PUTTING THE S BACK IN CORPORATE SOCIAL RESPONSIBILITY: A MULTI-LEVEL THEORY OF SOCIAL CHANGE IN ORGANIZATIONS

Ruth V. Aguilera*
Department of Business Administration
College of Business and
Institute of Labor and Industrial Relations
University of Illinois at Champaign-Urbana
1206 South Sixth St.
Champaign, IL 61820
E-mail: ruth-agu@uiuc.edu
Tel. 217-333 7090
Fax 217-244 7969

Deborah E. Rupp*
Department of Psychology and
Institute of Labor and Industrial Relations
University of Illinois at Urbana-Champaign
504 E. Armory Ave.
Champaign, IL 61820 USA
E-mail: derupp@uiuc.edu
Tel. (217) 265-5042
Fax: 217-244-9290

Cynthia A. Williams*
College of Law
University of Illinois at Urbana-Champaign
504 E. Pennsylvania Ave.
Champaign, IL 61820
E-mail: cwilliam@law.uiuc.edu
Tel. 217-333-3966
Fax. 217-244-1478

Jyoti Ganapathi
Department of Psychology and
Institute of Labor and Industrial Relations
University of Illinois at Urbana-Champaign
E-mail: jganapat@uiuc.edu

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This paper provides a multi-level 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 micro-level organizational justice, meso-level corporate governance, and macro-level varieties of capitalisms. Using a theoretical framework presented in the justice literature, we argue that organizations are pressured to engage in CSR by many different actors, each driven by instrumental, relational and moral motives. These actors are situated within four "levels" of analysis: individual, organizational, national and transnational. After discussing the motives affecting actors at each level and the mechanisms used at each level to exercise influence, as well as the interactions of motives within levels, we examine forces across levels to propose the complex web of factors, which both facilitate and impede social change by organizations. Ultimately, this proposed framework can be used to systematize our understanding of the complex social phenomenon of increasing CSR engagement, and to develop testable hypotheses. We conclude by highlighting some empirical questions for future research, and discussing a number of 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, UK Minister for CSR, Royal Institute for International Affairs, London, 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." www.chiquita.com

Social change is at the core of social science inquiry. In this paper, we develop a multi-level 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 supply chain. CSR initiatives also include actions outside the firm, such as firms making infrastructure investments in roads, water systems, schools or hospitals in local communities in which they operate, or by developing philanthropic community initiatives. While it is still contested whether corporations ought to be understood to have social responsibilities beyond their wealth generating function (Friedman, 1962; Henderson, 2001), today there exist increasing internal and external pressures on business organizations to fulfill broader social goals (Davies, 2003; Freeman et al., 2001; Logsdon & Wood, 2002). Such a perspective is consistent with a view of business organizations as "polities" with interest groups, distributions of rights and duties, and governance systems (Zald & Berger, 1978). We further illustrate that because business organizations are embedded in different national-country systems, they will experience divergent degrees of internal and external pressures to engage in social responsibility initiatives (Logsdon & Wood, 2002; 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, & 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 bring some closure on the long running debate (Margolis & Walsh, 2001; McWilliams & Siegel, 2000, 2001; Roman, Hayibor, & Alge, 1999; Ullmann, 1985; Wood & Jones, 1995) about whether it is in an organization's best interest, at least financially, to engage in CSR. Therefore, an important new line of inquiry within this field is no longer if 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 multi-level 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

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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 therefore "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* (Jan 2, 2005) synthesizes the CSR concept as "the art of doing well by doing good" although with certain skepticism. Henderson (2001) 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.'…" (p.15). His definition is, for the most part, consistent with Wood's (1991) process-oriented stakeholder definition of CSR. Finally, Waddock & Bodwell's (2004:25) 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."

psychology, sociology, and legal studies, as well as other disciplines such as ethics and international business. Specifically, we present a framework which identifies a) the multiple *actors* (e.g., employees, consumers, management, institutional investors, governments, NGOs, and supra-national governmental entities) as shown in Figure 1, which push organizations to act in a socially responsible or irresponsible manner, and the b) instrumental, relational, and moral *motive*s which lead each actor to push for positive social change as shown in Table 1. We then discuss how actors' motives within and across levels combine to encourage (discourage) CSR.

Insert Figure 1 and Table 1 about here

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; Maignan & Ralston, 2002 being the main exceptions). In this paper, we discuss how regulation, business practices, and employee attitudes towards 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 point to important contributions for researchers, managers and policy makers.

CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL CHANGE

Much that is written on CSR focuses on corporate social *ir*responsibility 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. Shell re-evaluated its operating principles to establish clearer human rights guidelines, and issued its first social report, articulating a greater commitment to human rights and local community development programs going forward (Livesey & Kearins, 2002).

Although this example represents *reactive* social change, there are also increasing examples of *proactive* social change, such as corporations engaging in "triple bottom line" thinking, which suggests an organization's success hinges on economic profitability, environmental sustainability, and social performance (Hart & Milstein, 2003); giving greater visibility to CSR rankings (100 Best Corporate Citizens); incorporating emerging global standards of expected responsible conduct into their management systems (e.g. the U.N.'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 (The 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 (Cuesta Gonzalez & Valor Martinez, 2004; Clark & Hebb, 2004; The 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 while other companies embed CSR into their core company strategy (Weaver et al., 1999). We further assume that companies' responses to changing social expectations, and in particular their serious implementation of CSR initiatives into their strategic goals, have the potential to change not only the organizations' corporate culture, but also to impart true social change.

As one example, among many, of a corporation's serious engagement with 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 eco-systems on which Chiquita depends.[2] Thus, we seek to develop an analytic framework to understand, more systematically, pressures on companies to engage in such CSR initiatives.

[2] The meaning of these initiatives, and our description of them as indicators of "positive social change," can be contested. The terms Logsdon and Wood use to describe the debates about the history of CSR are still apt, with CSR today being criticized from the "right side of the political spectrum" (Logsdon & Wood, 2002: 157) as too ambitious, with companies being asked to do too much of a political or social nature, thus potentially undermining firm economic performance (Henderson, 2001). Conversely, CSR initiatives of the Chiquita variety are criticized from "the left side of the political spectrum" (Logsdon & Wood, 2002: 157) as insufficiently ambitious, not providing enough corporate social accountability or transparency for the exercise of power, and not changing power relationships between companies and the people and communities with which they interact (Matten & Crane, 2005). These are important debates, and we do not seek to minimize their significance. Yet, from the perspective of people in emerging economies newly given living wages, or indigenous people whose traditional lands and livelihoods are newly being protected, or community members who are newly being included in discussions of infrastructure investments, we construe the effects of serious CSR initiatives as positive social change.

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). A similar needs model was presented by Cropanzano and colleagues (Cropanzano, Byrne, Bobocel, & Rupp, 2001; Cropanzano, Rupp, Mohler, & Schminke, 2001), which synthesized several decades of research and theory on employee justice perceptions.

We seek to both 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 made 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.

In addition, our model makes several contributions to the CSR literature. First, the field of organizational justice, which to date has resided almost exclusively in the micro organizational behavior and organizational psychology literatures, 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 that is often taken (Friedman, 1962; Henderson, 2001).

Second, the organizational justice literature has recently experienced a shift from instrumental, socio-economic 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 consideration 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, impart social change. Third, our model takes a different approach than 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. Lastly, we add value to the existing theoretical models because we are transposing theoretical constructs from the individual level to the organizational, national, and transnational level. 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.[3] Our individual-level framework,

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[3] 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 "individual" in these models are individual managers or executives, who have discretion over a firm's socially responsible (or irresponsible) actions. More recent work by Logsdon & Wood (2004) has extended the micro level of analysis to more explicitly consider the instrumental and moral motivations of employees to engage in behaviors "consistent with global business citizenship."

which is summarized in the first column of Table 1, draws from the research on employee justice perceptions (Cropanzano, Rupp, et al., 2001; Cropanzano, Byrne, et al., 2001). In this part of the model, we argue that employees' perceptions of the firm's external CSR are a special aspect of their more general justice perceptions, and that these CSR perceptions shape the employees' subsequent attitudes and behaviors towards their firm. In other words, we argue that employees' CSR perceptions matter in that they predict outcomes such as performance, turnover, and well-being. 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.

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 imbedded in an 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; Bies & Moag, 1986) fairness studied in the justice area, but in this case focused on the organization's impact on the broader social milieu (as opposed to simply how the employee is treated). These judgments then lead to a number of employee actions (mechanisms) that may place pressure on organizations to implement CSR initiatives. These actions as shown in Figure 2, include organizational attraction, commitment, and retention; job satisfaction and performance; citizenship behaviors; and employee participation and leadership in CSR initiatives. In other words, employees push for CSR directly by actively advocating for, leading, and participating in CSR initiatives as well as indirectly by reciprocating socially responsible actions through heightened performance and firm loyalty/commitment.

Insert Figure 2 about here

Our argument is that employees who perceive their firm to be socially responsible will be more committed to the firm and out-perform (both in terms of their work as well as CSR activities) those employees who perceive a great deal of irresponsibility. This should in turn pressure organizations to increase CSR activity in order to recruit and retain a top quality workforce. Moreover, firm performance is likely to increase because employees see a socially responsible organization as a fair organization and reciprocate this fairness through dedication, loyalty, and increased productivity.

Over the last 40 years, the justice research has consistently shown that employees' perceptions of the fairness of their organization's actions have a strong impact on their attitudes about and actions toward the firm (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Employees who perceive a great deal of fairness are committed, trusting, loyal, hardworking and are good citizens at work. Likewise, when a great deal of injustice is perceived, employees are likely to retaliate in the form of workplace sabotage and revenge (Aquino, Tripp, & Bies, 2001; Ambrose, Seabright, & Schminke, 2002; Tripp, Bies, & Aquino, 2002). In addition, Bies & Tripp (1998) demonstrate that there is a positive side of employee revenge, in that revenge is often socially motivated—meaning that employees' retaliatory reactions to unfair organizational acts may lead organizations to change in a positive direction.

We believe that an organization's social actions (positive or negative) provide employees with critical information to use in judging the fairness of organizations. Although much research in this area has focused on self-focused perceptions (i.e., how fair am *I* treated), recent studies have taken a more deontic approach, considering how individuals react to others being treated (un)justly (Cropanzano, Goldman, & Folger, 2003; Folger, 2001). In effect, it can be argued 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.

Following the work of justice scholars (Degoey, 2000; Greenberg, Bies, & Eskew, 1991; Lind, Kray, & Thompson, 1998), we view employee judgments of CSR as socially constructed, and also as social contagions that are communicated from one employee to another, and eventually spread to groups and entire organizations, shaping the organizational-level climate for CSR. Just as self-focused justice judgments create a "fairness climate" within groups (Colquitt, Noe, & Jackson, 2002; Liao & Rupp, 2005; Naumann & Bennett, 2000; Simons & Roberson, 2003), we propose that employee perceptions of CSR will combine to create an organizational climate for CSR, which contributes to the 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, 1996) found that job applicants' perceptions of a firm's corporate social performance influenced their desire to work for a given firm. These authors employ both social identity theory (Ashforth & Mael, 1989) to demonstrate that individuals prefer to work for socially responsible firms because doing so bolsters their self-images; and signaling theory (Rynes, 1991) 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 the firm's social policies will impact their willingness to participate, contribute to, and initiate social change initiatives. For example, Ramus and Steger (2000) found that when employees perceived their employing organization to be strongly committed to environmental protection, they were more likely to generate ideas for making the firm's practices more environmentally friendly. Further, the existence of a published environmental policy by the organization predicted employees' willingness to attempt self-described environmental initiatives.

Turning to the application of the justice framework to CSR, we examine how the 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 (Williams, 1997) 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, there exists decades of research supporting 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; Homans, 1974). In fact, many authors have argued that procedural justice concerns are inherently self-interested (Lind & Tyler, 1988; Shapiro, 1993; Tyler & Lind, 1992; Tyler, Degoey, & Smith, 1996),[4] and it has been demonstrated empirically that the presence of control improves individuals' reactions to decisions made about them, due to expectations that

[4] We state this with caution, however, in that the control need and subsequent outcomes are not always be self-interested (see Cropanzano, et al., 2001; and Lind, 2001; for a discussion of this issue). This research focuses on instrumental motives but does not claim that *all* individuals do is instrumentally motivated.

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 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), an employee may deduce that chances are, conditions will be fair for the employee who should be able to predict self-relevant events with reasonable accuracy, thus satisfying one's 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. The quality of employees' social exchange relationship with management (i.e. their status and standing within the organization) has a strong impact on employees' sense of identity and self worth.

This relational need for justice is inextricably linked to the psychological need of *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 the individuals in management positions), they are more likely to trust the organization (Konovsky & Pugh, 1994), feel supported by it (Masterson, Lewis, Goldman, & Taylor, 2000), and 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, Degoey, & Smith, 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 legitimate members of valued social groups. In organizations, they often rely on their justice perceptions to deduce if they have such status and thus if their needs for belongingness are met (Lind, 2001). Employees desire that organizations act in a socially responsible manner, not only because CSR gives employees 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*. Folger (2001) claims that 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 status, to what people view as ethically appropriate (Cropanzano, et al., 2003). In this sense, one is drawn to what one feels is just, independent of how the actions affect one personally. The multiple needs model argues that to strive for what is morally or ethically "right", rather than simply what is instrumental, a transcendent principle of human behavior and a fundamental reason must exist. This model is supported by empirical evidence that individuals show a great concern for 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 (Folger, 1998; Cropanzano, Byrne et al., 2001). 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, et al., in press). Moral motives will also have the potential to influence employees' participation in various CSR initiatives, meaning they not only desire to be involved with initiatives seen as directly impacting 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:

> Proposition 1. 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 between 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 unfortunately there is 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 due to 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. Said 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 illustrate the relationship.

It is important to note that individual differences exist in the extent to 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 1a. An upward hierarchical ordering of motives among individual employees will lead to stronger firm pressure 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* (Shleifer & Vishny, 1997), chiefly owners (shareholders) and managers, and *outsider groups*, chiefly consumers,[5] 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, there exist different mechanisms to sustain firm survival and efficiency. Second, firms do not operate in a vacuum. Rather, they are embedded in national and industry[6] institutional settings that enable their strategic decisions (Aguilera & Jackson, 2003; North, 1990). 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 2). Insiders, such as the TMT (Top Management Team), 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

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[5] 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 & Freeman (1999).

[6] For the sake of describing our theoretical model, we will not discuss industry differences. We recognize, however, that empirical investigations should pay close attention to industry characteristics.

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 decisions (Waddock, et al., 2002), such as a willingness to pay more for fair trade goods (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 U.S. (Kozinets & Handleman, 2004). Marketing empirical research has demonstrated that most companies are very sensitive to their CSR image, and are becoming increasingly aware of the strong 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, in the next section, we extend the employee multiple needs model described above 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 owners are the managers of the firm when there is no separation of ownership and control (Berle & Means, 1932). The rise of the modern corporation led to a separation of ownership and management, with different ownership models. Firm ownership structure, generally defined as ownership type (families, individuals, states, etc.) and ownership concentration, also varies across countries with important consequences for firm strategic decision making (Aguilera, 2005).

The corporate governance literature divides the corporate world into two national models (Albert, 1991). The *Anglo-American* model (exemplified by the U.S.) is characterized by dispersed ownership expecting short-term returns, strong shareholder rights, arm's length creditors 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, ownership by large blockholders, weak markets for corporate control, and rigid labor markets. We argue that *short-term shareholder interests* 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, as in the case of protecting corporate reputation (McWilliams & Siegel, 2001) or engaging in impression management tactics (Bansal & Clelland, 2004). 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 under similar premises 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.

Outsider organizational actors such as consumers might have some instrumental motives for pushing firms to engage in CSR, for instance when environmental stewardship creates products that are perceived as healthier. Trentmann (2001) shows that (moderate) socially responsible consumers seek changes in business practices in order to protect "healthy and employed consumers." The intensity of consumer's 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 (Brammer, 2003; Clarkson, 1995; Rowley & Moldoveau, 2003; Wheeler, Colbert, & Freeman, 2003). Generally speaking, stakeholder theory (Freeman, 1984; Donaldson & Preston, 1995; Jones, 1995) accounts for the diversity of stakeholder interests, and their competition for firm resources. When the owners have *stakeholder-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 favour 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, as 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 different constituents of the firm (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 as it refers to a concern for how the 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 pre-empt bad publicity, institutional investor disinvestment, and penalties due to non-compliance (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 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 which are responsive to the communities in which they operate and the people they employ (Johnson & Greening, 1999). The case of "noisy" pension funds activists, such as CalPERS, is illustrative of how some public pension funds have acted as catalysts for CSR initiatives in corporations by conducting 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. usage of non-toxic materials), customers (e.g. offer environmental products), employees (e.g. adequate labour conditions), and other stakeholders in the firm, and not merely seeking short-term shareholder returns.

Social movement research has turned its 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 certain understanding of the world and of themselves that legitimate and motivate their collective action (McAdam, McCarthy, & Mayer, 1996). We argue that the collective identity of consumers is a relational motive that will lead them to pressure companies to engage in CSR practices. Collective identity in social movements refers to "the interactive, shared definition produced by several individuals (or groups at a more complex level) ... that must be conceived as a process because it is constructed and negotiated by repeated activation of the relationships that link individuals (or groups) [to the movement]" (Melluci; 1995: 43).

The U.S. paper campaign in 2000 to end production of paper from endangered forests and increase sales of recycled paper (i.e., Paper Campaign 2000), 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. From Kozinets and Handelman's (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 activist coalition (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, class, gender, race, culture, [and] religion." When organizational actors act according to *stewardship interests* by instigating social and moral actions towards a better society, then 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) discuss that the macrosocial contract includes mechanism by which stakeholders can demand ethical obligations on firms via voice, consent and exit (p.246). 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 their offshore operations, consumer groups mobilized to boycott their products (Knight & Greenberg, 2002) influencing Nike to introduce changes in their 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, Gurham-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 consumers 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 us to suggest the following proposition:

> Proposition 2. 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 between Organizational-Level Motives: Insider Downward Hierarchy and Outsider Upward Hierarchy

This discussion of organizational level CSR motives addressed 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, which will depend on the specific circumstances of each firm, it is still necessary to discuss how such process might play out at this level. To do so, we focus on the interactions of one key insider group, managers, and how their motives are ordered hierarchically (see Table 2). Then, we will 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 they have their own multiple motives to engage in CSR. For example, when Rom Rattray of Procter & Gamble was asked about the firm's initiative to produce less environmentally damaging, concentrated detergents, which have saved P &G millions of dollars since 1992 by reducing both production and shipping costs, he stated: "We are not doing this because it saves money in Cincinnati. We're doing it because it's the right thing to do and saves 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, Treviño, & Cochran, 1999). Here, we seek to conceptualize the nature of the relationship between instrumental, relational and moral motives that will lead the top management team 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' corporate social performance 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, such as cost reduction and higher competitive advantage, 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 towards greater CSR. For example, managers might want to engage in CSR because doing so is presumed to enhance corporate legitimacy and thus 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 over organizational values (Hambrick & Mason, 1984) and that they may act out of deonance, or a moral obligation to “do the right thing.” The stewardship literature argues 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, 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 seek to fulfill instrumental motives first, i.e., they will see the instrumental value of these initiatives, followed by relational motives and finally moral motives. Thus, we 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 2a. A downward hierarchical ordering of motives among insider organizational actors (i.e., TMTs) will lead to stronger firm pressure to engage in social change through CSR.

Conversely, outsider organizational actors such as “ethical consumer groups” will have an indirect effect on the 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. 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 suggest the following proposition:

> Proposition 2b. An upward hierarchical ordering of motives among outsider organizational actors (i.e., consumers) will lead to stronger pressure on the firm 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 2. As one example, the governments of France, Germany and the UK have each passed laws requiring pension funds 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 are mandatory, and so can achieve broader coverage than voluntary initiatives such as the U.N. 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. The governments of Belgium, Canada, Denmark, the Netherlands and the UK have been particularly active in promulgating CSR initiatives 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 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).

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 which one's country's 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 is seen to increase 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, as it requires managers to communicate with a range of stakeholders to identify longer-term social, economic and environmental risks, and 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 McDonalds are the face of the United States internationally, just as British Petroleum (BP) is the face of the U.K. internationally (Freeman, Pica, & Camponovo, 2001). Thus, home country governments have an economic interest in their flagship companies exhibiting high standards of CSR abroad, and thereby reducing the chance of the company becoming a target 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" (December 2000 Nice European Council Social Agenda; Goebel, 1993). Creating conditions for socially excluded people to belong to society at large, and to participate in its goals and material well-being, is an important part of the social benefits envisioned by the governments identified above as promoting CSR. These are also countries that recognize a "social partnership" between labor, business and communities, and obligations on 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 Europe, the UK, 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 are understood to 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:

> Proposition 3. 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 between 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 are acting as far as they act to exert social change. In other words, we conceptualize the relationship among government motivations to take an additive and compensatory nature. This suggests that the total government CSR motivation can be a function of any combination of motivations, that no particular hierarchical ordering is presupposed, and that a deficit of one motivation can be compensated for with a surfeit of another (Table 2).

What this indicates is that governments will have different relative priorities of motivations, but that it is the total motivation to pressure companies to enact CSR policies that matters given the unique nature of the power of government actions to influence firms. For example, neo-liberal government 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, and yet such a government might still enact CSR policies if a link between CSR and competitiveness was understood.

> Proposition 3a. A compensatory relationship of motives in governments will lead to stronger firm pressure 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 multinational corporations 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 is understood to have 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 [1962] (1989) has put forth the idea of a public sphere comprised of 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, 2003). 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 multi-party dialogues, as shown in Figure 2.

Among the transnational actors that push firms to enact CSR policies are non-governmental advocacy organizations (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; Sikkink & Smith, 2002). Labor unions can be understood as a sub-category 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 are inter-governmental organizations (IGOs), such as the European Union (EU), the Organization for Economic Cooperation and Development (OECD), and the United Nations (UN). IGOs are simultaneously actors that press companies to consider CSR, and the institutional arena in which the discourses (and conflicts) between business, civil society and governments take place (Khagram et al., 2002). For example, the EU is convening on-going discussions of CSR and developing norms of responsible business conduct.

Increasingly, there have also been multi-party dialogues between companies, NGOs, IGOs, unions, institutional investors (particularly SRI investors or activist pension fund investors) and governments acting in the transnational public sphere (Williams, 2004; Cuesta Gonzalez & Valor Martinez, 2004). These multi-party 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") multi-stakeholder 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 300 global 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 corporate interest groups' motives for engagement in the transnational CSR discourse are more strongly instrumental than are the motivations of other NGOs, and tend to shape discussion of CSR in ways that are consistent with business interests (Livesey & Kearins, 2002), to build support for globalization, and to forestall prescriptive government regulation (Williams & Conley, 2005).

IGOs as transnational institutional actors have the same instrumental motives to push for

CSR as do national government: 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," sees CSR as an important contribution to achieving that goal (European Commission 2001). It also is strongly motivated to encourage a level playing field across countries, on both corporate governance and CSR, so that no member state is disadvantaged by having more protective social or environmental legislation than any other (European Commission 2001). 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).

Relational Motives. Transnational NGOs act in significant part through multi-party 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 multi-party dialogues, which can result in the "quasi-regulation" of articulating new norms (Scott, 2003). Given the centrality of partnerships to NGOs' success, their relational motives can be framed as instrumental as well.[7]

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

[7] The recognition that collaborative relationships can also serve instrumental goals is a classic formulation of social exchange theory (Gergen, 1969; Hatfield, Walster, & Pilavin, 1978).

see relational motives explicitly identified in their CSR policy initiatives. Lodge (1990) hypothesized that a country's political ideology shapes the relationship between business and government, and further identified Europe as predominantly collectivist in its ideology, while the U.S. is more individualistic. Maignan and Ferrell (2003) extended this analysis to consumers in France, Germany, and the US, and found significantly higher concerns for companies´ social responsibility in France and Germany than in the U.S. Thus, governments operating in IGOs in Europe can be expected to care about establishing policy frameworks that encourage social cohesion between companies, employees, and the communities in which they operate (Roe, 2000; Goebel, 1993), 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 the underlying social issues, and leaders whose personal values push towards 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, as against arguments that local standards should prevail, even when such local standards allow corruption or exploitation of the people involved in the productive 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 address issues such as global economic inequality or HIV/AIDS (Cuesta Gonzalez & Valor Martinez, 2004). We suggest:

> Proposition 4a. NGOs' needs 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 between Transnational Motives: A Multiplicative Relationship

A final question we wish to address is that of the interactions between these various motivations within actors at the transnational level. As the analysis has shown, while 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, it is necessary to 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 two additional points into focus. First, assuming an entity such as a corporate interest group has no altruistic aspect in its motivational structure, its "total CSR motivation" would be zero, since multiplying by zero brings any value to zero. This correctly identifies what such a corporate interest group's contribution to pressuring for CSR in the transnational sphere would be if it had no altruistic motivations: none. Second, if an entity has a negative motivation 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 working in a domestic context to be additive and compensatory, while government, as any other organization, working in the transnational space is understood to have a multiplicative CSR relationship among motivations. 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; 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, though, government loses its monopoly, and while it still has enviable resources, does not enjoy the same privileged communicatory position. Here, like other entities operating in this space, persuasion is key, and collaboration and networking important ways to amplify individual government's views.

THE INTERPLAY OF MOTIVES ACROSS LEVELS

Distinguishing actors' instrumental, relational and moral motivations, and then theorizing about their relative priorities and the functional relationships between 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 we also posit 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 proposed that CSR pressure would 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 work 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 for acting socially responsible. This would imply that in countries where there is 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). The question is, why aren't more companies acting to compete on the basis of CSR?

We propose that one reason behind 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 shows 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), and moral motives lagging significantly behind. Kagan et al. (2003)'s qualitative and quantitative study of firms' environmental performance in the U.S., Canada, Australian and New Zealand demonstrated a range of attitudes towards 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), 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, and demonstrate a number of interactions between actors whose motives we have evaluated and the institutional context in which these actors operate. The social expectations created by law are understood by some theorists to create a "focal point" around which firms structure their behavior (McAdams & Nadler, 2005). Once the focal point is created, a number of other forces, including consumer, institutional investors, community, and NGO demands, interact to create incentives for firms to meet the standards set out in the law (Kagan et al., 2003), whether enforcement is 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 combinations of these factors is exemplified in the administration of Prime Minister Tony Blair where the UK became a unique repository of observable CSR culture pressuring companies to engage in social change (Aaronson & Reeves, 2002). 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). The U.K. government also acted from the recognition 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, for instance (Olagoke, 2004). As a result, 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. Moreover, these instrumental motives were amplified by strong, morally based NGO pressures (Global Witness, a U.K. well-respected and established NGO) and 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. NGOs pressure for revenue transparency or institutional investors requesting this initiative explains why the major U.S. oil companies are much less involved in the Publish What You Pay initiative (Williams, 2004), despite its instrumental benefit.

CONCLUSION AND DISCUSSION

Our theoretical model illustrates the importance of taking into account multiple actors at different levels of analysis to understand social change, as the 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 up 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 were previously 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 (replication) 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 implemented locally and hence adapted to the different actor's motives and relationships (Campbell, 2004; Djelic & Quack, 2003).

Limitations

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 actors that contribute importantly 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 while 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, i.e., 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, and their consequences.

Finally, using Dunning's 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 (Dunning, 2003). 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 presented here. This research could take the form of micro/employee-level research, which seeks to test the linkages between employee perceptions of CSR and outcomes such as participation in CSR efforts, as well as commitment to and performance in both CSR and the employees' jobs in general. It might also take the form of macro-organizational 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 corporate social performance.

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, the firm might be pressured to engage in a 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 be in contradiction with trying to achieve long-term environmental sustainability. Donaldson and Dunfee (1999: 232) discuss the example of Levis Strauss, when it implemented a child labor policy forbidding the employment of any child under the age of fourteen, creating a moral conflict 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.

Lastly, of great value would be true multilevel research, which empirically tests 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 a multi-national, multi-organizational 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 a study would allow for a 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 broad subjects such as a firm's social responsibility, and Weaver et al.'s (1999) observation that 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 these perceptions will influence their commitment to the firm and identification with its goals, may be affected by the firm's CSR initiatives. For example, CSR scholars have argued for the importance of employee participation in CSR efforts (Maclagan, 1999). Further, it has been suggested that employees' participation in CSR planning, coordination, and decision-making can contribute to their personal growth. This 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 (Lukka, 2002), as well as a catalyst of enthusiasm, commitment, pride, and personal reward (Harris, 2000). Indeed, a recent survey of students from top business schools found that 50% said that they would accept lower pay to work for a socially responsive firm (Barbian, 2001). Lastly, Starbucks' low employee turnover within the retail food industry is attributed to Starbucks' 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 a firm can play a valuable mediating role in diverse cultures between universal ethical principles (those which Donaldson and Dunfee (1999) term "hypernorms") and local norms. Donaldson and Dunfee 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 where actions are "incompletely specified" by the hypernorms (Logsdon & Wood, 2002). When confronted with a 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 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, and 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 an entire industry. 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 UK (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.[8]

The combination of motives across levels pushing a firm to engage in CSR also has important implications for government policies to encourage CSR. Governments that use a "bully-pulpit," non-regulatory approach exhort predominantly 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 due to the importance of industry relationships and firms' relational motivations. Governments can hardly publicly advance arguments based on industry cohesion

[8] Of course there are important exceptions to firms' unwillingness to break with industry norms, such as BP and Shell´s public acknowledgement that petroleum could be linked to global warming and their subsequent pledge to reduce "greenhouse gas" emissions (Christmann & Taylor, 2002).

and tightly-coordinated activities, however, at least not in a theoretically competitive marketplace with important anti-trust norms. 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 draw from distinct research literatures 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.

TABLE 1
CSR Motives at Multiple Levels of Analysis

	Level				
				TRANSNATIONAL	
Motives	INDIVIDUAL	ORGANIZATIONAL	NATIONAL	INTER-GOVERNMENTAL ENTITIES	Corporate Interest Groups and NGOS
INSTRUMENTAL	Need for Control	Shareholder interests (short-term)	Competitiveness	Competitiveness	Power (obtain scared resources)
RELATIONAL	Need for Belongingness	Stakeholder interests Legitimation/Collective identity (long-term)	Social Cohesion	Social Cohesion	Interest Alignment, Collaboration & 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		Multiplicative

TABLE 2
The Interplay of Motives within Each Level

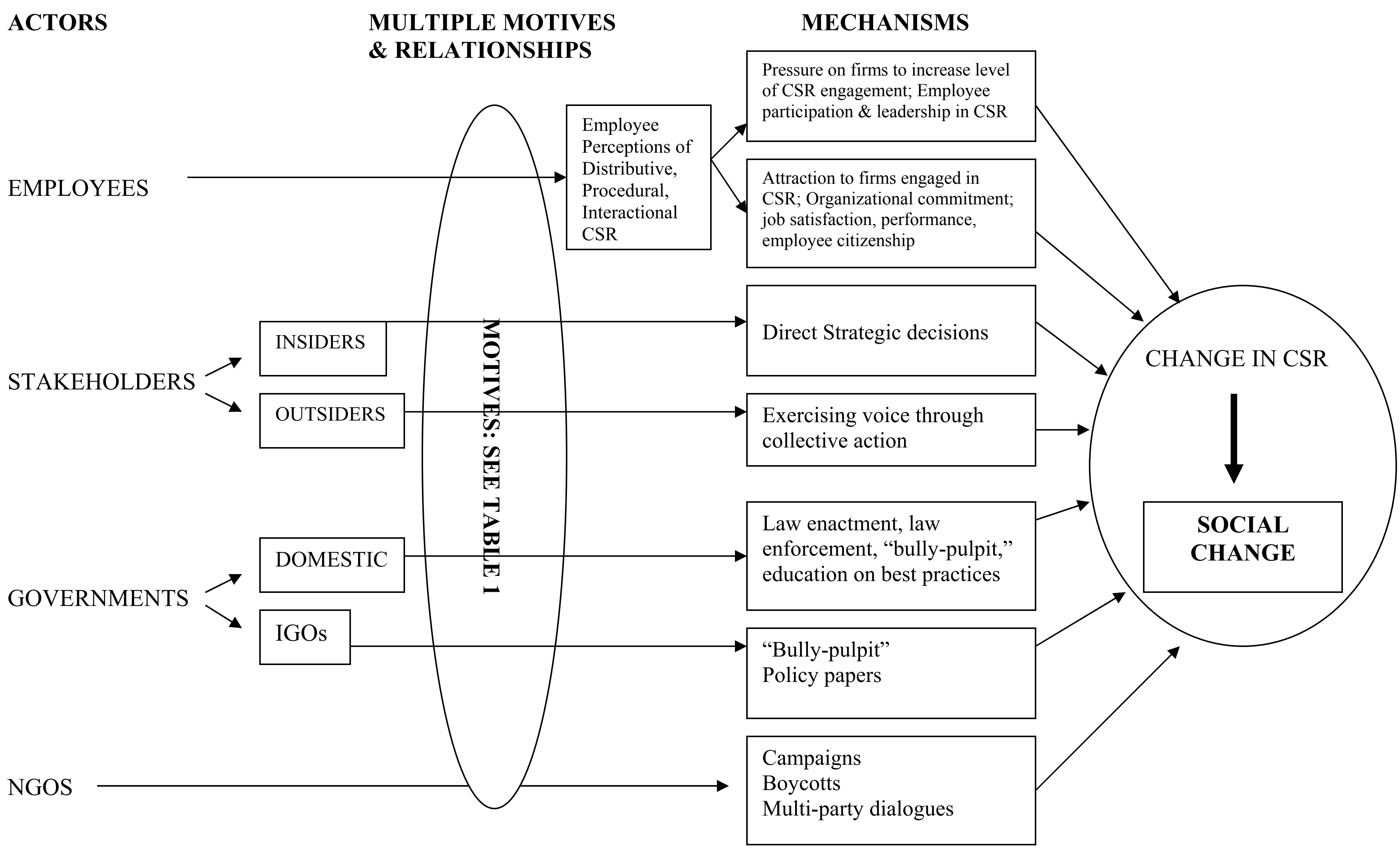
Level	Relationship	Pressure Placed on Firm to Engage in CSR =
Employee	Upward Hierarchy	= 1 (control) + 2 (belongingness) + 3 (meaningful existence)
Organizational	Insider Downward Hierarchy Outsider Upward Hierarchy	= 3 (shareholder interests) + 2 (stakeholder interests) + 1 (stewardship interests) = 1 (shareholder interests) + 2 (stakeholder interests) + 3 (stewardship interests)
National	Compensatory	= (competitiveness) + (social cohesion) + (collective responsibility)
Transnational	Multiplicative (a)	= (power) x (collaboration) x (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 more weight is placed on the motive in determining total pressure place 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.

FIGURE 1
Actors within the Multiple Levels Exerting Pressure on Firms to Engage in CSR

FIGURE 2
ACTORS' MECHANISMS TO INFLUENCE SOCIAL CHANGE



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