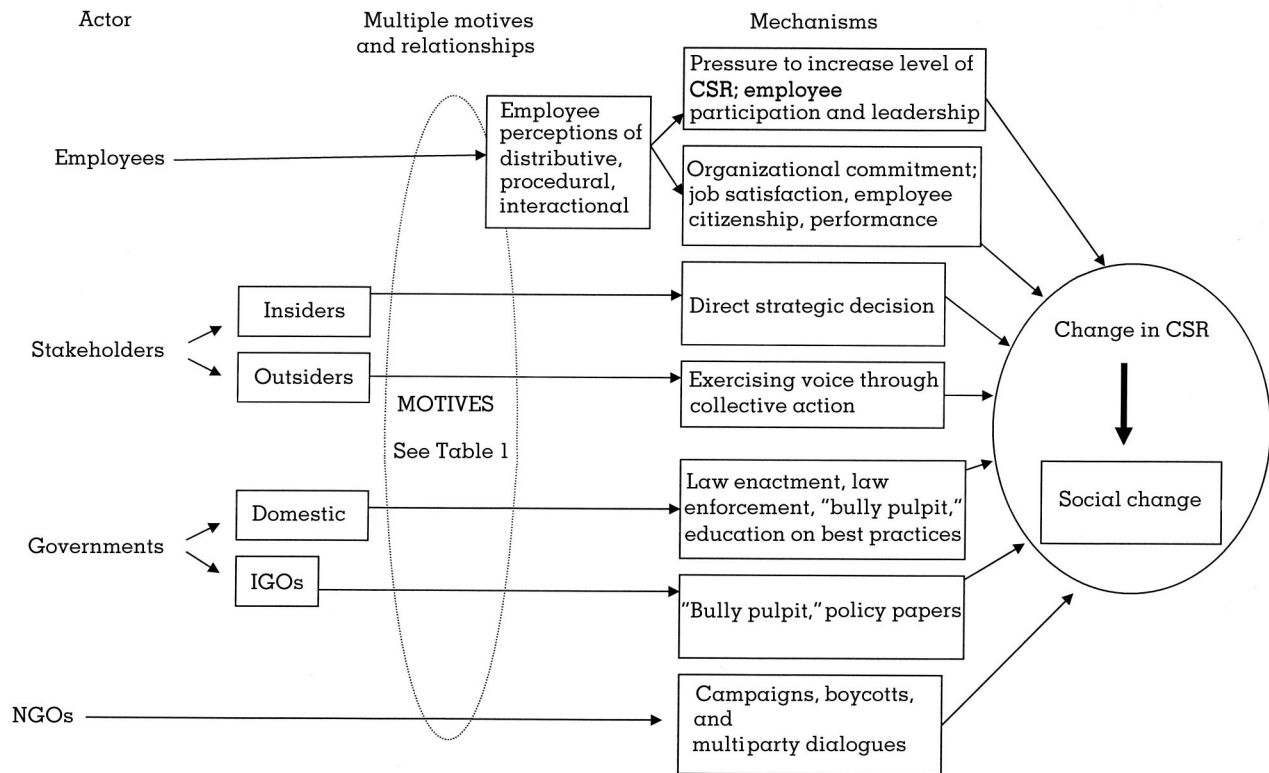
protection, they are more likely to generate ideas for making the firm's practices more environmentally friendly. Further, the existence of a published environmental policy by an organization predicts employees' willingness to attempt self-described environmental initiatives.

Turning to the application of the justice framework to CSR, we examine how instrumental, relational, and morality-based motives will push employees to influence CSR, and how these three types of concerns map onto individuals' basic psychological needs for control, belongingness, and meaningful existence, as shown in Table 1.

Instrumental motives. Instrumental models (Tyler, 1987) posit that we are motivated to seek control because control can serve to maximize the favorability of our outcomes. This ego-based or self-serving concern for justice stems from the psychological need for *control*. That is, fair processes allow individuals to more accurately foretell an organization's actions. Indeed, decades of research support the instrumental motives of employees. This evidence stems from

research on economic rationality (Sullivan, 1989), Thibaut and Walker's (1975) control model, and classic formulations of social exchange theory (Adams, 1965; Blau, 1964; Foa & Foa, 1980). In fact, many authors have argued that procedural justice concerns are inherently self-interested (Lind & Tyler, 1988; Tyler, Degoey, & Smith, 1996; Tyler & Lind, 1992),[3] and it has been demonstrated empirically that the presence of control improves individuals' reactions to decisions made about them, owing to expectations that process control leads to the maximization of outcomes in the long run (Folger, Cropanzano, Timmerman, Howes, & Mitchell, 1996; Rasinski, 1992; Roberson, Moye, & Locke, 1999).

We extend this logic into the realm of CSR by arguing that employees may view a socially engaged organization as one that is concerned

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[3] We state this with caution, however, in that the control need and subsequent outcomes may not always be self-interested. This research focuses on instrumental motives but does not claim that *all* individuals do is instrumentally motivated.

about all people, both internal and external to the organization. The logic is that if an organization has a general concern for fairness (e.g., respect and care for the environment, for working conditions), employees may deduce that chances are conditions will be fair for them, thus satisfying their need for control. Therefore, employees seek and promote CSR in order to maximize their own outcomes.

Relational motives. Relational models (Tyler & Lind, 1992) show that justice conveys information about the quality of employees' relationships with management and that these relationships have a strong impact on employees' sense of identity and self-worth. The relational need for justice is inextricably linked to the psychological need for *belongingness*. It is the employee's attachment to others from which self-identity is drawn (Tajfel & Turner, 1979). Justice is generally seen as a mechanism for bringing people together, while injustice tends to pull them apart.

A great deal of empirical evidence supports this notion. For example, we know that when employees feel they are treated fairly by their organization (by both the organization as a whole and individuals in management positions), they are more likely to trust the organization (Konovsky & Pugh, 1994), to feel supported by it (Masterson, Lewis, Goldman, & Taylor, 2000), and to perceive high-quality social exchange relationships with the organization/management (Rupp & Cropanzano, 2002). Together, this research shows that when organizational authorities are trustworthy, unbiased, and honest, employees feel pride and affiliation and behave in ways that are beneficial to the organization (Huo, Smith, Tyler, & Lind, 1996; Tyler & Degoey, 1995; Tyler et al., 1996).

In our conceptualization of CSR, CSR fosters positive social relationships, both within and between organizations and communities, and, therefore, relational needs become highly relevant. Indeed, Clary and Snyder (1999) note that CSR allows for the creation and strengthening of social relationships, as well as the reduction of negative feelings associated with an alleged *bad* relationship between an organization and its community.

What we posit, then, is a chain reaction caused (or not caused) by an organization's CSR efforts. That is, as explained above, employees have a psychological need to belong—to be le-

gitimate members of valued social groups. In organizations they often rely on their justice perceptions to deduce if they have such standing and, thus, if their needs for belongingness are being met (Lind, 2001). Employees desire that organizations act in a socially responsible manner not only because CSR gives them a general sense of the organization's concern for treating *all* people fairly but also because CSR initiatives require employees and management to work together toward a greater good, providing employees with additional experiences with which to judge *both* management's social concerns *and* relational quality.

Morality-based motives. A third major psychological need is the need for *meaningful existence*. Most individuals share a basic respect for human dignity and worth—and this morality-based concern for justice drives our attraction to, dealings with, and reactions to organizations. Here concern is shifted from what serves one's economic self-interest or group standing to what one views as ethically appropriate (Cropanzano et al., 2003). In this sense one is drawn to what one feels is just, independent of how actions affect one personally. Empirical evidence shows that individuals are concerned with fairness, even when there is no apparent economic benefit for doing so and the recipient of the just or unjust act is a stranger (Kahneman, Knetsch, & Thaler, 1986; Turillo, Folger, Lavelle, Umphress, & Gee, 2002), suggesting that virtue may be its own reward (Cropanzano, Byrne, Bobocel, & Rupps, 2001; Folger, 1998). It is important to note, however, that even though universal justice norms may exist, individual differences come into play as well. Greenberg (2002) found that employee theft was most likely in situations where no corporate ethics program was in place *and* employees were low in moral development. This highlights the notion that the moral actions of the firm interact with the moral concerns of employees in influencing their behaviors within the organizational context.

What this means for CSR is that employees will seek to work for, remain in, and get attached to organizations whose organizational strategies are consistent with the employees' moral or ethical frameworks, and this preference may, at times, supersede employees' instrumental and relational motives (Folger, Cropanzano, & Goldman, 2005). Moral motives will also have the potential to influence employees'

participation in various CSR initiatives, meaning they desire to be involved not only with initiatives seen as directly affecting themselves or groups they identify with but also with causes they feel are fundamentally just and relevant to the establishment of a moral community. For example, Barbian (2001) presents evidence that many individuals are willing to take less pay in order to work for a socially responsible firm. In light of the discussion of these three individual-level motives, we suggest the following.

> *Proposition 1a: Individual employees' needs for control, for belongingness, and for a meaningful existence will lead them to push firms to engage in social change through CSR.*

Interactions Among Employee Motives: An Upward Hierarchy

There has been a great deal of debate in the justice literature about the existence of and interplay between instrumental and morality-based justice motives (with relational motives falling somewhere in between), and no consensus to date on how such motives interact. Some research suggests, however, that meaningful existence motives and needs may be especially salient in CSR contexts. For example, Lerner (2003) shows that in situations of minimal importance, when little is at stake and when individuals have the time and cognitive resources to think calculatively, they are likely to be most concerned with their self-interest (i.e., needs for

control are most salient). Conversely, when a situation involves matters of serious consequence, individuals are likely to respond with strong emotions, and such emotions engage needs and motives that are much more moral/ethical in nature (i.e., meaningful existence). Furthermore, evidence for morality-based justice motives is shown to be especially strong in dialogues involving social issues (Bobocel, Son Hing, & Zanna, 2002; Skitka, 2002).

We posit that organizations' socially responsible or irresponsible acts are of serious consequence to employees. We are reminded of the strong case being made by deonance researchers (Folger et al., in press) that, because of the close link between injustice and immorality, employees' responses to corporate irresponsibility may involve strong emotions and behaviors, which could transcend any short-term economic interests. Therefore, we propose that the needs for control, belongingness, and meaningful existence are ordered in an upward hierarchy such that employees will exert the most pressure on organizations to engage in CSR when their needs for meaningful existence are paramount, followed by belongingness and control. Put differently, the relationship between the motives is an additive one, yet deontic motives carry greater weight in determining the total "CSR motivation" held by each employee. Table 2 exemplifies how this relationship could be summarized if we were to write an equation to conceptually capture it. It is important to note that individual differences exist in the extent to

TABLE 2
The Interplay of Motives Within Each Level

Level	Relationship	Pressure Placed on Firm to Engage in CSR
Employee	Upward hierarchy	= 1 (control) + 2 (belongingness) + 3 (meaningful existence)
Organizational	● Insider downward hierarchy	= 3 (shareholder interests) + 2 (stakeholder interests) + 1 (stewardship interests)
	● Outsider upward hierarchy	= 1 (shareholder interests) + 2 (stakeholder interests) + 3 (stewardship interests)
National	Compensatory	= (competitiveness) + (social cohesion) + (collective responsibility)
Transnational	Multiplicative[a]	= (power) × (collaboration) × (altruism) (*ordering depends on actor*)

Note: Formulas are only conceptual and meant to illustrate the ordering of motives within a level. Weights are only meant to show relative ordering; they are not absolute. A higher value indicates that more weight is placed on the motive in determining total pressure placed on the firm to engage in CSR.

[a] The multiplicative metaphor cannot be stretched too far, however, since two negative motivations, perhaps to undermine discussions and to disrupt networks, will not create a positive pressure on organizations or IGOs (if that is the arena) to engage in CSR.

which such needs are ordered (Cropanzano et al., 2003). What this suggests is that those who place the most value on human worth and a greater good are the most likely to fight for CSR.

> *Proposition 1b: An upward hierarchical ordering of motives among individual employees will lead to stronger pressure on firms to engage in social change through CSR.*

Antecedents of CSR at the Organizational Level

In this section we explore the pressures that firm *insider groups,* chiefly owners (shareholders) and managers, and *outsider groups,* chiefly consumers,[4] exert on firms to adopt socially responsible initiatives. We frame our model around two assumptions. First, although the firm's main goal is to survive by means of achieving competitive advantage in the economic market, different mechanisms exist to sustain firm survival and efficiency. Second, firms do not operate in a vacuum. Rather, they are embedded in national and industry institutional settings that enable their strategic decisions (Aguilera & Jackson, 2003). Hence, in this section we also compare organizational actors across national settings.

Actors at the organizational level possess different mechanisms to influence social change depending on whether they are insiders or outsiders (see Figure 1). Insiders, such as the top management team (TMT), have the most direct power to influence the firm's engagement in CSR by developing corporate strategy and allocating resources to different firm programs and practices. Organizational studies have shown that a firm's decision-making process is a political process where, on the one hand, there is a negotiation among members of the *dominant coalition* (Cyert & March, 1963) and, on the other

hand, the decision-making power is given to those actors with the resources to exercise their power (Pfeffer, 1992). This suggests that managers wanting the firm to become involved in CSR activities will need to have the power to put CSR on the agenda and to align the activities with the firm's strategic goals. The politics of decision making are thus a key factor in this process of change within the organization—one that may be affected by the motives of the TMT for instigating CSR efforts.

Outsider groups usually exercise their influence on the firm through voice. For example, consumers exercise their voice individually through their purchasing power (Waddock et al., 2002), such as a willingness to pay more for certain goods and services (Smith, 1990). Yet consumers' purchasing decisions can ultimately become consumer movements utilizing classic social movement strategies, such as boycotts, as in the case of the anti-genetically engineered food and crops campaigns in the EU or the anti-Nike activists in the 1990s in the United States (Kozinets & Handelman, 2004). Marketing empirical research has demonstrated that companies are sensitive to their CSR image and are becoming increasingly aware of the positive relationship between the firm's CSR actions and consumers' reaction to the firms' products, as well as the negative effects when CSR efforts are deleterious or not perceived as legitimate (Creyer & Ross, 1997; Sen & Bhattacharya, 2001).

We turn our attention to the other side of the equation—that is, what are the motives for consumers as a stakeholder group to pressure firms to engage in CSR? Thus, below we extend the employee multiple needs model to the organizational level of analysis in order to examine insider and outsider groups' instrumental, relational, and moral motives for pressuring firms to engage (or not) in CSR, as summarized in Table 1.

Instrumental motives. The corporate governance literature divides the corporate world into two ideal-type national models (Aguilera, 2005). The *Anglo-American* model (exemplified by the United States) is characterized by dispersed ownership expecting short-term returns, strong shareholder rights, arm's-length creditor financing through equity, active markets for corporate control, and flexible labor markets. The *Continental* model (exemplified by Germany and Japan) is characterized by long-term debt finance,

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[4] We recognize that consumers primarily act as individuals and so can be evaluated at the individual level, just as employees often act collectively through labor unions, even though we have looked at them as individuals in the prior section. Here we categorize consumers as an outsider stakeholder group at the organizational level, since that is how they are treated in the stakeholder view of the firm, while recognizing their high resource interdependence with the focal firm (Frooman, 1999). See also Harrison and Freeman (1999).

ownership by large blockholders, weak markets for corporate control, and rigid labor markets. We argue that *short-term shareholders* within the Anglo-American model may have some instrumental motives to push for CSR (see Table 1) when CSR initiatives are directly related to greater competitiveness of the firm, such as by protecting a company's reputation (Bansal & Clelland, 2004; McWilliams & Siegel, 2001). Conversely, owners in the Continental model, such as banks, the state, or employees, will tend to set longer-term expectations for profitability and include a broader set of constituents in their strategic thinking, such as promoting long-term employee welfare or investing in research and development of high-quality products (Hall & Soskice, 2001). These owners might also have instrumental motives for persuading the firm to engage in CSR efforts when those efforts are compatible with long-term profitability. For example, Bansal and Roth (2000) provide qualitative evidence that some Japanese firms' ecological responsiveness is motivated by long-term competitiveness. We categorize this as an instrumental motive.

With the emergence of the shareholder rights movement in the late 1980s (Davis & Thompson, 1994), institutional investors became particularly active owners (relative to other types of owners), especially within the Anglo-American model. Investments made by institutional investors tend to be large, so they cannot move in and out of firms without paying a price. Therefore, institutional investors tend to exercise voice rather than exit. Among institutional investors, mutual funds and investment banks operate as shareholder value–maximizing owners—emphasizing short-term profitability supported by growth strategies such as mergers and acquisitions, as opposed to internal development of new products and R&D expenditures. Pressures to show short-term returns make these owners predisposed to support investing resources in socially responsible initiatives only when there is an immediate association with profits, such as enhancing short-term competitiveness. Consumers as outsider organizational actors might have some instrumental motives for pushing firms to engage in CSR—for instance, when environmental stewardship creates products that are perceived as healthier. The intensity of consumers' instrumental motives is likely to vary across countries contingent on how consumers perceive the role of the firm and CSR (Maignan, 2001). Yet, in general, consumer motives to be concerned with CSR are conceived as relational or moral, as discussed below.

Relational motives. Organizational-level actors' relational motives to pressure firms to engage in CSR efforts can be observed by adopting a stakeholder theory of the firm (Clarkson, 1995; Rowley & Moldoveanu, 2003). Generally speaking, stakeholder theory (Donaldson & Preston, 1995; Freeman, 1984; Jones, 1995) accounts for the diversity of stakeholder interests and their competition for firm resources. When the owners have *stakeholder wealth–maximizing interests,* they will act to ensure the well-being of the different groups engaged in a relationship with the firm. For example, German owners might be in favor of investing in suppliers' R&D because it is likely to lead to long-term benefits for the firm, or a Japanese firm might prefer to borrow from a domestic bank in order to develop long-term trust that will lead to a future safety net. Thus, managers in the Continental model are likely to encourage the firm to engage in CSR when stakeholders' interests will be fulfilled, since they are driven not only by short-term profit maximization but primarily by relational motives such as long-term growth, the need for social legitimation, and achieving balance among stakeholders (Aguilera & Jackson, 2003).

Even in a shareholder wealth–maximizing framework, firms seek social *legitimation* in order to survive. Legitimation is seen as a relational motive since it refers to a concern for how a firm's actions are perceived by others. Firms within a given industry are confined by the specific norms, values, and beliefs of that industry, some of which are enacted into law. Firms have relational motives to engage in the CSR practices of their industry in order to be seen as legitimate by complying with industry norms and regulations, as well as instrumental motives to preempt bad publicity, institutional investor disinvestment, and penalties due to noncompliance (Kagan, Gunningham, & Thornton, 2003). Thus, organizational actors are likely to engage in CSR to emulate their peers in order to preserve their social legitimacy (Schuman, 1985) by preventing negative perceptions, and to ensure the organization's long-term survival (Meyer & Rowan, 1977; Zucker, 1977) and social license to operate (Livesey, 2001). This specific

TMT relational motive is empirically validated in Bansal and Roth's (2000) study of why companies "go green" and in Bansal's (2005) mimicry arguments.

In contrast to mutual fund owners, discussed above, some public pension funds, labor funds, and socially responsible investment (SRI) funds have a much longer time horizon than do mutual funds and investment banks and, consequently, exhibit stronger relational motives. These investors emphasize long-term stakeholder interests and social legitimacy by investing in firms that meet high labor or environmental standards or that are responsive to the communities in which they operate and the people they employ (Johnson & Greening, 1999). The case of "noisy" pension fund activists, such as CalPERS, is illustrative of how some public pension funds have acted as catalysts for CSR initiatives in corporations by conducting a highly public screening of corporations that might lead to brand damage and deterioration of firm reputation (Clark & Hebb, 2004). Johnson and Greening (1999) have shown that pension funds' long-term orientation is positively associated with higher corporate social performance. Similarly, SRI funds exhibit a broader range of concerns than short-term profit maximization, combining analysis of firms' social and environmental performance with more traditional financial analysis in constructing their investment portfolios (Lydenberg, 2005). We construe these motives as significantly relational, being aimed at promoting the interests of suppliers (e.g., using nontoxic materials), customers (e.g., offering environmental products), employees (e.g., having adequate labor conditions), and other stakeholders in the firm, and not merely seeking short-term shareholder returns.

Social movement researchers have turned their attention to the cultural frames, identity, and meaning of group members and the use of that collective identity to pursue conscious strategic efforts. In this regard, consumer groups and "market campaign" activists in CSR tend to share a certain understanding of the world and of themselves that legitimates and motivates their collective action (McAdam, McCarthy, & Meyer, 1996). We argue that the collective identity of consumers is a relational motive that will lead them to pressure companies to engage in CSR.

The U.S. Paper Campaign in 2000 to end production of paper from endangered forests and increase sales of recycled paper, which focused on Staples as a central target, is a good example of how members in this consumer activist group build a collective identity to achieve their goals. This relational motive or strong collective identity among group members is developed not only around CSR issues but also more broadly on an ideological basis. Following Kozinets and Handelman (2004), we argue that in more radical varieties of consumer movements, such as the anti-Nike activists (Holt, 2002; Shaw, 1999) or the anti-genetically engineered food and crop activists (Schurman, 2004), the relational dynamics tend to be even more salient.

Moral motives. Stewardship theory (Davis, Schoorman, & Donaldson, 1997) suggests that organizational actors bring their personal morality-based values into the firm, which might go beyond economic interests or self-fulfillment. Hence, moral motives to pressure companies to engage in social change via CSR initiatives may come from organizational actors whose deontic motives are particularly salient. Organizational actors within firms, such as TMTs, make decisions based on their cognitive biases and personal values (Cyert & March, 1963), which will diffuse to the overall organizational values and business ethics. In addition, Hartman (1996) argues that what is desirable and valuable—and what constitutes a good life in an organization—is contingent on the conditions of the community and the autonomy of the decision makers.

Logsdon and Wood (2002) have posited that organizational actors operating in a global business context may have moral motives (and, indeed, duties) to engage in "small experiments" to try to bring about a fairer world and to correct the imbalances of wealth, gender, race, and religion, among others. When organizational actors act according to *stewardship interests* by instigating social and moral actions toward a better society, they are likely to inject CSR initiatives in their firm strategies, leading to social change. For example, the majority owners at Ford share a sense of commitment to the world's scarce resources, and, consequently, they have articulated a formal commitment to becoming the world's largest recycler of automobile parts, in part to preempt future regulation—instrumental motives—but also to actuate their concern

for the social good—moral motives (Howard-Grenville & Hoffman, 2003).

Consumers, as an outsider stakeholder group, also push for CSR out of morality-based motives or *higher-order values*. Donaldson and Dunfee (1999: 246) discuss how the macrosocial contract includes the mechanism by which stakeholders can demand ethical obligations on firms via voice, consent, and exit. Existing case studies on consumer activism indicate that there exists an increasingly mobilized social group of consumers, often referred to as the "ethical shopping movement" (Harrison, 2003), with the capacity to impact brand image and corporate reputation for the sake of the greater good (or universal morality) and long-term sustainability. When consumers share a common meaning frame, are organized in networks, and have the capacity to damage corporations—mostly by boycotting products (Davidson, Abuzar, & Worrell, 1995)—in the name of society's collective good, they are likely to influence the company to engage in CSR initiatives. For example, when Nike was accused of allegedly using sweatshops in its offshore operations, consumer groups mobilized to boycott its products (Knight & Greenberg, 2002), influencing Nike to introduce changes in its global labor practices. Research on brand image shows that, given the choice, some consumers will pay more for a product from a "good" company (Sen, Gürhan-Canli, & Morwitz, 2001), as in the case of Ben & Jerry's ice cream, with variations in consumer perceptions about the importance of CSR across countries (Maignan, 2001; Maignan & Ferrell, 2003).

We have now argued that different actors within the firm will not only pressure firms to engage in CSR but that these communities will also have different motives to do so. These three motives lead the following proposition.

> *Proposition 2a: Internal and external organizational actors' (shareholders', managers', consumers') shareholder interests, stakeholder interests, and stewardship interests will lead them to push firms to engage in social change through CSR.*

Interactions Among Organizational-Level Motives: Insider Downward Hierarchy and Outsider Upward Hierarchy

This discussion of organizational-level CSR motives addresses each motive separately so as to highlight the motives that influence internal and external social groups to demand higher CSR from firms. In practice, all organizational motives will be working simultaneously, yet some motives will be more salient than others. Although the specific manner in which these motives are combined is ultimately an empirical question, it is still necessary to discuss how such processes might play out at this level. To do so, we focus on the interactions of one key insider group—managers—and how these managers' motives are ordered hierarchically (see Table 2). We then briefly extrapolate from the managerial interactions to outsider stakeholders, such as consumers, and how they might prioritize their motives to push to trigger social change.

Managers are key insiders of the firm, and they not only process the signals from owners' and consumers' multiple motives but have their own multiple motives to engage in CSR. For example, when Rom Rattray of Procter & Gamble (P&G) was asked about the firm's initiative to produce less environmentally damaging, concentrated detergents, saving P&G millions of dollars since 1992 by reducing both production and shipping costs, he stated that they were not doing this because it saved money but because it was the right thing to do and saved money (Mehegan, 1996), illustrating multiple managerial motives. Previous empirical research has noted that variance in viewpoints often exists within TMTs on issues such as ecological responses (Bansal & Roth, 2000) or ethics programs (Weaver et al., 1999). Here we seek to conceptualize the nature of the relationship among instrumental, relational, and moral motives that will lead the TMT to push for positive social change activities, such as increased resources and effort directed at CSR initiatives.

We argue that, first and foremost, managers will implement CSR initiatives when these align with their instrumental interests of enhancing shareholder value and increasing firm competitiveness and profitability so that managers can ensure firm survival and raise their compensation packages, which are generally tied to profitability. Although existing research has demonstrated that firms' CSP leads to higher profitability (Orlitzky et al., 2003), it is important to highlight that this is not always going to be obvious to the TMT, particularly when short-term versus long-term benefits seem

to conflict. Thus, TMTs will incorporate CSR in their organizational strategies only when doing so is clearly associated with greater economic opportunities, as in the case of green marketing (Smith, 1990). We place the most weight on this motive and assume it is a necessary condition for action to take place.

From a relational perspective, managers have external pressures from stakeholders and other companies in the organizational field, and these might push their company toward greater CSR. For example, managers might want to engage in CSR because doing so is presumed to enhance corporate legitimacy and, thus, to contribute to corporate profitability, even if those practices are merely "window dressing" (Meyer & Rowan, 1977). Managers will also justify CSR initiatives when there are external pressures to avoid social sanctions (protests, negative press, diminished reputation and image) that might damage their relations with shareholders.

We also know that TMTs have a powerful effect on organizational values (Hambrick & Mason, 1984) and that they may act out of deonance—a moral obligation to "do the right thing." Stewardship scholars argue that managers might have broader interests than self-fulfillment (Davis et al., 1997) and that TMTs' characteristics—including values—play a critical role in influencing organizational actions (Hambrick & Finkelstein, 1987).

Combined, this evidence suggests that TMTs have multiple motives to develop CSR initiatives in the firm and, as with employees, that these motives can be conflicting. However, there will almost always be a hierarchy of motives. We assert that for insider organizational actors (i.e., TMTs) to be strongly motivated to engage in effective, strategically managed CSR initiatives, they will first need to see the instrumental value of these initiatives and, thus, will be acting from instrumental motives, followed by relational and then moral motives. We therefore argue that there is a downward hierarchical ordering of insider organizational actors' motives, which are predictive of commitment to CSR and which can be synthesized in an additive hierarchical fashion as illustrated in Table 2.

> *Proposition 2b: A downward hierarchical ordering of motives among insider organizational actors (i.e., TMTs) will*

lead to stronger pressure on firms to engage in social change through CSR.

Conversely, outsider organizational actors such as "ethical consumer groups" will have an indirect effect on firms' decision making. We propose that such outsider organizational actors are primarily seeking to advance social benefits closely linked to moral motives, followed by relational and instrumental motives. Thus, these outsider actors will prioritize their motives in an upward hierarchical ordering similar to the relationships described above for employees as synthesized in Table 2. We offer the following proposition.

> *Proposition 2c: An upward hierarchical ordering of motives among outsider organizational actors (i.e., consumers) will lead to stronger pressure on firms to engage in social change through CSR.*

Antecedents of CSR at the National Level

Government action—both enacting laws and enforcing them—is an important factor influencing firms to implement CSR initiatives and so become agents of social change, as shown in Figure 1. As one example, the governments of France, Germany, and the United Kingdom have each passed laws requiring pension fund managers to disclose the extent to which they consider the social and environmental records of the companies in which they invest (Aaronson & Reeves, 2002). These laws have encouraged pension funds and their investment managers to pay more attention to companies' social and environmental performance, creating additional pressures for companies to consider those issues as well (Williams & Conley, 2005). The laws governments pass to encourage CSR are uniquely powerful because they can achieve broader coverage than voluntary initiatives, such as the UN Global Compact (substantive human rights standards) or the Global Reporting Initiative (social, economic, and environmental disclosure format). Moreover, laws set social expectations about responsible corporate behavior that are then reinforced by other actors, such as consumers, NGOs, and institutional investors (Kagan et al., 2003).

A cross-national comparison suggests that government actions through promulgating and

enforcing laws help to create unique CSR climates that vary across countries (Campbell, 2005). The governments of Belgium, Canada, Denmark, the Netherlands, and the United Kingdom have been particularly active in promulgating CSR statutes domestically and promoting CSR discourse transnationally, and France, Finland, Germany, and South Africa have recently enacted domestic CSR regulations (Aaronson & Reeves, 2002; Cuesta Gonzalez & Valor Martinez, 2004). In contrast, the U.S. government was engaged in promoting voluntary CSR initiatives in specific industries, such as apparel (the Apparel Industry Partnership) and extractives (the Voluntary Principles on Security and Human Rights in oil, gas, and mining), during the Clinton administration (Schrage, 2003) but has not promulgated any specific CSR laws.

Governments' motivations to establish high standards for CSR can be identified as instrumental, relational, or moral. Defining and categorizing these motives leads to a greater understanding of when governments might push companies to engage in CSR initiatives.

Instrumental motives. In developed countries, creating a competitive business climate domestically and encouraging economic development internationally in countries where the developed countries' flagship companies participate are major functions of governments' economic policies. Thus, governments have instrumental reasons to promote CSR policies to the extent those policies are understood to promote international *competitiveness*. CSR increases competitive advantage by fueling innovation, enhancing customer reputation, creating high-performance workplaces, and maintaining important intangible assets, such as community trust or employee goodwill (U.K. Department of Trade and Industry, 2003). CSR is also recognized as a useful risk management strategy, since it requires managers to communicate with a range of stakeholders to identify longer-term social, economic, and environmental risks and to incorporate thinking about those risks into strategic development (U.K. Department of Trade and Industry, 2004). To varying degrees, developed country governments also acknowledge that their flagship companies represent the country internationally: Coca-Cola and McDonald's are the face of the United States internationally, just as British Petroleum is the face of the United Kingdom internationally (Freeman

et al., 2001). Thus, governments have an economic interest in having their flagship companies exhibit high standards of CSR abroad, thereby reducing the chance the companies will become targets for reprisal, negative publicity, or boycotts based on a poor record of CSR.

Relational motives. The governments that have been the most active in promoting CSR explicitly articulate a number of relational motives, clustering around the idea that companies have responsibilities to promote *social cohesion* and to address problems of social exclusion (Aaronson & Reeves, 2002). These governments recognize a partnership between companies and the societies in which they are embedded, with a particular focus on incorporating the economically marginalized and socially disfavored into the mainstream (e.g., promoting "social inclusion"; European Commission, 2000; Goebel, 1993). These are also countries that recognize a "social partnership" among labor, business, and communities, as well as obligations for business to fully participate in that partnership (Streeck & Yamamura, 2001). We see these efforts as strongly relational at their core, being concerned with developing effective relationships between multiple parties, particularly the marginalized and socially insecure in relation to the powerful and socially secure.

Moral motives. Inherent in the social partnership idea is an understanding that companies have a *collective responsibility* to contribute to a better society. In continental Europe, the United Kingdom, and Canada, where governments have been particularly active in encouraging or requiring CSR efforts, there is a strong sense of collective responsibility for social conditions (Hofstede, 1980) and an identification of corporations as members of society with a responsibility to make positive contributions to better social conditions (Brown, 2003). As U.K. Chancellor of the Exchequer Gordon Brown has articulated it, corporate CSR efforts are part of the "building blocks" of a new economic order that governments have a moral obligation to support and develop in order to "advance social justice on a global scale" (Brown, 2003: 331). In calling for a new global consensus, Chancellor Brown called for the rejuvenation of "the earlier notion that an acceptable and sustainable international regime requires a moral underpinning" (Brown, 2003: 322). This new consensus rests, importantly, on a moral view of individuals as rights

bearers who deserve material and environmental conditions that permit human flourishing (Nussbaum, 1992), while the specific intellectual and political traditions and history of each country will affect how that moral imperative is understood and articulated. In light of these three motives, we suggest the following.

> *Proposition 3a: Governments' interests in establishing competitive business environments, promoting social cohesion, and fostering collective responsibility for the betterment of society will lead them to push firms to engage in social change through CSR.*

Interactions Among Government Motives: A Compensatory Relationship

We assume that governments will most vigorously advance CSR policies when they see instrumental value in promoting business competitiveness, but we also assume it does not matter as much why governments act as long as they act to exert social change. In other words, we conceptualize the relationship among government motivations as having an additive and compensatory nature. This suggests that the total government CSR motivation can be a function of any combination of motivations and that no particular hierarchical ordering is presupposed.

While governments will have different relative priorities of motives, it is the total motivation to pressure companies to enact CSR policies that matters, given the unique power of government to influence firms. For example, neoliberal governments might allocate low priority to social cohesion because their political agenda suggests that national competitiveness will lead to greater economic prosperity, which will, in turn, lead to greater social cohesiveness. Yet such a government might still enact CSR policies if a link between CSR and competitiveness is understood to exist.

> *Proposition 3b: A compensatory relationship of motives in governments will lead to stronger pressure on firms to engage in social change through CSR.*

Antecedents of CSR at the Transnational Level

Many legal scholars have argued that the essence of the CSR concern is the global reach of MNCs in contrast with the domestic reach of structuring regulation (Aman, 2001), as well as the concern that mobile capital and production will flee jurisdictions with onerous regulation (Sassen, 1996). Given the absence of global government, globalization has produced a regulatory vacuum, where no single state has the capacity to regulate the totality of any global company's activities.

Yet this concern may construe the category "regulation" too narrowly. Habermas (1989) has put forth the idea of a public sphere comprising multiple strands of civil society discourse. In the global sphere these discourses can articulate norms that are potentially transformative (Guidry, Kennedy, & Zald, 2000: 13) and, as such, have been understood as regulation in a world of global governance without government (Scott, 2004). Global CSR discourses provide a good example of both the multiplicity of voices in the transnational public sphere and the potential transformative impact of "simple" articulations of norms (Barnett & Duvall, 2005). There are several mechanisms by which transnational actors pressure firms to engage in CSR, such as campaigns, boycotts, or multiparty dialogues, as shown in Figure 1.

Among the transnational actors that push firms to enact CSR policies are advocacy NGOs. These include NGOs with a broad social justice or environmental mission, such as Oxfam or Christian Aid, as well as NGOs whose work is specific to CSR, such as AccountAbility or SustainAbility. NGOs have become a powerful and politically significant social force in the last few decades (Hart & Milstein, 2003; Khagram, Riker, & Sikkink, 2002). Labor unions can be understood as a subcategory of NGOs, and our analysis will treat them as such. There are also corporate interest groups engaged in CSR discourses, either those with a specific CSR focus, such as the World Business Council for Sustainable Development, or those with a broader pro-business focus, such as the World Economic Forum's Corporate Citizenship Project.

Another category of actors at the transnational level includes intergovernmental organizations (IGOs), such as the EU, the Organization for Economic Cooperation and Development

(OECD), and the UN. IGOs are simultaneously actors that press companies to consider CSR and the institutional arena in which the discourses (and conflicts) among business, civil society, and governments take place (Khagram et al., 2002). For example, the EU is convening ongoing discussions of CSR and developing norms of responsible business conduct. Increasingly, there have also been multiparty dialogues among companies, NGOs, IGOs, unions, institutional investors (particularly SRI investors or activist pension fund investors), and governments acting in the transnational public sphere (Cuesta Gonzalez & Valor Martinez, 2004; Williams, 2004). These multiparty dialogues either address specific CSR issues, such as food safety or extractive industry security arrangements, or address general expectations of corporate accountability, such as the Global Reporting Initiative (GRI) multistakeholder process to develop a common framework for triple bottom line reporting (Guay, Doh, & Sinclair, 2004).

From these diverse quarters, multiple norms of responsible corporate behavior are being articulated at the transnational level, some with demonstrated transformative power. The GRI is a good example, with over 700 companies using its framework for comprehensive triple bottom line reporting, including world-leading MNCs (e.g., Ford, GM, Shell, and BP). Again, we seek to identify the instrumental, relational, and moral motives of three sets of important actors that function at this level: NGOs, business interest groups, and IGOs.

Instrumental motives. We assume that NGOs are not acting from primarily instrumental motives in their CSR engagement, and yet they have survival needs and, thus, compete for limited resources, members, and influence. Established, respected NGOs will resist upstarts (Zadek, 2001). We describe these instrumental interests as a *power* motive, recognizing that the purpose of seeking that power is not predominantly self-interested. Rather, power is a necessary condition for the NGOs to advance their external goals, such as global human rights (Amnesty International or Human Rights Watch), economic justice (Oxfam or Christian Aid), or environmental protection (Friends of the Earth). We posit that business interest groups' motives to engage in the transnational CSR discourse are more strongly instrumental than are the motivations of other NGOs, trying to shape discus-

sion of CSR in ways that are consistent with business interests, to build support for globalization, and to forestall prescriptive government regulation (Conley & Williams, 2005).

IGOs as transnational institutional actors have the same instrumental motives to push for CSR as do national governments: promoting business *competitiveness*. The European Commission, which has identified sustainable development as a key to becoming "the most competitive and dynamic knowledge-based economy in the world," identifies CSR as an important contribution to achieving that goal (European Commission, 2002). It also is strongly motivated to encourage a level playing field across countries, for both corporate governance and CSR, so that no member state is disadvantaged by having more protective social or environmental legislation than any other. Another locus of intergovernmental CSR activity is the OECD, which revised its 1976 Guidelines on Multinational Enterprises in 1998 to include CSR standards, using an explicit government, business, labor, and civil society (NGO) framework for the negotiations. These revisions emphasize that good corporate governance and responsibility are "a key part of the contract that underpins economic growth in a market economy and public faith in that system" (Witherell, 2002: 7).

Relational motives. Transnational NGOs act, in significant part, through multiparty relationships, partnerships with companies, information networks, coalitions that coordinate strategies, and as part of social movements (Hart & Milstein, 2003; Khagram et al., 2002). Thus, the act of aligning interests with others by establishing and maintaining *collaborative relationships* is at the center of NGOs' modes of action. This often involves shifting conceptual frames of understanding and moral suasion in transnational multiparty dialogues, which can result in the "quasi-regulation" of new norms that articulate the social expectations for business (Scott, 2004). Given the centrality of partnerships to NGOs' success, their relational motives can be framed as instrumental as well.

In evaluating motives at the IGO level, we recognize that both the EU and the OECD operate in geographic and political contexts where social cohesion is highly valued, and one can see relational motives explicitly identified in their CSR policy initiatives. Lodge (1990) has hypothesized that a country's political ideology

shapes the relationship between business and government, and he has further identified Europe as predominantly collectivist in its ideology, while the United State is more individualistic. Maignan and Ferrell (2003) have extended this analysis to consumers in France, Germany, and the United States, finding significantly higher concerns for companies' social responsibility in France and Germany than in the United States. Thus, governments operating in IGOs in Europe can be expected to care about establishing policy frameworks that encourage social cohesion among companies, employees, and the communities in which they operate (Goebel, 1993; Roe, 2000), both as an implication of the political framework in which the governments operate and as a function of representing the interests and views of their citizens.

Moral motives. We suggest that transnational NGOs (but not corporate interest groups) are more likely to be driven by *altruism*—trying to make the world a better place (Egri & Herman, 2000; Spar & La Mure, 2003)—than by instrumental and relational motives, although both instrumental and relational motives matter, as just discussed. Indeed, the public recognizes NGOs' altruistic motivations: polling data indicate that NGOs are trusted more than either government or companies to promote the public interest (Zadek, 2001). Conversely, we see corporate interest groups as having a more complex mix of motives. For example, the World Business Council for Sustainable Development undoubtedly has business participants who care about underlying social issues and leaders whose personal values push toward social and environmental obligation, yet they might also be interested in building social capital (Logsdon & Wood, 2004).

We posit that governments participating in the CSR discourse in the transnational public sphere via IGOs also exhibit mixed moral and instrumental motives. Increasingly, they promote universal standards of human rights and ethics, against arguments that local standards should prevail, particularly when such local standards allow corruption or exploitation of the people involved in the production process (Davies, 2003). At the same time, by inculcating theories of corporate responsibility for the conditions of society and the world, governments can deflect some of their own responsibility to adopt global policies and financial programs to ad-

dress such issues as global economic inequality or HIV/AIDS (Cuesta Gonzalez & Valor Martinez, 2004).

> *Proposition 4a: NGOs' need for power, for alignments/collaborations, and for altruism will lead them to push firms to engage in social change through CSR.*

> *Proposition 4b: IGOs' interests in promoting competition, social cohesion, and collective responsibility will lead them to push firms to engage in social change through CSR.*

Interactions Among Transnational Motives: A Multiplicative Relationship

A final question we wish to address concerns interactions among these various motivations within actors at the transnational level. As the analysis has shown, whereas all of the different actors in the transnational space have a mixture of motivations, the relative priorities are different for each. As an example, we have posited that, for NGOs, altruism is generally their strongest motivation (moral), followed by either the need to establish collaborations and align interests (relational) or the need to gain power to obtain scarce resources (instrumental). For corporate interest groups that ordering is reversed: instrumental motives are the strongest (the drive for power to promote business interests), followed by either relational motives (establishing and participating in business networks to enhance effectiveness) or moral motives (making the world a better place, consistent with business interests). Some corporate interest groups may lack altruistic motives altogether and may simply be acting to promote business interests (instrumental motives).

In addition to recognizing that NGOs versus corporate interest groups have different relative priorities among their motives, we must examine the functional characteristics of the type of relationship among motives within these actors. Here, we suggest that NGOs' CSR motivational function is a multiplicative one, given the exponential power of working in networks and collaborations that characterize this level of analysis. For example, as shown in Table 2, we would write an exponential equation to conceptually illustrate this value for NGOs.

In addition to capturing the power of networks and collaborations to multiply the impact of NGO's actions, the multiplicative function, even though conceptual, brings an additional point into focus. If an entity has a negative motive to be involved in the CSR discourse in the transnational space, such as to derail discussion or deliberately undermine consensus, the multiplicative function would indicate that there would be a negative pressure for CSR resulting from that entity's actions.

> *Proposition 4c: The existence of a multiplicative relationship of motives among transnational actors will lead to stronger firm pressure to engage in social change through CSR, depending on the density and intensity of positive NGO, governmental, and intergovernmental action.*

One question that might be asked is why we understand government's CSR motivation within a domestic context to be additive and compensatory, whereas we understand government, as any other organization, working in the transnational space to have a multiplicative relationship among CSR motives. As noted, the multiplicative relationship takes account of the power of establishing and communicating through networks, which amplify the power of ideas and may even create the actual or virtual "space" for the creation of new norms. Governments in a domestic context already have access to, and in some cases a monopoly on, a full range of power to express and amplify ideas. Government has full access to the media and so can easily convey its framing of issues and norms, it has access to money, and it controls the policy development process. The additive/compensatory framework recognizes that the intensity of CSR pressure will depend on government's total motivation but that networking in the domestic context may not give the government access to any greater power than it already controls. In the transnational space, however, government loses its monopoly, and while it still has enviable resources, it does not enjoy the same privileged communicatory position. Here, like other entities operating in this space, persuasion is key, and collaboration and networking are important ways to amplify an individual government's views.

THE INTERPLAY OF MOTIVES ACROSS LEVELS

Distinguishing actors' instrumental, relational, and moral motives and then theorizing about their relative priorities and the functional relationships among them allows us to uncover effective mechanisms that encourage firms to engage in CSR efforts and, thus, contribute to positive social change. We argue that not only do the three types of motives interact in different ways *within* different levels of analysis but that different motives interact *across* levels, which may serve to increase or decrease the pressure on organizations to engage in CSR. Although examining every possible combination of motives across levels is well beyond the scope of this paper, we discuss three examples to illustrate the power and utility of the interplay of motives across levels in our model.

Example 1: Conflicting Motives Between Employees and Organizations

We have suggested that employees will place the most pressure on organizations to engage in CSR when their morality-based motives are especially strong, whereas, at the organizational level, we have proposed that CSR pressure will be strongest when instrumental needs are high among insiders. This presents a paradox in that an employee with high CSR-relevant morality needs will seek employment in a firm with corresponding values. However, as we have argued, such firms may not be the ones engaging in the strongest CSR efforts. Our model would predict that the most social change would occur when "moral" employees worked for "instrumental" organizations. The fact that employees may not desire to work for such a firm might hinder the extent to which this type of employee-initiated social change is possible.

Example 2: Contradictory Yet Complimentary Motives of Management and Consumers

Our model shows that the moral concerns of consumers are most relevant in determining the amount of pressure they will place on firms to engage in CSR. The model also shows that this is the opposite for firm insiders, whose actions are strongly driven by instrumental motives to be socially responsible. This would imply that in

countries where there was a great deal of consumer demand for socially responsible products, firms would have incentives to produce such products. We have not seen this unfold in practice, however, to as great an extent as would be expected—certainly not in all industries where consumers indicate that a company's CSR profile is important in their purchasing decisions (Sen & Bhattacharya, 2001). Why aren't more companies acting to compete on the basis of CSR?

We propose that one reason for this phenomenon is that firms' relational motivations *within their industry group* might at times outweigh their instrumental motivations. Bansal and Roth's (2000) qualitative study of U.K. and Japanese engagement in ecological responsiveness showed that a majority of firms in their sample were motivated by what we define as relational motives (e.g., legitimation within a given organizational field and compliance with the law), followed by instrumental motives (e.g., increasing firm competitiveness), with moral motives lagging significantly behind. Kagan et al.'s (2003) qualitative and quantitative study of firms' environmental performance in the United States, Canada, Australia, and New Zealand demonstrated a range of attitudes toward environmental performance, but, again, relational motives within the industry were particularly salient. We suggest that firms may not have fully tapped these markets, although it would be instrumentally intelligent to do so, because they will be "persecuted by industry peers" for going beyond the industry's CSR standards (Bansal & Roth, 2000: 731), particularly in tightly integrated industries and particularly where "non-CSR firms" can mimic actual CSR by engaging in window dressing (Weaver et al., 1999), thus diluting the CSR first mover's competitive advantage.

Example 3: Amplifying Motives of Governments, NGOs, and Organizations

The standards established by laws, while not immediately translated into action in any realistic portrait of global organizational practice, have a particularly strong influence on establishing social expectations about responsible corporate behavior. The social expectations created by law are understood by some theorists to create a "focal point" around which firms struc-

ture their behavior (McAdams & Nadler, 2005). Once the focal point is created, consumers', institutional investors', communities', and NGOs' expectations change, and these parties can create pressures for firms to meet the standards set out in the law. Kagan et al. (2003) found that this pressure was highly salient to companies, whether enforcement was a realistic threat or not. Moreover, the laws and policies that governments enact send a strong signal about the importance of a subject—a signal that, with regard to CSR, is amplified by the business culture in the country, consumers' interests, institutional investors' actions, the corporate governance regime, NGOs' effectiveness, and the individualistic versus collectivist nature of the country's underlying political and social philosophy.

The combination of these factors is exemplified in the administration of Prime Minister Tony Blair, where the United Kingdom became a unique repository of observable CSR culture pressuring companies to engage in social change (Aaronson & Reeves, 2002). As one example, Tony Blair became a leader in the recent Extractive Industry Transparency Initiative to encourage all companies in the oil, gas, and mining industry to publish the payments companies made to countries to obtain concessions to extract oil, gas, or minerals (Danielson, 2004). In this case the instrumental motives of the U.K. government and two major U.K. companies were consistent with each other. The U.K. government realized that extractive industry revenue transparency—disclosure of the amount of money extractive companies pay to host countries—would help to promote government accountability, political stability, and reduced poverty in many "resource rich yet poor" countries and that such political stability would be advantageous to two of its flagship companies, BP and Shell (Williams, 2004). It also recognized, though, that if BP and Shell alone acted to require host countries to disclose their revenue payments, they would be at a disadvantage with respect to Chevron/Texaco or Exxon Mobil. Moreover, these instrumental motives were amplified by strong, morally based NGO pressures (Global Witness, a well-respected and established U.K. NGO) and by increasingly engaged U.K. institutional investors who recognized that host country stability would reduce the long-term risks of their extractive industry investments (Williams,

2004). The lack of U.S. NGO pressure for revenue transparency or institutional investors requesting this initiative helps to explain why the major U.S. oil companies are much less involved in the Publish What You Pay initiative (Williams, 2004), despite its instrumental benefit.

DISCUSSION AND CONCLUSION

Our theoretical model illustrates the importance of taking into account multiple actors at different levels of analysis to understand social change, since interactions within and across levels can both facilitate and impede CSR. We contribute to theory by narrowing the micro-macro divide (as recommended by Klein, Tosi, & Cannella, 1999, and as begun by Logsdon & Wood, 2004). In particular, we build from the employee domain of individual needs and transpose this construct to the organizational, national, and transnational levels. In addition, our interdisciplinary approach provides the necessary tools to begin to connect the dots within and across levels that previously were mostly unconnected within the organizational literature.

This discussion of CSR as an antecedent of social change shows that the power of the relationship among actors is contingent on the environment. We assume that when CSR practices are diffused around the world, there is not so much isomorphism as defined by institutional analysts (DiMaggio & Powell, 1983) but, rather, a modification process, referred to as translation, whereby CSR principles and practices imported from elsewhere are adjusted to the local conditions in the process's implementation and, hence, adapted to the different actors' motives and relationships (Campbell, 2004; Djelic & Quack, 2003).

It is important to point out some limitations of our theoretical model so that future theory development and empirical testing can expand on our ideas. First, although our model considers many actors, both internal and external to the firm, and at multiple levels of analysis, it is not fully comprehensive. Suppliers are increasingly important, and since their interests vary within geographic regions, their varying motives will differentially affect pressures for companies to adopt CSR policies. In a fully specified theory, unions, particularly transnational labor organizations, would also be given separate treatment,

evaluating their motivations and actions within particular countries and within international organizations, rather than treating them as a type of NGO. Other important actors that contribute are private financial institutions, such as the World Bank (which has a CSR initiative) and the International Monetary Fund.

Second, as recognized above, organizational practices such as CSR are exposed to decoupling effects such that some companies introduce CSR practices at a superficial level for window-dressing purposes, whereas other companies embed CSR into their core company strategy (Weaver et al., 1999). Our model does not differentiate among degrees of CSR seriousness or types of CSR, and this is something that future research could refine.

Another potential limitation of our model is that we have deliberately focused on the antecedents of CSR, and, therefore, our discussion of the model has been necessarily "front loaded." We have given theoretical attention to the beginning of the social change process—that is, how the multiple motives of multiple stakeholders combine to push firms to engage in CSR. Future theoretical research should explore the extent to which multiple actors' pressures affect the intensity of CSR efforts, as well as their consequences.

Finally, using Dunning's (2003) analytic framework, we have not evaluated the relative efficacy of "top down" influences on firm behavior, such as government regulation, versus "bottom up" influences, such as employee, consumer, investor, or NGO pressure. This is an important issue to investigate if one views a need to "scale up" CSR efforts to extract the maximum benefit for positive social change.

Future Research

Future empirical research is now needed to test the many propositions we have presented here. This research could take the form of micro/employee-level research, which would seek to test the linkages between employee perceptions of CSR and such outcomes as participation in CSR efforts, as well as commitment to and performance in both CSR and the employee's job in general. It might also take the form of macroorganizational behavioral research, which makes cross-organizational and cross-national comparisons of CSR actors and motives and tests

how these variables differentially predict adoption of CSR initiatives, intensity of adoption, and CSP.

Future research should give attention to different *types* of CSR, as well as their differential effects in fostering social change. In particular, such research should address the question of how pressures placed on firms' types of CSR might be contradictory. That is, α firm might be pressured to engage in α number of CSR-related activities, but also, at times, the collection of activities called for may be internally inconsistent. For example, promoting underdeveloped countries' agricultural development by donating genetically modified seeds (short-term humanitarian aid) might contradict with trying to achieve long-term environmental sustainability. Donaldson and Dunfee (1999: 232) discuss the example of Levis Strauss, which created α moral conflict when it implemented α child labor policy forbidding the employment of any child under the age of fourteen, since the effect of this policy was to increase poverty in the surrounding communities. Given our framework, the question becomes whether the antecedent motives affect how firms resolve such conflicts.

Last, of great value would be true multilevel research, which would empirically test how actors' motives at different levels interact to predict increased CSR and, consequently, positive social change. For example, we think it would be fruitful to conduct α multinational, multiorganizational study measuring aspects of organizations' CSR efforts, as well as employees' knowledge of and participation in CSR activities. CSR perceptions, motives, perceptions of social exchange relationships, job attitudes, and behavioral outcomes could be measured at the employee level, and both firm and social performance could be measured at the organizational level. Such α study would allow for α more thorough investigation of the mediating variables explaining the social performance–firm performance link found by Orlitzky et al. (2003), as well as the multiple needs model proposed in the employee-level section.

We do suggest that future empirical testing of our model use demonstrable corporate behaviors as the dependent variable to measure the intensity of CSR engagement, instead of using corporate reputation or corporations' social and environmental reports. Building on Clarkson's (1995) argument that it is important to identify

specific, measurable behaviors when studying such broad subjects as α firm's social responsibility and on Weaver et al.'s (1999) observation that α firm's CSR initiatives may range from window dressing to full integration into strategic management, we also emphasize the importance of specifying both the range and the intensity of CSR initiatives before beginning empirical testing.

Managerial and Policy Implications

One important managerial implication from our analysis is that how employees perceive the firm and how their perceptions influence their commitment to the firm and identification with its goals may be positively affected by the firm's CSR initiatives. CSR scholars have argued for the importance of employee participation in CSR efforts (Maclagan, 1999), and it has been suggested that employees' participation in CSR planning, coordination, and decision making can contribute to their personal growth. This suggestion is supported by recent surveys showing that many companies have successfully incorporated employee volunteerism in their larger employee development programs (Edelsten, 1999). Studies also indicate that employees perceive CSR involvement as developmental in nature, as well as α catalyst of enthusiasm, commitment, pride, and personal reward (Lukka, 2002). Indeed, α recent survey of students from top business schools showed that 50 percent said they would accept lower pay to work for α socially responsive firm (Barbian, 2001). Last, Starbucks' low employee turnover within the retail food industry is attributed to its socially responsible practices. This line of analysis suggests that managers should not view CSR as an external "add-on" but, rather, as an important management tool.

Another managerial implication is that as firms become increasingly global, CSR standards within α firm can play α valuable mediating role in diverse cultures between universal ethical principles ("hypernorms" in Donaldson and Dunfee's [1999] terms) and local norms. Donaldson and Dunfee (1999) describe an arena of "moral free space," where local norms are not in direct conflict with the hypernorms, either because the hypernorms do not address the issue or because actions are "incompletely specified" by the hypernorms. When confronted with

α moral quandary in this "moral free space," such as whether to sell a product in a host country that is prohibited for sale in the home country, a firm's well-articulated CSR policy can act as a framework for decision making (Logsdon & Wood, 2004). This is consistent with Fort's (2001) goals to construct corporations as mediating institutions whose organizational architecture, legal and ethical, needs to be carefully considered to promote ethical business behavior.

There are a number of public policy implications to be drawn from our analysis as well. We have suggested that the relational motives within an industry might "blind" a firm to the motives of consumers, particularly consumers' greater willingness to purchase goods from socially responsible firms. Recognizing this ordering of motives, we assert that an effective approach to encouraging more firms to engage in serious CSR efforts needs to do one of two things: undermine industry cohesion or pressure the standards of entire industries upward. The former is accomplished when effective NGOs "expand the field" of discourse within an industry and provide an exogenous shock to change the frame of discussion and potentially shift norms of acceptable social conduct within the entire industry, creating industry "laggards" and "leaders." This is precisely what occurred in the food industry in the EU (Brooks, 2000; Schurman, 2004).

The latter route—pressuring the standards of an entire industry upward—can happen in a number of ways: self-regulation, as in the Responsible Care Initiative in the chemical industry (in response to the Bhopal explosion; Gunningham & Sinclair, 1999); serious consumer pressure, as in the food industry in the United Kingdom (in response to mad cow disease; Krebs, 2004); or government regulation, which shifts norms and social expectations and allows the harnessing of latent consumer and investor pressure (Kagan et al., 2003). In sum, the tendency for individual managers not to improve social and environmental standards until their industry acts collectively—because their relational motives within the industry are stronger than their instrumental motives to use CSR for competitive advantage in the market—should be understood as a market failure and a rationale for government regulation.

Our analysis also has important implications for government policies to encourage CSR. Governments that use a bully pulpit nonregulatory approach predominantly exhort the commercial benefits of CSR, in addition to the social cohesion and collective responsibility arguments they advance. Yet these government soft policies may not be as effective as classical economic theory would suggest they should be owing to the importance of industry relationships and firms' relational motivations. Here, industry self-regulation may be more effective than government exhortation, so, in such instances, governments should work with industry self-regulatory groups to improve standards for an entire industry, if the government is unwilling to regulate.

Conclusion

There exist many different ways to exert positive social change in society and many different agents who have the explicit power to trigger such change. This special topic forum of *AMR* points to corporations as important and necessary social change agents, and this paper has identified the many actors that place pressure on corporations to impart social change. We have discussed the specific motives driving CSR at four levels of analysis, and we have drawn from distinct bodies of literature to develop our model. We propose this model as a starting point for future empirical research in an effort to systematize the analysis of CSR such that its potential contribution to positive social change can be maximized.

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