DOING WELL BY DOING GOOD OR DOING SMART?
ANTECEDENTS AND OUTCOMES OF CORPORATE SOCIAL PERFORMANCE

By

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ABSTRACT

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Corporate Social Responsibility (CSR) is becoming an implicit norm for businesses. However, its' implication for business performance is still a matter of debate. Recently scholars have started distinguishing between the focus of specific CSR actions and have favored the strategic focus over the moral or altruistic focus of such actions. Despite the theoretical advances for the argument, that strategically planned, performance oriented CSR actions are better for firms than morally driven ones, the empirical evidence is scarce. This dissertation addresses the gap in the literature and aims to investigate the influence of CSR actions and firm performance for strategically motivated versus altruistically motivated firms. Further, this dissertation uses the concept of corporate social performance (CSP) as proposed by Wood (1991) that includes CSR actions and corporate social responsiveness. A model of antecedents and outcomes of corporate social performance is proposed. Using a two group analysis, this dissertation examines the differences in antecedents and performance outcomes of CSR actions for the strategically motivated vs. altruistically motivated firms. Also, market performance is proposed to be the key mediator between CSR actions and financial performance.

Results of this study indicate that strategically motivated actions are infact superior to altruistically motivated actions in terms of driving business performance. CSR actions of strategically motivated firms positively influence financial performance and this relationship is partially mediated by market performance. For altruistically driven firms, CSR actions have no

influence on market or business performance. With respect to antecedents, social pressures are found to be the most salient driver of CSR actions for both groups. CSR actions of strategically motivated firms, however, are also influenced by competitive pressures. Also, innovation oriented firms engage in CSR actions with due to strategic motivations and are proactive in monitoring and adapting their CSR actions according to the changing market demands (corporate social responsiveness). Findings of this study support the argument that CSR actions should be adopted based on their relevance to overall business objective and their ability to drive long term profitability.

This dissertation concludes with theoretical and managerial implications, and suggests direction for future research.

To my four pillars of strength:

Ma, Papa, Jijji and Manish.

Your motivation, support, patience and love made this possible.

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CHAPTER 1: INTRODUCTION

1.1 Significance of Study

Corporate social responsibility refers to "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" (Commission of the European Communities, 2001, pg. 6). The notion of corporate social responsibility (CSR) has evolved over five decades. Driven primarily by government infused codes of conduct, corporate CSR has become an implicit norm (Lee, 2008; Bronn and Vidaver-Cohen, 2009). Consequently, CSR disclosures have gained momentum around the world (Kolk, 2008; Luo and Bhattacharya, 2006; Wanderley, Lucian, Farache, and Filho, 2008). Empirical evidence suggests that CSR actions lead to superior market performance (Orlitzky and Benjamin, 2001; Orlitzky, Schmidt and Rynes, 2003; Allouche and Laroche, 2005; Margolis, Elfenbein and Walsh, 2007). CSR practices can influence customer satisfaction, employee satisfaction, stronger brand equity and favorable attitudes towards focal firms (Brown and Dacin, 1997; Maignan et al. 1999; Sen and Bhattacharya, 2001; Valentine and Fleischman, 2008). These relational benefits, in turn, increase firm reputation and financial performance (Luo and Bhattacharya, 2006; Maignan et al., 1999). Thus, socially responsible behavior can also lead to strategic benefits for firms. However, not all firms have the ability to reap strategic benefits from CSR actions (Lantos, 2001). This dissertation investigates the condition under which CSR actions can contribute to firm profitability.

Strategic vs. Altruistic Motivations

The new trend in the CSR practices of firms reflects a shift from quantity (degree) of CSR actions to quality of such efforts. Instead of maximizing the number of CSR issues addressed, firms are identifying key strategic issues that also align with their business actions. For example, *Kraft Foods* is committed to fight the problem of world hunger. The company engages in ethical procurement practices, philanthropic donations, food donations and is also making special efforts to create employee awareness towards responsible actions (CSR Wire, 2010a). This has increased brand reputation and employee morale for the food giant. Along similar lines, a recent report by *As You Sow*, a non-profit organization, stated that retailers like *GAP Inc*., *Timberland, Nike*, and *Nordstrom* use internal organizational strategies to streamline CSR efforts. They are increasingly adopting responsible purchasing practices and have made changes in five areas of corporate culture: designing and buying, forecasting, production management, and pricing. These efforts have resulted in improved working conditions along with cost reductions (CSR Wire, 2010b).

Strategic CSR is also gaining momentum in the literature (McWilliams and Siegel, 2001; Porter and Kramer, 2002, 2006). The question now is: should CSR practices be adopted because of moral obligations of businesses towards the society, or should they be adopted because such initiatives have the potential to increase the bottom line? Firms can choose to adopt socially responsive practices that enhance firm performance and contribute to society at the same time (Porter and Kramer, 2006). In fact, not all CSR actions are morally driven. Organizations engage in socially responsible behavior because they anticipate the long term strategic benefit of such actions like supply chain efficiencies, superior brand image, better relations with suppliers and customers and a better work force (Porter and Kramer, 2002; Brammer, Millington and Rayton, 2007; Collier and Esteban, 2007). When organizations engage in CSR actions with the goal of achieving profitability, they are more likely to streamline such actions with other organizational strategies and have a more focused approach towards application and evaluation of socially responsible behavior.

Alternatively, organizations may also engage in CSR initiatives because management feels that a moral obligation towards society and fulfilling societal duties is an act of selfless altruism for them. In this case, social actions are likely to lack any strategic focus and thus, may not lead to any substantial benefits. All CSR actions should not be evaluated through the same lens, as the underlying motivation may differ across organizations. Hillman and Keim (2001) recommend that CSR actions should be disaggregated into strategic and altruistic dimensions. These two different motivations would lead to differences in firm level outcomes because of the differences in desired goals (profitability vs. unselfish social welfare). Analysis of strategically versus altruistically motivated CSR is likely to provide better insights into the relationship between corporate social performance (CSP) and business performance than a homogenous model of CSR motivations. The main objective of this dissertation is to explore how strategic versus altruistic motivations for engaging in CSR actions affect firm performance.

Antecedents of Corporate Social Responsibility

CSR literature has mostly focused upon the outcomes of socially responsible actions. Now that the empirical evidence has established strategic relevance for engaging in CSR actions, an important area that deserves attention is to understand the factors that influence the CSR actions of firms. What makes some firms more proactive than others in the adoption of CSR actions? Aguilera, Rupp, Williams and Ganapathi (2007, pg. 837) pose the question ‘what catalyses organizations to engage in increasingly robust CSR initiatives?’ Conceptual advances in the literature suggest top management related factors (Heugens, Kaptein and Van Oosterhout, 2008; Basu and Palazzo, 2008) and external environmental factors to be the sole drivers of CSR (Aguilera et al., 2007; Campbell, 2007). For example, using institutional theory, Campbell (2007) proposes competitive intensity, state regulations, monitoring bodies and collective industrial self-regulation as antecedents of corporate social responsibility. In addition, employee expectation, employee power, top management teams' motivation, organizations' moral development, stakeholder pressures, and network centrality are other theoretically proposed CSR antecedents (Aguilera et al., 2007; Maignan and Ferrell, 2004; Logsdon and Yuthas, 1997). Despite these theoretical advances, research in this field is still embryonic (Muller and Kolk, 2010; Lindgreen and Swaen, 2010) and empirical evidence is scarce. Empirical studies on antecedents of socially responsible behavior have largely focused on cross country differences to identify cultural drivers of CSR actions (Chih, Chih and Chen, 2010; Muller and Kolk, 2010). There has been a constant call by scholars for advancing knowledge of the micro and macro level of antecedents of CSR (McWilliams, Siegel and Wright, 2006; Rupp, Ganapathi, Aguilera and Williams, 2006; Rodriguez, Siegal, Hillman and Eden, 2006; Vlachos, Tsamakos, Vrechopoulos and Avramidis, 2009).

Thus, the second objective of this study is to identify and empirically investigate the influence of external and internal drivers of socially responsible actions. This dissertation explores the dynamics of organizational culture in determining CSR actions. It advances the integrative perspective by simultaneously introducing the institutional influence on CSR actions.

1.2 Problem Statement

This dissertation addresses the gap in the literature about the understanding of the premises of socially responsible organizational actions. The core research issue that this dissertation investigates is whether motivations behind CSR actions (strategic vs. altruistic) affect firm performance. Specifically this dissertation seeks to examine:

1- The effect of strategically motivated CSR actions versus altruistically motivated CSR actions on firm performance.
2- The role of institutional pressures and organizational culture in determining CSR actions of strategically vs. altruistically motivated firms
3- The role of firms’ corporate social responsiveness in determining firm performance.

1.3 Organization of the Study

The rest of the dissertation is organized as follows:

Chapter two reviews the previous literature in different areas of CSR and proposes the conceptual framework. It is divided into three parts: Part one develops of the concept of corporate social performance, which includes the three constructs of motivations, CSR actions and corporate social responsiveness. It further accentuates the difference between corporate social responsibility actions and corporate social responsiveness. Part two introduces institutional pressures and organizational culture as antecedents of corporate social performance. Part three discusses and hypothesizes relationships between different dimensions of corporate social performance and business performance.

Chapter three describes the research methodology used to test the model. The development of survey, sources of measures, data collection process, and model testing methods are described in detail. Chapter four includes hypotheses testing and results. Chapter five discusses the results, followed by implications, limitations and future research presented in chapter six.

CHAPTER 2: THEORETICAL FRAMEWORK

This chapter is divided into three parts. The first part describes the core of the conceptual model- corporate social performance (CSP) paradigm. Theoretical elements of the CSP are then represented by conceptual constructs, and relations are proposed between them. The second part proposes institutional pressures and organizational culture as part of the CSP model. Relationships between these antecedents and the elements of CSP are then proposed. The third part delineates performance outcomes of the CSP model.

Part 1: Corporate Social Performance Paradigm

The earliest conceptualization of social responsibility of businesses can be traced back to the seminal work of Bowen (1953, pg. 6) where he defined social responsibilities of businesses as “obligations to pursue those policies to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. Literature on the socially responsible behavior of the firms focuses on the specific CSR actions, for instance, engaging in social welfare, environmental concerns and philanthropic donations. Though CSR actions provide useful information about a firm’s level of involvement in public duties and the influence of such involvement with performance outcomes like financial performance and reputational performance, they do not provide a holistic picture of the process of socially responsive behavior.

In the late ‘70s, scholars extended the static notion of CSR to corporate social performance (CSP) (Carroll, 1979; Sethi, 1979; Fredrick, 1978). The corporate social performance framework reflected a dynamic approach to explain the process of socially responsible behavior of firms. Wartick and Cochran (1985, pg 758) defined CSP as “the underlying interaction among the principles of social responsibility, the process of social responsiveness and the policies developed to address social issues”. Instead of considering corporate social responsibility, responsiveness, and social outcomes as separate issues, the CSP paradigm offers an integrated, dynamic model of firms’ social involvement (Wartick and Cochran, 1985; Strand, 1983; Wood, 1991). Corporate social performance is a three part process inclusive of: motivations for engaging in CSR actions, specific CSR actions that the firm engages in and the firm’s ability to adapt CSR actions in response to market demand. The third component of CSP refers to corporate social responsiveness. It is the firms’ ability to monitor and respond to changing societal needs by adopting practices that cater to these changing needs (Strand, 1983; Wood, 1991). Presence of programs and policies (CSR actions) are not enough to determine firms’ social performance. Proactive CSR involvement can only be captured by simultaneous evaluation of CSR actions and firms’ inclination to monitor and adapt those actions in response to changing societal needs.

Attempts have been made to conceptualize parts of the CSP paradigm and investigate the interactions between principles and processes in determining firm outcomes (Turban and Greening, 1996). However, none of the previous models have incorporated all the elements of the CSP process and analyzed their influence on firm performance. In the next section, this research offers an operational model of CSP grounded in theory.

2.1 CSR Actions as Observed Outcomes

The outcomes of corporate social performance are integral elements of CSP process. They represent the social programs and policies developed by organizations to address CSR issues (Wood, 1991). They reflect the specific organizational actions towards social and environmental issues. It is what the firms do (actions) that would lead to the positive or negative impacts. Examples of responsible actions towards stakeholders can be occupational health and safety, information transparency, union relations, work-life balance, and educational supports (Maignan and Ferrell, 2004; KLD Research, 2007). Examples of actions towards the environment include pollution prevention programs, recycling, efficient resource management systems and policies against hazardous waste (Turker, 2009, KLD Research, 2007, Abbott and Monsen, 1979). Wood (1991) suggests that social polices and programs should be institutionalized in all informal and formal processes of the firm. An ideal state of CSP will be reflected by embedded norms of social concerns in all aspects of business processes. However, the level of embeddedness of social actions varies across firms depending on the salience of such actions to the firm's vision.

2.1.1 Social and Environmental Actions

Based on the Commission of the European Communities (2001, pg. 6) definition of CSR- "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis", actions are conceptualized as environmental and social programs and policies of retailers. Environment and social dimensions are appropriate for this dissertation as they represent the most salient dimensions of CSR initiatives by retailers. Retailers deal with significant foot-print issues due to procurement practices (packaging and shipping) and other factors in the supply chain like fuel consumption in logistics and high electricity consumption in warehouses and stores. Large retailers like *Tesco*, *Sainsbury* and *Wal-Mart* have been proactive in adopting environmental friendly practices throughout their supply chain as a strategic decision to increase profits and moral choice to respond to consumer demands (Reuters, 2009; Gunther, 2006). Eco-friendly purchasing trends are catching on, and energy conservation along with waste elimination tops the list of environmental concerns amongst retailers (Elan, 2009; Reuters, 2009). Environmental concerns, therefore, are identified as an important dimension of CSR for retailers.

In addition, retailers are strongly embedded in multi-entity social networks consisting of consumers, suppliers, employees, government agencies, communities and other social groups. Their strategies are influenced by concerns of all social actors. Their high visibility makes them prone to social pressures, thereby demanding higher compliance with societal norms. Anselmsson and Johansson (2007) suggest that a positive perception of the human responsibility dimension of CSR is an important determinant of consumer's purchase intention towards retailers. Therefore, responsible behavior towards social issues is considered as the second salient dimension of CSR for retailers.

Both social and environmental dimensions form the core concerns of CSR actions, therefore retailers are likely to focus on both the dimensions.

2.2 Motivations of CSP

Organizational actions are often guided by organizational principles. Principles express "something fundamental that people believe is true or it is the basic value that motivates people to act" (Wood, 1991, pg. 695). Following Wood's definition, CSP motivations can essentially be described as the underlying premises for engaging in CSR activities. CSP motivations, therefore, are the reasons why firms engage in socially responsible actions. These can be a normative (duty oriented) or an instrumental (economic driven) rationale for socially responsible behaviors of firms. Motivations that may drive CSR actions are legitimacy, public responsibility, stakeholder demand, social contracts, manager's discretion, performance maximization, value driven, and presence of slack resources (Wood, 1991; Donaldson and Dunfee, 1999; Aguilera et al., 2007; Waddock and Graves, 1997). To understand the implications of CSR actions, it is important to examine the motivation behind adoption of such practices- the "why" behind CSR practices (Baron, 2001).

I propose two distinct principles that would enable firms to engage in CSR actions, strategic and altruistic. Firms may engage in CSR practices because it increases the demand for their product (self interest) and/or they may do so because it is the right thing to do for the welfare of the society (societal interest).

The first case indicates strategic motivation for engaging in CSR practice. It is motivated by self-interest and focuses on profits indicating strategic orientation towards CSR. Altruistic principles, on the other hand, are selfless and do not consider business reasons to engage in such actions. It is not the specific actions but their implications to firms' profitability that differentiates strategically motivated from altruistically motivated CSR. For example, if firms' charitable donations are significant and visible enough to influence customers' perceptions towards the brand and their purchasing preference then, such actions can be considered as strategic because they contribute to the firms' profits. When an organization engages in environmental friendly practices that improve the internal working conditions for employees, even though the CSR initiatives of the firm in this direction may be unrelated, they would indirectly influence workers' productivity thereby increasing the firm performance. Such spill over effect would also represent strategically motivated CSR actions of the firm (Baron, 2001).

Altruistic motivations are purely humanitarian in nature (Lantos, 2001). They are oriented towards social welfare rather than profit maximization. Such social welfare or common good may even occur at the expense of firm profits. Actions motivated by altruistic principles include activities like charitable donations, community service programs, employee volunteerism, sponsoring community renovation programs or any other social issue participation. Tangible benefits of altruism are difficult, if not impossible, to comprehend.

2.2.1 Strategic Motivations and Resource Based View of the Firm

Strategic motivations are rooted in the neo-classical economic view and resource based theory of the firm. According to the neo-classical view, profit maximization is the only social responsibility of a business (Friedman, 1970). This view suggests that firms following CSR practices on moral ground are in reality misusing shareholders' wealth, and such a behavior is an indication of agency problem (McWilliams et al., 2006). Social objectives are treated as secondary and separate from the economic objectives (central to firm's existence). Firms should utilize available resources only to maximize profits for shareholders, and they should do so within certain legal and ethical boundaries (Friedman, 1970). Though social responsibilities are not the primary goal of organizations, constraining principles of ethics and morality integrate social concerns within the profit maximization strategies of firms. Firms are expected to choose socially responsible practices strategically linked to the profitability objectives so that they ultimately contribute to a firm's bottom line. Strategic motivations, therefore, can be defined as a firm's motivation to engage in CSR actions for maximizing firms' profit in the long run. These are good actions of the firm toward society that are also good for business (Lantos, 2001).

In addition to profit maximization goals, CSR has also been suggested as a tool for gaining competitive advantage in the market by instrumental theorists (Garriga and Mele, 2004). The resource based view (RBV) of the firm provides a useful framework for examining strategic CSR motivations and proposes socially responsible practices as strategies for gaining competitive advantage (McWilliams, et al. 2006; McWilliams and Siegel, 2001). RBV views firms as bundles of imperfectly mobile, heterogeneous resources and capabilities. Firms can gain sustainable competitive advantages if these resources and capabilities are valuable, rare, inimitable and non-substitutable (Barney, 2001, 1991; Wernerfelt, 1984). CSR strategies can be rent generating, valuable resources if they are either used to create product differentiation or to gain superior brand reputation, both of which are likely to lead to long term profits (Fombrun and Shanley, 1990). Strategically motivated CSR actions can stimulate demand for a firm's distinct resources, e.g. products and services (Maijoor and Van Witteloostuijn, 1996). For example, eco-friendly labels, fair trade products and ethically procured products as advertised by retailers like Ben and Jerry, Body Shop, and Whole Foods Market create a distinct image that can not be perfectly imitated or substituted by other players. The distinction based on socially responsible practices provides competitive advantage and stimulates demand for these retailers. Also, strategically motivated CSR actions can foster distinct capabilities through research and development investments in efficient and innovative organizational systems. The perception of responsible practices can create differentiation (thereby generating demand) and efficient systems can generate superior rents for the firms (Russo and Fouts, 1997; McWilliams and Siegel, 2001; Barney, Wright and Ketchen, 2001).

Therefore, firms may engage in CSR actions with a strategic motivation of generating superior rents and attaining competitive advantages in the market. Strategically driven CSR actions have the characteristics of high centrality to corporate vision, high firm specificity and strong visibility to internal and external stakeholders (Sirsly and Lamertz, 2008). Such actions result in behavioral commitment from stakeholders (Salancik, 1977).

2.2.2 Altruistic Motivation and Normative Underpinning of Social Actions

Financial gains are not the only motivation behind engaging in CSR initiatives. Altruistic motivations are based on the argument that firms are social institutions and have responsibilities beyond maximizing shareholders' wealth. Altruistic motivations can be defined as a firm's motivation to engage in CSR actions with the signaled outcomes of social welfare and fulfillment of societal obligation. Altruistic motivations are rooted in stakeholder theory, corporate citizenship perspective and social contract theory. Stakeholder theory views firms as a nexus of actors with the ability to influence firm's outcomes. The central argument of stakeholder theory is that firms have social responsibilities beyond fiduciary duties towards shareholders (Freeman, 1984, 1994). Firms should align their behavior with the norms and demands of a broad set of stakeholders who are affected by a firm's decisions. Stakeholder groups consist of creditors, employees, customers, suppliers, pressure groups, local residents, regulators and other communities (Maignan et al., 2005; Maignan and Ferrell, 2004; Clarkson, 1995). The moral perspective of stakeholder theory suggests that firms should do the right thing without considering the financial consequences of such decisions (Donaldson and Preston, 1995). Socially responsible actions provide legitimacy between stakeholders and firms gain the license to operate as a result of such behavior (Philips, 2003; Mitchell, Agle and Wood, 1997).

Similar to stakeholder theory, corporate citizenship theory views firms as citizens of society who are involved in their communities (Garriga and Mele, 2004, Wood and Logsdon, 2002). Therefore, they have the moral obligation to take the interests of communities into account while making strategic choices. Similar to stakeholder theory, scholars in this area agree to the responsibilities of businesses towards the communities and their role in improving the social and environmental conditions as a part of citizenship behavior.

Also, the social contract perspective suggests that businesses are bounded by implicit contracts with the society and therefore have indirect obligations towards the members of communities (Lantos, 2001; Donaldson and Dunfee, 1999). The traditional view of economic progress was extended to incorporate social progress under the realm of business responsibilities (Lippke, 1996; Davis, 1983). Social contract theory suggests that firms' behavior is governed by two levels of contracts: macro-social and micro-social (Donaldson and Dunfee, 1999). Macro-social contracts consist of fundamental norms (hyper norms) providing a basis for morally right and wrong behaviors in general. Micro-social contracts borrow from the hyper norms to form a set of authentic norms that guide the behavior of specific firms within specific communities where they exist (Donaldson and Dunfee, 1999; Dunfee, Smith and Ross, 1999). Community norms may differ across groups; therefore, social responsibilities of businesses differ based on the communities in which they operate (Maignan et al., 1999). Like other normative theories, social contract theory also focuses on the moral obligation of businesses towards society.

These three theories steer attention away from profit maximization motives to a duty bound perspective of the firm. Moral obligations towards the society drive socially responsible behaviors of the firms. Legitimacy and social welfare, not profits, are the desired outcome for altruistically driven CSR actions.

It should be noted that the proposed definition of altruistic motivation uses the term "signaled" instead of "desired", as true motivations are hard to comprehend. Though altruism implies selfless consideration of others welfare, few firms may use altruistic actions only as a signaling mechanism to impose an image of good corporate citizen. Firms may superficially engage in certain acts of so called moral behavior because they want to be perceived as legitimate to stakeholders. For example, dormant organizations may unwillingly engage in CSR initiatives because of normative pressures. They may indicate altruistic motivations for engaging in such behavior but, in reality, may only be acting to offset stakeholder opposition. In such case, altruism may just be a mask to look good. Wagner, Lutz and Weitz (2009) call this duality corporate hypocrisy, i.e. corporations claiming to do something that they may actually not be doing. Since profits are not a consideration for altruistic motivation, organizations may engage in minimum CSR initiatives and maximize the intangible benefits by promoting their good citizen image.

2.3 Corporate Social Responsiveness

Corporate social responsiveness is defined as "the capacity of a corporation to respond to social pressures" (Frederick, 1978, pg. 6). Responsiveness adds the action orientation to corporate social responsibility. It provides a tool for assessing external environment and implementing strategies for effective issue management. Responsiveness also indicates the actions of firms taken in response to intelligence generated through monitoring and scanning activities (Jamali and Mirshak, 2007; Kohli and Jaworski, 1990). Three components of responsiveness have often been advocated by scholars: attending to social needs; monitoring and boundary spanning of actions; planning, and implementing strategies as a response to environmental changes (Strand, 1983; Ackerman, 1975; Wartick and Cochran, 1985; Wood, 1991). The first component reflects the action that firms may take in order to fulfill identified social needs, whereas the second and third components reflect organizational ability to measure the effects of current actions, monitor changing social needs and adapt current strategies in response to those needs so as to make them effective for current conditions. The process of responsiveness in the CSP model reflects organizational agility and proactiveness. All organizations may engage in socially responsible behavior, but organizations that have the ability to scan and adapt will be the ones who will be able to learn the most from changing demands. Corporate social responsiveness will also ensure implementation of effective CSR practices.

2.3.1 CSR Actions versus Corporate Social Responsiveness

Corporate social responsiveness has often been confused with CSR actions in literature (Wood, 1991; Sethi, 1979; Fredrick, 1978). Clarkson (1995) and Wood (1991) provide a review of the evolution of these two terms and clarify the difference in their meaning. CSR actions are the specific programs and policies that firms engage in a specific time period. They refer to the current corporate actions implemented to address social concerns. The emphasis on what firms are currently doing makes it a static, unidimensional concept. Corporate social responsiveness, on the other hand, is dynamic in the sense that it focuses on firms' ability to address future needs. Thus, responsiveness is the firms' posture towards managing current and future social issues (Clarkson, 1995). Corporate social responsiveness complements CSR actions, but the two concepts are not interchangeable. Unlike CSR actions, environmental scanning is a critical part of corporate social responsiveness (Jamali and Mirshak, 2007). It is the firms' ability to assess the external environment, monitor current social issues and adapt the actions to fulfill changing market demand. Corporate social responsiveness, thus, reflects the firms' proactiveness towards social issues. Involvement in CSR actions does not always guarantee presence of corporate social responsiveness. Only when the firms have the willingness to holistically embrace corporate social responsibility along with the resources and ability to monitor the effectiveness of CSR actions, will they be able to demonstrate responsiveness.

In this dissertation, corporate social responsiveness is conceptualized as a follow up process for current CSR actions. It refers to a firm's agility towards current CSR issues and its ability to constantly adapt the current actions to address the changing environmental needs.

2.3.2 Motivations and Corporate Social Responsiveness

Strategic planning entails long range objective setting for where the firm would like to be in the future (objective setting) and how would it get there (programming and budgeting) (Ball and Lorange, 1979). The long term vision for firms' strategic actions enables well directed short term procedures. Like other organizational actions, CSR actions of strategically motivated firms can be considered as a building block for achieving a future vision of competency and profitability. A-priori environmental scanning and a-posterior monitoring and adaptation of actions are instrumental components of the strategic planning process (Robinson and Pierce, 1983). Firms that utilize a strategic planning process, formal or informal, are responsive towards the changing environment. By doing so they are able to better align the current strategies to meet the future goals.

Strategic motivations emphasize adoption of socially responsible practices that enhance firm performance in the long run. Strategic intent towards CSR actions would encourage a systematic planning process for identifying and adopting closely aligned CSR policies and practices. The long term orientation towards CSR strategy formulation is likely to encourage monitoring and evaluation of such actions. Successful implementation of strategic CSR requires proactive environmental scanning, anticipating future demand for socially responsible practices, and adopting practices in response to changes (Burke and Logsdon, 1996). Environmental stimuli identified through active environment scanning and assessment can provide useful information to management facilitating CSR actions in uncertain environments (Slater, Olson and Hult, 2006; Galbreath, 2010). When decision makers are faced with an immediate need for certain organizational actions but are unsure about the outcome of such, they may engage in active information acquisition to reduce response uncertainty (Milliken, 1987). Also, a-posterior assessment of response actions is likely to be conducted to ensure the appropriateness of such actions. Thus, strategically motivated firms may reduce response uncertainty associated with the outcome of CSR actions by engaging in environmental scanning.

Altruistic motivations, on the other hand, are borne out of normative demands, moral concerns or coercive pressures (in the case of pseudo altruism). Altruistically driven firms may act in socially responsible manner as a response to stakeholder demand for such actions. They may also do so when decision makers are morally driven towards social welfare. No performance benefits are expected from altruistically driven actions and focus is on the action itself rather than results of actions. Desired outcomes of altruistically motivated actions are ambiguous such as societal enrichment or eradication of social evils (Lantos, 2001).

Since results of CSR actions or implications to firm performance are not the salient concern, the perceived outcome uncertainty associated with anticipated results is also likely to be absent. Organizations may engage in a-priori environmental scanning to identify and address social concerns; however, lack of long-term orientation towards such actions will negate the need to engage in a-posterior monitoring and adaptation process. Also, the additional cost of measuring the impact may be perceived as wasteful. Instead, altruistic firms may prefer investing the resources back in public welfare instead of using them for evaluation purposes.

Consequently, I propose

H1: Strategically motivated retailers are likely to exhibit higher corporate social responsiveness than altruistically motivated retailers.

Part 2: Antecedents of Corporate Social Performance

Recent studies on CSR have moved beyond the decades old debate on consequences of CSR actions and have started to focus on the antecedents of such initiatives (Campbell, 2006, 2007; Aguilera et al., 2007). Scholars have proposed several models for understanding critical catalytic factors responsible for organizational involvement in ethical behavior and CSR initiatives (Weaver, Trevino and Cochran, 1999; Heugens et al., 2008; Campbell, 2006; Aguilera et al., 2007; Muller and Kolk, 2010). Scholars largely agree that CSR involvement cannot be fully understood by a few single level influential factors (Muller and Kolk, 2010; Wood, 1991).

A CSP process model cannot be uniformly applied to all firms, because organizations exist in multilevel environments. Complex integration of both macro and micro level factors together determine strategic actions of firms. Multifarious outcomes for CSR are a result of the strategic orientation of the firms and the contingencies faced by them, both internally and externally. Much of the existing research focuses on external determinants of CSR with very few recent theoretical and empirical attempts to gain an understanding of the multilevel dynamics (Muller and Kolk, 2010; Chih et al., 2010; Campbell, 2006; Swanson, 1999; Starik and Rands, 1995).

Next, institutional theory and organizational culture theory are used to propose external and internal antecedents of corporate social responsibility actions.

2.4 Institutional Theory

Institutional theory explains the phenomenon of isomorphism - the process through which organizations become similar to each other (DiMaggio and Powell, 1983, Tolbert and Zucker, 1996). In contrast to neo-classical economic models, institutional theory views organizations' role to be much broader than mere profit maximizing units. Organizations are embedded in social structures consisting of suppliers, consumers, competitors, regulatory agencies and other non- government entities. These social constituents define the institutional setting in which firms operate (Doh and Guay, 2006). Institutional theory is based on the premise that organizations compete not only for resources but also for legitimacy amongst the social constituents. Contextual similarities between organizations induce corroboration to the institutional demands (Scott, 2008; DiMaggio and Powell, 1983). Firms succumb to institutional demands either to gain legitimacy or to reduce environmental uncertainties (DiMaggio and Powell, 1983). To gain legitimacy, they adopt the actions dictated by regulatory bodies or social constituents. Environmental uncertainties and outcome ambiguity, on the other hand, induces imitation of successful business. Organizations conform to the institutional norms to increase the flow of societal resources and ensure survival in the long run (Zucker, 1987). Over the years, conforming to institutional pressures leads to homogenization of firms operating in the same industry. Institutional theory suggests that organizations homogenize due to three kinds of external pressures: social (normative isomorphism), regulatory (coercive isomorphism) and competitive (mimetic isomorphism) (DiMaggio and Powell, 1985; Scott, 2008). Compliance to these pressures is driven by the desire for legitimacy (Oliver, 1991). Compliance also provides certainty, stability and predictability to organizational decision makers, thereby reducing task risks. Thus, firms embrace institutional pressures and adopt prevalent business practices.

Legitimacy is the central explanatory construct in neo-institutional theory (Meyer and Rowan, 1977; Deephouse and Suchman, 2008). Organizations have the cognitive need for gaining legitimacy from social constituents as legitimacy ensures enhanced social resources, unrestricted access to markets, latitude to pursue its own activities and long term survival of the firm (Child, 1972; Meyer and Rowan, 1977; Brown, 1998). Social legitimacy also provides tangible benefits, in the form of lower compliance cost and higher stock market evaluations, and intangible benefits like brand likeability and strong reputation (Fiss and Zajac, 2006; Tuschke and Sanders, 2003; Staw and Epstein, 2000). Motivation to gain legitimacy can be either to achieve substantive benefits (for tangible returns) or symbolic benefits (for good image) (Ashforth and Gibbs, 1990). Both kinds of benefits (symbolic or strategic) provide competitive advantage to the firm (Heugens and Lander, 2007). Symbolic benefits include public endorsements and better reputation, whereas substantive benefits include lower compliance costs and higher stock market evaluations (Tuschke and Sanders, 2003; Staw and Epstein, 2000).

Institutional theory primarily focuses on conformity, passivity and preconscious acceptance of external pressures as a survival strategy. However, survival is not always the reason behind compliance to institutional pressures. Firms may also choose to confirm to external pressures for strategic reasons. Management of environmental uncertainties, better utilization of available resources and interdependencies can also induce affirmation (Pfeffer and Salancik, 1978). Resource dependency perspective suggests that organizations have several strategic choices to respond to institutional pressures beyond passive conformity (Oliver, 1991). They can choose to defy or manipulate pressures if institutional demands do not align with organizational goals. However, perceived social legitimacy and perceived economic gains can induce compliance to institutional pressures (Oliver 1991). Consistency between institutional demands and organizational goals also encourages acquiesce to external pressures. In addition, environmental uncertainty and interconnectedness are other reasons that may increases organizational desire to accede to institutional pressures (Dimaggio and Powell, 1983Pfeffer and Salancik, 1978)

2.4.1 Institutional Theory and CSR

Evidence of institutional pressure also exists in CSR literature. Scholars have acknowledged various forms of organizational legitimacy as important determinants of socially responsive behavior (Chiu and Sharfman, 2009; Matten and Moon, 2008; Campbell, 2007; Doh and Guay, 2006; Luo and Bhattacharya, 2006; Child and Tsai, 2005; Aguilera and Jackson, 2003). According to the classical economic view, firms are rational actors and their primary role is to maximize financial value for shareholders. Therefore, according to this view, firms have no motivation to engage and invest in CSR actions. But formal and informal rules laid out by the institutions induce such behavior within firms. Presence of institutions can encourage socially responsible actions, by providing incentives, or induce constraints on organizational actions, by exercising negative reinforcements or punishments. Campbell (2007) calls it a stick and carrot phenomena that enables firms to engage in socially responsible behavior. Campbell (2007) uses institutional theory to propose factors that may influence socially responsible behavior of organizations. Amongst others, systems of self regulation, presence of monitoring organizations (NGOs, press), government regulations and institutionalization of norms are salient factors that would induce CSR initiatives within organizations.

Institutional theory framework has been modestly used in CSR literature to explain country level differences in CSR practices (Matten and Moon, 2008), investigate institutional legitimacy (Luo and Bhattacharya, 2006) and visibility to stakeholders (Chiu and Sharfman, 2009), and explain organizational ethics and environment management strategies (Delmas and Toffel, 2004; Jennings and Zandbergen, 1995). These studies reflect that organizations abide by institutional rules and practices for both substantive and symbolic legitimacy. Drawing on the existing research on CSR and institutional theory, this dissertation suggests that institutional pressures act as critical external determinants of corporate social performance. Different kinds of institutional pressures will trigger differences in the underlying principles (strategic motivation versus altruistic motivation) for engaging in CSR actions.

Institutional Pressures

DiMaggio and Powell (1983) propose a model of institutional pressures faced by firms and suggest three mechanisms of isomorphic change that may occur as a result of legitimacy seeking motivation. These mechanisms are: coercive, mimetic and regulatory isomorphism. Each mechanism is a result of its own antecedents of institutional pressures: i) regulatory pressures induce coercive isomorphism, ii) competitive pressures induce mimetic isomorphism and iii) social pressures lead to normative isomorphism.

2.4.2 Regulatory Pressures

Regulatory pressures lead to coercive isomorphism as a result of expectations exerted by formal institutions like government organizations and other state players. These pressures are enforced on organizations via legislation, legal systems, rules and policies (Heugens and Lander, 2007; DiMaggio and Powell, 1983). Organizations increasingly adopt uniform structures and practices to conform to the regulatory institutions. As government agencies increase in dominance and regulations become stringent, organizations are forced to restructure and implement practices confirming to wider institutions (Meyer and Rowan, 1977). Penalties in the form of fines or more severe punishments are used to impose restrictions on firms. Adoption of new pollution control practices as a result of environmental regulations, increases safety standards within retail facilities, government mandates for human resource practices and laws against discrimination are a few examples of coercive pressures that lead to similar organizational practices within the same institutional environment. Regulatory pressures are the most visible form of institutional pressures; therefore they initiate the most significant forms of organizational isomorphism.

Regulatory Pressures and CSR actions

Governments facilitate diffusion of responsible practices by mandatory compliances and voluntary programs for proactive adopters. In the CSR context, environment standards like ISO certification, eco-management and audit regulations call for adoption of CSR policies by firms. Matten and Moon (2008) provide an example of the role that government policies play in implementation of CSR initiatives in Europe. Similarly in the US, embeddedness of CSR laws like rights of employees, work conditions and fair wages have led to a higher degree of CSR efforts (Matten and Moon, 2008). In a conceptual paper, Campbell (2007) also highlights the role of regulatory pressures on shaping CSR initiatives and proposes that well enforced state regulations lead to more socially responsible behavior by organizations. Organizations comply with regulatory pressures because non-compliance can pose a threat to their legitimacy. He further adds that the presence of regulations is not enough to ensure behavior but continuous monitoring is also required to deter non-compliance.

Organizations are not inherently motivated to comply with regulatory pressures and are likely to resist imposition of regulations (Campbell, 2007). However, visibility of regulatory pressures increases the risk of penalization and rejection by both regulatory bodies and social actors. Information about non-compliance and regulatory penalties easily reaches the public through media. It translates into social rejection and threatens firms' symbolic legitimacy. Compliances are the minimalistic actions that firms engage in to meet regulatory standards and to avoid the expensive costs of penalties and law suits (Epstein, 2008). For example, Williamson, Lynch-Wood, and Ramsay (2006) found that firms adopted environmental friendly practice only when non-compliance posed the threat of financial penalties.

In addition to this kind of coercive pressure, regulatory bodies can also facilitate adoption of socially responsible practices by providing information about best practices for social and environmental improvement. They also provide training assistance to organizations that are interested in responsible behavior. For instance, as supportive resources for retailers, United States' Environmental Protection Agency (EPA) provides information about suppliers that practice environmental stewardship, information about ways to reduce packaging waste and case studies of retailers that have adopted innovative practices to decrease waste in their business operations. It also provides support to train existing suppliers for process improvement and waste management. This reduces the information and search cost for potential adopters of responsible practices (Delmas and Toeffel, 2004).

Regulations add to operational costs by imposing constraints to strategic actions. They are often criticized for reducing industry level as well as firm level innovation (Gonzalez-Padron and Nason, 2009). They are considered incompatible with the economic criteria of performance assessment (Oliver, 1991). Product quality regulations also hinder the speed of new product development and introduction thereby accruing higher transaction costs (Svistounov, Kestell, Adams and Munday, 2007). Regulation can sometimes negatively affect the investments in research and development (Santerre, Vernon, and Giaccotto, 2006). The perceived strategic benefits of regulations do not always justify the cost of regulations. A low degree of consistency between regulations and organizational goals is likely to induce defiance to regulatory pressures

(Oliver, 1991). Thus, strategic firms often engage in lobbying against regulations and prefer self-regulatory programs such as voluntary certifications.

Altruistic firms may engage in a minimalist compliance approach. The assurance of not getting fined would be enough for such firms (Williamson et al., 2006). The intangible cost of non- compliance (social disapproval, resistance from NGOs and other social activists, harmed brand reputation and disapproval of customers) would greatly supersede the cost of compliance. Compliances would reduce the search cost for identifying responsible practices. Also, since altruistically motivated firms do not expect long term profit based benefits and feel the moral obligation to be good citizens, they are likely to perceive government regulation as a way for greater good and thus comply without resisting. Legal compliances are used as a signal of good citizenship in sustainability reporting (Lee, Fairhurst and Wesley, 2009). Williamson et al., (2006) found that regulations were more instrumental in adoption of environmental activities by SMEs than the motives of superior business performance. Thus, regulatory compliances may be more instrumental in adoption of CSR practices by altruistically motivated firms whereas strategically motivated firms may prefer to go beyond minimalistic compliances and identify programs that would contribute to business profitability in the long run. Consequently,

H2: Regulatory pressures are more likely to influence the adoption of CSR actions for altruistically motivated retailers than for strategically motivated retailers.

2.4.3 Social Pressures

Existing social norms are the second source of isomorphism for firms (normative isomorphism). DiMaggio and Powell (1983) attribute this form of isomorphism to professionalization or socially defined work conditions and standards. Scott (2008; pg. 54) suggests that normative elements “introduce a prescriptive, evaluative, and obligatory dimension into social life”. Professionals (employees) embedded in organizations become isomorphic to their counterparts in other organizations within the industry. DiMaggio and Powell (1983) suggest two routes to normative isomorphism a) presence of formal educational systems (registration, certification, and accreditation), and b) filtering of personnel between organizations. Presence of formal education systems (certificate courses, MBA) and the inter-connectedness of hiring practices across organizations (via professional networks) lead to the adoption of similar work practices between organizations (Lee and Pennings, 2002; Honig and Karlsson, 2004). Also, interaction of professionals between similar organizations as a result of inter-firm mobility (hiring from competitors) or due to presence of networks (membership in trade associations) leads to shared standards for business practices (Cyert and March, 1963).

Thus, organizations gain social legitimacy (intangible benefit) by complying with the expectations of relational channel members (suppliers, customers, trade associations and social groups). Thus, presence of informal rules within social networks leads to adoption of similar behaviors between organizations.

Social Pressures and CSR Actions

Institutionalization of normative demands for CSR practices influences the adoption of socially responsive behavior of firms (Campbell, 2007). Trade publications, education systems and trade association membership facilitate the institutionalization of collective norms (Campbell, 2007). Jamali (2008) attributed the low levels of CSR activities in Lebanon to low social pressures from activists (NGOs, consumer and employee) and absence of institutionalization of such practices within the educational system. On the other hand, increasing institutionalization of CSR practices in the European education system and increasing pressures from professional associations was found to be a significant factor contributing to the rise of CSR initiatives (Matten and Moon, 2004, 2008). Communication proximity and frequency of communication within social networks influences the extent of social pressures faced by firms (Burt, 1982; Rogers, 2003). Sen and Bhattacharya (2001) found that positive and negative information about firms' CSR actions can affect consumer evaluation of a company and purchase intentions. Consumers can challenge legitimacy of unethical firms by boycotting (Smith, 2007). Thus, organizations are likely to comply with norms of immediate stakeholders and adopt socially responsive behavior to gain legitimacy in the network.

Retailers are even more prone to social pressures due to their high visibility and embeddedness within communities. This is because organizational visibility influences intensity of perceived stakeholder pressures (Meznar and Nigh, 1995). Social actors are more interested in organizations they are aware of and whose actions directly influence them. Such organizations are, therefore, expected to comply with implicit norms. Retailers cater to customers from the immediate vicinity and their store employees also often belong to the nearby communities. Because of locational proximity, both customers and employees are likely to have similar agendas for socially responsible actions for businesses around the community. Unit level socially responsible actions, like in the case of retail stores, are influenced by stakeholder demands from the immediate vicinity (Khanna and Vidovic, 2001). Frequency of interaction between stakeholders influences corporate concern towards the social issues (Campbell, 2007). Thus, deep rooted societal concern within adjoining social networks aggravates the influence of social pressures on retailers. Also, other social actors such as cause related social groups and local suppliers may exert pressure for conformity to local norms. For example, in the 1990's UK retailers came under social pressure to remove or restrict their confectionary products directed towards children. Even though such products are profitable lines because of high margins, retailers are consequently forced to address social issues and remove them from check-out areas (Piacentini, MacFayden and Eadie, 2000). Voluntary certification programs facilitated by governments are also adopted by firms in response to the demand of customers and investors (Koehler, 2007). Retailers are likely to comply with these norms to seek legitimacy and increase their chances of survival within specific communities.

Firms gain symbolic legitimacy by complying with social norms. Compliance with social norms can also lead to strategic benefits of brand image improvement and better societal relationships such as customer loyalty, employee satisfaction and supplier commitment. Reputational consequences are in fact one of the strongest motivation behind adoption of CSR practices (Graafland and Smid, 2004). Large organizations are expected to comply with highly visible issues. This is because stakeholders are more aware of visible social issues and visible (large) organizations. They expect businesses to fulfill societal duties by addressing critical issues and possibly resolving them. Physical presence and high visibility within local communities subjects retailers to such societal expectations. They are likely to address relevant social issues in the environment to gain good will from the stakeholders. Neustadl (1990) found that organizations are more likely to give priority to highly visible social issues that are easily observed by stakeholders. Addressing and acting towards these social issues is of strategic interest because of their potential to nurture social legitimacy.

Social favorability and strong societal relationships also have the potential to influence financial performance of the firms (Hunt, 1997). Bowen (2002) indicated that coercive stakeholder pressures lead to proactive declaration of environmental strategies by firms. Firms can gain first mover advantage by proactive declaration of strategic actions. Williamson, Lynch-Wood, and Ramsay (2006, pg 233) found that customer pressures influence the adoption of environmental certification in SMEs. Strategically motivated firms are likely to understand the importance of social relationships and their impact on sustainable performance. Therefore, they are likely to proactively engage in identification of social and environmental issues that are of concern to their immediate stakeholders, for example, good work-environment for employees, waste reduction programs, energy conservation programs and community involvement. Quality standard accreditations like ISO 9000 and ISO14001 also help firms in streamlining business operations, and reducing operational costs thereby increasing efficiencies (Delmas 2002). Although accreditations are often adopted in response to market demands, they provide strategic benefits to firms.

The presence of social pressures to address CSR issues will provide avenues for improving market performance for strategically motivated retailers. By complying with social pressures, strategic firms can also protect themselves from future externalities and secure their strategic stance. A proactive stance on social demands can lead to competitive advantage in the form of distinct competencies. However, when firms are forced to engage in CSR actions, they face negative reputational consequences as well as internal strategic conflict (Munilla and Miles, 2005). Strategically motivated firms will benefit from proactively responding to the demands of stakeholders.

Social concerns are the formative principles of altruistically motivated CSR (McWilliams, Siegel and Wright, 2006; Lantos, 2001). Morally driven firms are committed to fulfilling philanthropic responsibilities towards societal stakeholders (Lantos, 2001). Such firms contribute to local schools, sponsor community events, donate funds to social causes and make resources available for social actors to alleviate societal problems. Altruistically motivated firms are likely to respond favorably to social demands because they feel obligated to do so. When altruistic motivation is dictated by hidden hypocrisy, firms may succumb to social pressures with a short term goal of avoiding some current accusations. Though altruistically motivated firms may not be proactive in anticipating future social needs like strategically motivated firms, they will proactively respond to ongoing demands of society. Thus both strategically motivated firms and altruistically motivated firms will adopt CSR practices in response to societal demands but for different reasons.

H3: Social pressures are likely to influence the adoption of CSR actions equally for both strategically motivated firms as well as altruistically motivated retailers.

2.4.4 Competitive Pressures

Competitive pressures induce adoption of popular practices (Majumdar and Venkataraman, 1993). When organizations are uncertain about the outcomes of market conditions, they economize on search costs by imitating strategies of other successful organizations as a benchmark (Haveman, 1993). They mimic successful business practices of competitors to minimize future regrets. Thus, competitive pressures of successful business practices lead to mimetic isomorphism. This is also the most influential form of isomorphism in institutional literature (Heugens and Lander, 2007). Mimicking or 'modeling' (DiMaggio and Powell, 1983, pg. 151) may occur as a result of employee mobility across organizations or due to benchmarking practices used by firms, for example business re-engineering and total quality management (Matten and Moon, 2008; Heugens and Lander, 2007). Organizations tend to adopt business practices of similar organizations in times of environmental, process or outcome uncertainty to offset the potential unforeseeable losses (DiMaggio and Powell, 1983; Heugens and Lander, 2007). They turn to competitors and adopt strategies that are perceived as successful. Such mimicking behavior is driven by a desire for legitimacy and substantive benefits. Substantive benefits can be reaped in two ways: a) reduced search cost for identifying appropriate successful strategies and, b) potential positive returns on investments as drawn by competitors. Haunschild and Miner (1997) proposed three kinds of competitive pressures that lead to mimetic isomorphism: trait based (imitating large size and successful organizations), frequency based (imitating the practices followed by large number of other organizations) and outcome based (to imitating practices believed to have produced positive outcome for others).

Competitive Pressures and CSR Actions

Competitive pressures have been shown to influence the CSR practices of the firms in international markets as well (Matten and Moon, 2008; Jamali, 2008). Successful CSR practices are mimicked when they are perceived to be fads or fashion or when the competitors adopting such practices are perceived to be strong and experienced (Jamali, 2008). Matten and Moon (2008) also found influence of competitive pressures on diffusion of CSR practices in Europe. Firms can earn strategic value from CSR actions if they are able to internalize the benefits of CSR actions by creating product differentiation or innovative business solution exclusive to the firm (Sirsly and Lamertz, 2008). However not all firms have the adequate resources to support pioneering advantages of CSR actions. In such conditions, firms can benefit from the spill over effect of competitors' moves by directly adopting visible competitive strategies, thereby saving on the full costs of activities (Mayer, 2006). For example, in 2007 Marks and Spencer announced an investment of $320 million in environmental actions to become UK's greenest retailer by

2012 (Rigby and Harvey, 2007). Capitalizing on the positive market reaction to the announcement, Tesco and Wal-Mart closely followed with their own sustainability plans for saving energy and reducing their carbon footprint (Smith, 2007).

Under the condition of information externality, when firms lack information about appropriate actions to respond to market demands and about the outcomes of available actions, they adopt ‘herd behavior’ by following successful competitors (Misani, 2010). Superiority of competitor’s information and action is determined by clues like stock market prices, expansion moves, changes in consumer patronage and product demand (Bikhachandani, Hirshleifer and Welch, 1992). Increase in adoption of self-regulated programs like ISO certifications can be attributed to such herd behavior. The increasing prevalence of sustainability standards like GRI index and Dow Sustainability index has further increased the competitive pressures for CSR actions. Such standards provide information about the market success of CSR actions and thus are often used by firms as standards for imitating the CSR practices of market leaders. As CSR actions diffuse in the markets, opportunity costs of non-adoption supersede the resistance to adopt CSR practices.

Compliance to competitive pressures is more strategic in nature. It often fulfills the purpose of achieving superior business performance for firms. Organizations succumb to competitive pressures under conditions of uncertainty and mimic successful business practices (DiMaggio and Powell, 1983). Economic performance of first movers influences the adoption of CSR practices by other firms within the same environment (Robertson, 2007). Strategically motivated firms are interested in long term substantive benefits from such actions. However, they may not always have enough resources to invest in identifying innovative CSR actions. Information about the outcomes of certain products or business strategies may also not be available or expensive to acquire. In such a situation, firms would minimize their search cost by learning from the competition. For example, socially responsible processes and impact disclosures by retail business leaders have recently fueled the adoption of sustainability practices like carbon footprint reduction, fuel efficiency in logistics, reducing waste and responsible sourcing practices. Lack of information about innovative business process redesign and the strategic impact of such solutions, had deterred retailers from implementing such policies in the past. However, increasing disclosures of cost savings and increasing consumer favorability has encouraged the smaller retailers to rethink their business actions.

Strategically motivated firms would choose to be influenced by these pressures because of the potential for substantive benefits. Imitation of successful strategies is used as a coping mechanism under uncertain conditions. In highly competitive markets, intensity of CSR adoption increases along with the influence of such actions on firm profitability (Sanchez and Sotorrio, 2007). Strategically motivated firms will proactively learn from successful competitive moves and engage in CSR practices with expectations of superior performance. Therefore, underlying motivations behind engaging in similar CSR practices to those of competitors can be viewed as a strategic choice. Substantive orientation of strategically motivated firms is likely to influence the adoption of CSR actions due to competitive pressures.

Altruistically motivated actions, on the other hand, are independent of such expectations. Profit outcomes of CSR actions for these firms are irrelevant. Their actions are grounded in humanitarian and philanthropic duties. Cooperation instead of competition is likely to be favored by morally driven firms. Thus, competitive pressures are less likely to influence CSR actions of altruistic firms. Such firms may collaborate with governments, NGOs and other interested competitors to address humanitarian challenges at large (Gonzalez-Padron and Nason, 2009).

But imitating competitors to fulfill self seeking profit goals will be against the underlying self-less principles of altruistic CSR. Competitors' strategies may only be adopted if they are perceived as serving societal obligations more effectively but that will be a coincidence and not a consequence of competitive pressure. Competitive pressure, borne out of the need to imitate successful business strategies, would not be an instrumental driving force for adopting CSR practices for altruistically driven firms. Consequently, I propose

H4: Competitive pressures are more likely to influence the adoption of CSR actions for strategically motivated retailers than for altruistically motivated retailers.

2.4.5 Institutional Pressures and Responsiveness

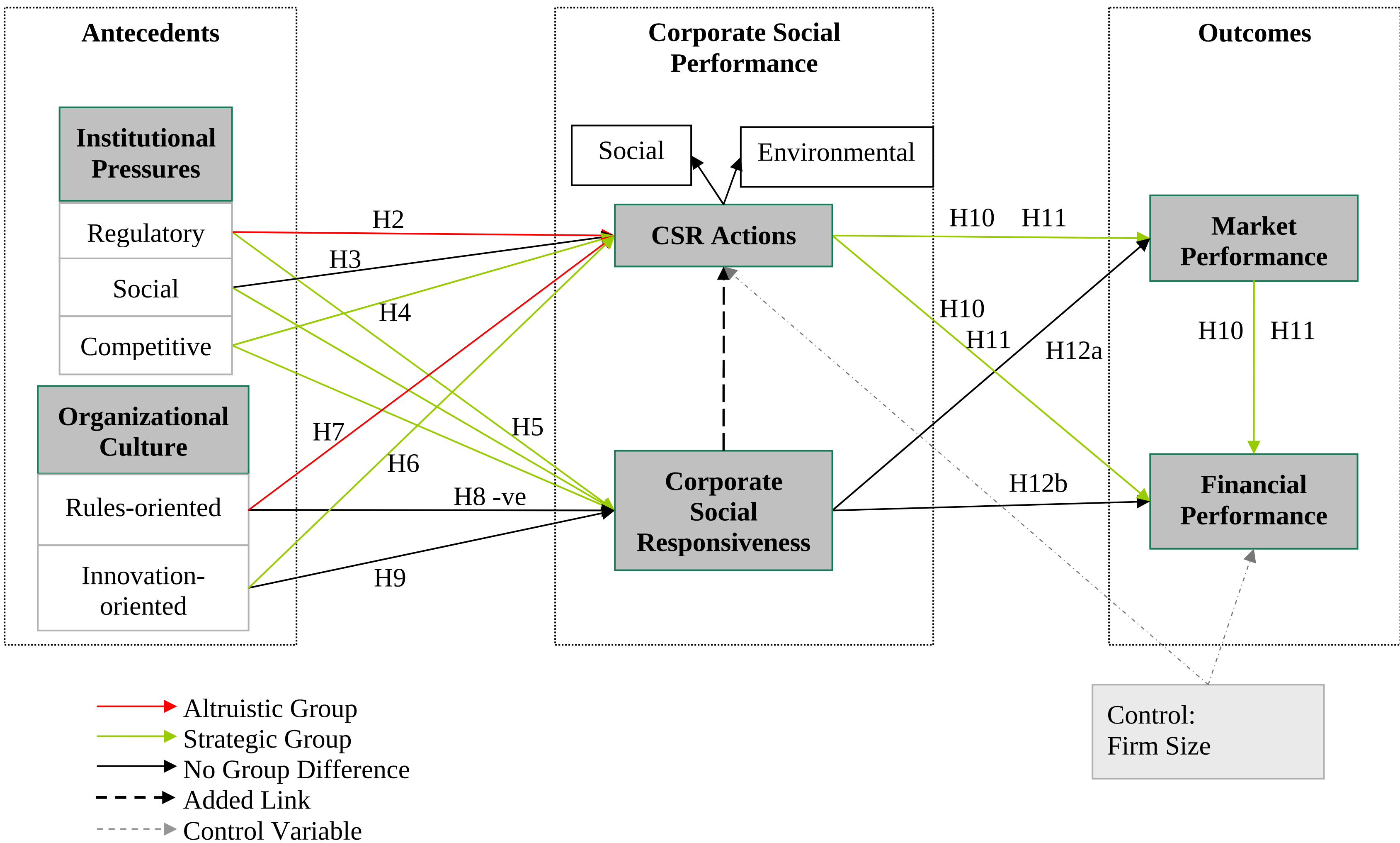
Intensity and salience of institutional pressures are also likely to influence the firm's level of responsiveness towards CSR issues. Organizations conform to institutional pressures based on their relevance to existing organizational goals and policies (Goodstein, 1994). If institutional pressures are consistent with organizational strategic goals then organizations are likely to actively engage in conformity towards those pressures. For example, the public sector often adopts socially responsible practices to conform to state agencies as it depends on state for funding. The private sector, on the other hand, adopts responsible practices only when they are consistent with the economic standards defined for firm performance (Goodstein, 1994). Higher salience of CSR issues to firms' goals will increase the intensity of firms' involvement in CSR actions. But to understand the salience of institutional pressures to organizational goals, organizations will have to first assess the existing stakeholder pressures (government, customers, NGOs, employees, investors and suppliers). The assessment process will constitute identifying current issues concerning the institutional constituents, choosing those issues that have the best fit to organizational goals and implementing strategies that fulfill societal obligations as well as generate strategic value to the organization. Thus, firms' responsiveness is going to increase with the increase in institutional pressures for firms with a strategic orientation towards CSR actions.

Secondly, Burke and Logsdon (1996) state that being proactive is a virtue for strategic CSR. Firms' ability to identify critical changes will strengthen their future strategic position. For example, 3M's proactive environmental scanning resulted in early identification of demand for environmental concern. This led to the development of pollution prevention programs in the 70s and significant reduction in pollutant waste by the 90s. 3Ms' agility positioned itself as an environmental leader (Burke and Logsdon, 1996). Proactivity can provide first mover advantages to strategic firms. So, strategic benefits derived from proactive environmental scanning will encourage responsiveness for strategically motivated firms.

Altruism, on the other hand, is concerned about immediate needs and overall level of public goods. For example, altruistically motivated firms are likely to serve the immediate needs of victims of natural disasters or immediate social needs of the communities. Immediate gratification achieved by fulfilling current needs will encourage increasing resource investment towards present demands. The more the institutional pressure from different constituents, the more the resource investment in current demands. As a result, scarcity of additional resources to investment in the responsiveness process and lack of desire for future strategic value from current actions will discourage responsiveness of altruistically motivated firms. Based on the above argument, I hypothesize:

H5: Institutional pressures (a. regulatory, b. social, c. competitive) are more likely to influence corporate social responsiveness for strategically motivated retailers than for altruistically motivated retailers.

Figure 1: Antecedents and Outcomes of Corporate Social Performance



** For interpretation of the references to color in this and all other figures, the reader is referred to the electronic version of this dissertation.

2.5 Organizational Culture

Schein (1985, pg. 9) defines organizational culture as ‘the pattern of basic assumptions that a given group has invented, discovered, or developed, in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to these problems’. Organizational culture theory borrows from sociology, anthropology and folklore literature and asserts that organizational culture manifests in the group values, beliefs, organizational artifacts, and underlying assumptions embedded in the system (Schein, 2004; Homburg and Pflesser, 2000; Ouchi and Wilkins, 1985). Values refer to the norms, moral standards and philosophies provided explicitly to the group members as a basis to achieve unified organizational goals. Artifacts and assumptions are the implicit dimensions of culture and are more difficult to decipher. Schein (1985) defines artifacts as visible organizational structures and processes. They are explicitly present in the organization but are left to individual interpretation for understanding them. Assumptions, on the other hand, are unconscious, taken for granted beliefs, often induced by top management, that act as a reference for behaviors within organizations. Thus, values, group norms and group interactions provide symbolic interpretation of organizational culture, whereas corporate policies, statements, vision and mission act as a substantive guide for examining organizational culture.

Organizational culture theory posits that these established systems of shared values influence the behavior of organizational members (Schein, 1985). Organizational culture provides directions for routine organizational events, behaviors and strategic vision to organizational members. Strong organizational cultures are marked by clarity in focus and definitive objectives, removing potential performance threats borne out of role ambiguity. Strong and distinct cultures can enhance organizational effectiveness. Barney (1986, pg. 657) suggests that culture “defines the way in which organizations conduct its business” and a well defined organizational culture can be a source of sustained competitive advantage. Organizational culture is internal to the organization and is often referred to as a “closed system of organizational sense making” (Hatch and Schultz, 1997, pg. 358). Culture provides meaning to organizational behavior. It acts as a guide for employees and enables them to make strategic choices that could not have been possible in the absence of the specific organizational culture. Organizational culture is a powerful force that can increase as well as decrease organizational effectiveness (Barney, 1986).

The ubiquity of culture within all aspects of organizational process makes it a powerful framework for determining organizational behavior. Organizational culture influences instrumental performance factors like organizational effectiveness (Zheng, Yang and McLean, 2010; Denison and Mishra, 1995), efficiency (Hult, Ketchen and Nichols, 2002; Leisen, Lilly and Winsor, 2002), job satisfaction (Gregory, Harris, Armenakis and Shook, 2009; Silverthorne, 2004; Lund, 2003) and financial performance (Homburg and Pflesser, 2000, Deshpande, Farley and Webster, 1993). Also, differences in organizational culture can explain disparity in organizational behavior within the same external environment. Empirical evidence in the literature confirms that cultural nuances embedded within organizational processes influence organizational strategies and determine future growth.

2.5.1 Organizational Culture and CSR

Corporate culture acts as a guide to organizational behavior. Therefore, cultural dimensions are also likely to guide the socially responsive behavior of organizations. Issues of social responsibility lie at the cusp of organizational culture and social expectations (Ralston, 2010). So, social expectations should be internalized as a part of shared organizational norms for firms to consistently behave in a socially responsible manner. Certain culture traits may guide the principles of CSR initiatives adopted by managers (Maignan et al., 1999). Reflectiveness, humility, community involvement, presence of clear organizational mission, and long term orientation are a few of the traits of organizations highly involved in socially responsible actions (Ardichvili, Mitchell and Jondle, 2009; Goodpaster, 2007).

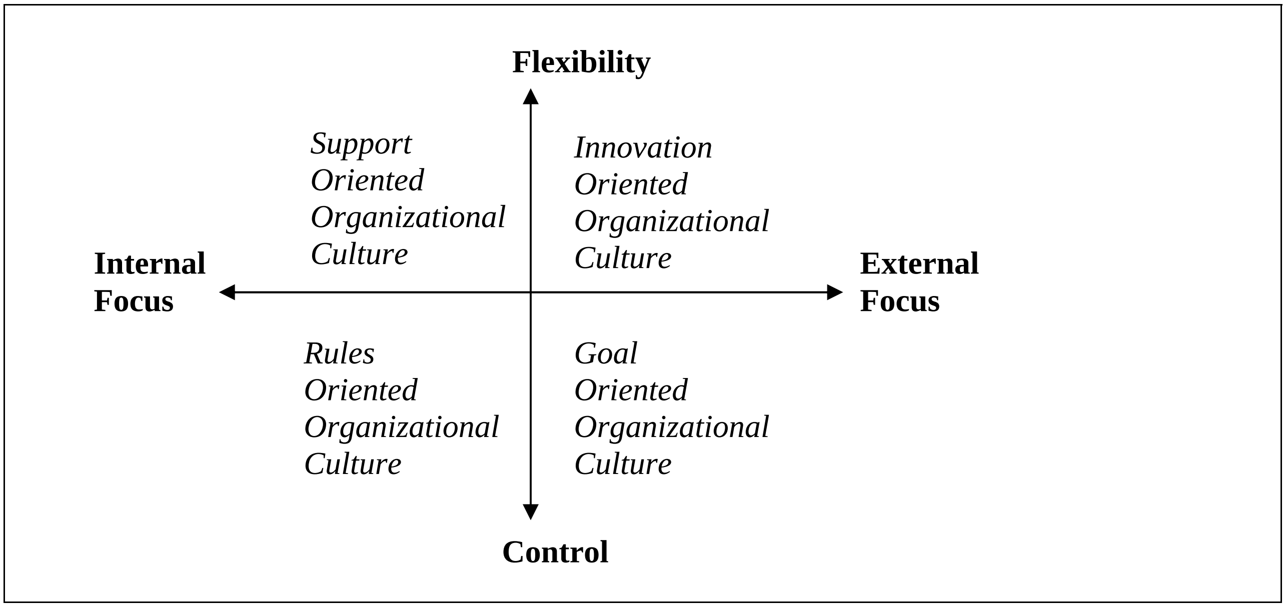
Though there has been a constant call for empirical investigation of organizational culture and CSR relationship, not much research exists in this area. However, existing studies confirm the important role of organizational culture in shaping CSR commitment of organizations. Maignan et al., (1999) found that market oriented culture and humanistic oriented culture increased corporate citizenship behavior of the firm. In their model, corporate citizenship was defined in a similar way to Carroll's (1979) corporate social responsibility definition. Contrary to their hypothesis, Maignan et al. (1999) also found competitive orientation to be positively related to corporate citizenship behavior. This finding suggests that competitive values are not barriers to socially responsible behavior (Maignan et al., 1999). However, firms with competitive orientation may engage in CSR actions driven by strategic motives rather than altruistic motives. Thus, organizational culture may be moderated by different CSR principles for engaging in socially responsible behavior.

Based on the Maignan et al. (1999) study, Qu (2009) in a Chinese context advanced the understanding of the mediating role of CSR on organizational culture and business performance relationship. He specifically analyzed the direct and mediated effect of market orientation (MO) on business performance. Both CSR and MO were found to influence business performance. However, the relationship between MO and business performance was fully mediated by CSR initiatives of Chinese firms. Therefore, it can be concluded that market oriented culture enhances CSR competence of the firm which in turn would lead to superior business performance.

Based on the existing literature, it can be asserted that organizational culture plays a critical role in determining CSR commitment and corporate performance. However, more research is required to understand the underlying dimensions of specific cultures and their relationship to corporate social performance (Maignan et al., 1999). Cultural dimensions can be instrumental determinants of corporate social performance.

This dissertation uses two axes of competing value framework (CVF) to propose two distinct orientations: innovation-oriented and rules-oriented. CVF, originally developed by Quinn and colleagues (Quinn and Rohrbaugh, 1983; Quinn and McGrath, 1985; Quinn, 1988), has been widely used in organizational culture research. Several models have been proposed based on the CVF's two bi- directional axis of stability/control vs. flexibility in operations, and focus on internal vs. external constituents (Denison, 1984, 1990, 1996; Deshpande et al., 1993; Cameron and Freeman, 1991; Van Muijen, 1994). Cultural distinctions are not mutually exclusive. Instead, they are said to be overlapping traits with one of them dominating and driving the organizational behavior.

Figure 2: Focus Dimensions of Organizational culture (Van Muijen & Koopman, 1994, pg.370)



The cultural dimensions used in the current model are borrowed from Focus framework (Van Muijen 1994, Van Muijen et al. 1999). Focus framework was developed by a group of researchers in Europe who were called Focus group (VanMuijen et al, 1999). The four cultural types identified by Focus framework are: support orientation, rules orientation, innovation orientation and goal orientation (Figure 2). Overlapping cultural traits often cause problems of construct validity. Therefore, this dissertation uses two distinct cultural traits represented by opposite quadrants of CVF axis: Innovation-oriented and rules-oriented. Innovation-oriented cultures are marked by flexibility and external focus, whereas rules-oriented cultures advocate control and internal focus towards organizational strategies.

2.5.2 Innovation-Oriented Organizational Culture

Innovation-oriented organizational culture is characterized by risk taking ability, competitiveness, quest for new information, problem-solving ability, organizational agility to external demands, and informal flow of communication (Van Muijen et al. 1999; Cameron and Freeman, 1991; Deshpande et al., 1993, Quinn, 1988). Denison and Mishra (1995, pg. 215) describe this culture as highly adaptable with capability for internal change in response to external environment. New ideas, processes and approaches are encouraged in innovation driven culture. There is constant search for new resources and opportunities to tap, and creative ways to use the existing ones (Cameron and Freeman, 1991). Leaders in innovation-oriented organizations are risk takers, go getters, driven and dynamic. Individual initiatives in innovation-driven organizations are rewarded (Parker and Bradley, 2000).

Since such organizations are proactive in analyzing market opportunities and using them for strategic benefits, innovation-oriented organizations are likely to be most proactive in adopting socially responsible practices. They would foresee the financial and reputational benefits of superior corporate social performance and are likely to integrate socially responsible behavior in all aspects of organizational functions. Innovation driven organizations are long term oriented. Sustainability, instead of immediate profits, is desired. Long term perspective and ability to anticipate future demands are also the underlying traits of ethically driven organizations (Ardichvili et al., 2009; Goodpaster, 2007). Therefore, innovation-oriented organizational cultures are likely to be highly involved in CSR actions. Being entrepreneurial and opportunistic in nature, such organizational cultures are likely to proactively identify issues that would contribute to profitability.

Strategically driven CSR entails actions that are central to the core business objectives of the firm. Organizational involvement in strategic actions increases with the increase in issue centrality. Also, strategic benefits of CSR actions are derived only when some of the actions are exclusive to the firms (Burke and Longdon, 1996). For example, Dow Chemical redesigned the production processes for several of its units with the aim of reducing chemical waste. The CSR strategy implementation resulted in 6000 ton reduction in caustic waste and 80 ton reduction in hydrochloric waste. An investment of $250,000 generated savings in excess of $2.4 million. The process redesign was a complex task but its specificity and centrality resulted in strategic benefits for Dow (Porter and Van der Linde, 1995). The complex process, however, required firms' commitment and support for innovation. Thus, strategic actions call for willingness to actively engage and openness to innovation. These are the characteristics of innovation-oriented cultures that will encourage strategic CSR actions.

Specificity of CSR action to firms, as opposed to general welfare, is important for deriving competitive advantage from such actions (Sirsly and Lamertz, 2008). Organizational innovativeness of such cultures will encourage firm specific CSR actions, thereby creating superior value. Firms' ability to anticipate future changes in market demands and proactively engage in CSR initiatives will also result in superior future performance (Burke and Longsdon, 1996). Thus the motivation to engage in CSR actions will be rooted in the end goal of deriving performance benefits from such actions. Based on the above argument I propose

H6: CSR actions of Innovation-oriented retail organizations are likely to be driven by strategic motivations.

2.5.3 Rules-Oriented Organizational Culture

Rules-oriented culture lies between the internal focus and the stability/control axis. Formal authority drives the organizational processes. Organizational structure is hierarchical and organizational processes are highly departmentalized (Deshpande et al., 1993, VanMuijen et al., 1999). Strategic emphasis is towards stability, predictability and smooth operations. Controls within organizations are driven by institutionalized normative systems. Rules, policies and procedures drive the processes and decision making. Denison et al. (2004, pg. 100) suggest "this type of consistency is a powerful source of stability and internal integration that results from a common mindset and a high degree of conformity". Smaller units within organizations work independently, and information-use in such an organizational culture is localized.

Employees in such cultures are concerned with their own job assignments and follow routinized systems. Management emphasizes rule enforcement, and rewards are based on ranks. Internal focus and bureaucratic orientation is likely to create barriers to organizational openness to social issues. Individual work and compliance to organizational processes is rewarded. Such culture would discourage involvement in any other issue outside of work. Therefore, rules-oriented cultures are likely to be unreceptive to social problems as they fall beyond their work periphery. Lack of communication across departments is also likely to discourage any collective concerns of employees towards socially responsible behavior. A high focus on internal processes as opposed to external social constituents may add to the lower sensitivity of organizational decision makers to the prevalent social issues. Therefore, rules-oriented cultures are likely to resist any change including responding to normative calls for responsible actions. Their engagement in CSR actions is likely to be minimal and driven by coercive forces such as government regulations.

Also, strategic CSR actions call for openness to new ideas and firms' willingness to change. These are not the virtues of rules-oriented organizational cultures. Rigid organizational processes make the strategic implementation of CSR actions difficult. Resistance to change directs the CSR interest of rules-oriented cultures towards actions that will not require deviation from current systems and would still fulfill the societal obligations. Rules-oriented cultures would therefore engage in low involvement CSR actions. The extent of CSR involvement is likely to be minimal. Low involvement CSR actions like corporate philanthropy have low strategic impact because of their lack of centrality with corporate goals (Sirsly and Lamertz, 2008). Such organizations, therefore, would not be focused toward profit motivations and are likely to signal altruistic motivations for CSR actions. For this reason,

H7: CSR actions of rules-oriented retail organizations are likely to be driven by altruistic motivations.

2.5.4 Organizational Culture and Corporate Social Responsiveness

Information acquisition, processing and responsiveness vary across organizational cultures (Moorman, 1995; Slater and Narver, 1995; Deshpande and Webster, 1989). Structures and processes within the culture determine the organization's ability to maximize the effectiveness of learning. Organizational cultures influence the interpretation and use of market information (Deshpande and Webster 1989; Moorman 1995). Perception of control over the market situation often mediates the relationship between organizational culture and organizational responsiveness. White, Vardarajan and Dacin, (2003) found that informal and flexible cultures have higher perception of control, are more likely to interpret changing market situations as potential opportunities (as opposed to threats) and therefore indicate higher market responsiveness. In contrast, rigid structures and formal organizational cultures discourage information flow within the organization and hinder firms' ability to respond to market demand. In a subsequent section I draw from information processing literature and propose that organizational cultures will differently influence the corporate social responsiveness of retailers.

Rules-oriented organizational cultures lack flexibility to comprehend and respond to external market dynamics as their primary focus is towards internal constituents of the organizations. Lack of external focus of rules-oriented firms creates barriers to market scanning and information accumulation activities. Information accumulation, dissemination or even use of information is absent in rule-oriented organizational cultures (Moorman, 1995). Mechanical systems resist any changes or adaptation to the external environment. Inflexible and formal organizational cultures also perceive lower control over market situations and respond reactively to market changes. A changing environment is perceived as a threat and is associated with lower ability to respond (White et al., 2003). Corporate social responsiveness involves active scanning and adoption of strategies to respond to social changes (Jamali and Mirshak, 2007). Lack of environmental scanning and inability to use information negatively influences organizational responsiveness as well (Jaworski and Kohli, 1993). Consequently, I propose

H8: Rule-oriented organizational cultures will be negatively related to corporate social responsiveness.

Innovation-oriented organizational cultures are market driven and engage in continuous environment scanning. They can proactively acquire market information and are also effective in boundary spanning function (Moorman, 1995). External focused organizational cultures like innovation orientated culture are proactive seekers of market information and have the ability to use the intelligence to make strategic decisions (Moorman, 1995). Innovation-oriented entrepreneurial firms are highly responsive to market demands and can engage in active environmental scanning and accumulate relevant market information (Matsuno, Mentzer and Ozsomer, 2002). Since they continuously engage in accumulating new and potentially useful information like changing demands, customer needs and changing competition, they are likely to identify and capture the dynamics of CSR actions as well. Informal processes facilitate dissemination of information, and futuristic orientation encourages instrumental use of market information to formulate marketing strategies. Innovation-oriented organizational cultures can, therefore, actively formulate actions in response to the changes in the environment, measure the impact of their actions and adapt their existing actions to fulfill the future needs. This organizational culture characteristic will also reflect in the responsiveness towards CSR actions as well. Consequently, I propose

H9: Innovation-oriented organizational cultures will be positively related to corporate social responsiveness.

Part 3: CSP Process and Business Performance

Business performance is represented by both financial and market based measures in the marketing literature (Venkatraman and Ramanujam, 1986; Reinartz, Krafft and Hoyer, 2004; Homburg and Pflesser, 2000). Financial performance indicates the fulfillment of economic gains of the firm and is often represented by measures like sales growth, earnings per share, return on sales, and return on equity. Market based measures represent value added to the firm in the form of reputation, superior customer satisfaction and higher brand equity. Both dimensions of business performance have been used in the CSR literature. Meta-analytic studies found that financial measures often outperform market based measures in terms of the strength of the relationship between responsible actions and firm performance (Orlitzky et al., 2003; Wu, 2006; Margolis et al. 2007). However, market based measures are an important indicator of firm performance in the present context as CSR actions bring strong reputational benefits to the firms. Firms that engage in CSR actions are perceived as ethical and are favored by stakeholders (Luo and Bhattacharya, 2006; Du, Bhattacharya and Sen, 2007). CSR engagement improves customer satisfaction and brand image perception. And so, market performance is an instrumental outcome of CSR actions.

2.6 CSR Actions and Performance

Market based performance is measured by non financial performance based measures like customer satisfaction, loyalty and market share. These measures indicate effective implementation of firm's marketing activities (Menon, Bharadwaj and Howell, 1996). Extant literature on CSP- firm performance literature indicates that CSR actions lead to strategic benefits like employee satisfaction, favorable market responses, customer satisfaction and an enthusiastic work force (Valentine and Fleischman, 2008; Bird, Hall, Momente and Reggiani, 2007; Luo and Bhattacharya, 2006; Greening and Turban, 2000). These actions also bring absolute benefits like reduced cost of operations, differentiation advantages, reputational benefits and superior financial performance (Porter and Linde, 1995; Wu, 2006; Margolis et al., 2007, Orlitzky et al., 2003). Firms' law abiding actions and socially responsible behavior can increase shareholder wealth (Beurden and Gossling, 2008) and combat market risk (Orlitzky and Benjamin, 2001). Visibility of CSR actions can generate positive consequences like positive media exposure, brand differentiation and improving employee loyalty (Burke and Logsdon, 1996; Sirsly and Lamertz, 2008). Firms that engage in socially responsible behavior are considered as ethical and treated favorably by stakeholders. Thus, socially responsible actions of retailers will generate superior brand image and higher customer satisfaction towards retailers.

Empirical results for understanding the relationship between corporate social responsibility and financial performance have been largely inconclusive. Scholars have argued that firms engaging in CSR efforts use valuable business resources thereby accumulating additional cost and decreased profits for businesses, leading to a negative relationship between CSR and financial performance (Klassen and Whybark, 1999). Some have found otherwise, asserting non existence of any relationship or a very complex relationship between CSP and financial performance (McWilliams and Siegel, 2000; Margolis and Walsh, 2003). There is also a large body of meta-analytic evidence supporting a positive relationship between CSR and financial performance (Orlitzky et al., 2003; Allouche and Laroche, 2005). Mixed findings in this area indicate that there may not be a direct relationship between the two. Existence of other explanatory mediating variables may explain the complex relationship between CSR actions and financial performance.

Though no consensus exists to explain the benefits of CSR actions for financial performance, scholars largely agree that such efforts improve societal relationships, prevent costly stakeholder conflicts, retain employees, attract new customers and increase operational efficiencies (Hart and Ahuja, 1996; Orlitzky et al., 2003). Both customer satisfaction and firm reputation positively influence financial performance of the firm (Luo and Homburg, 2007; Dotson and Allenby, 2010; Roberts and Dowling, 2002; Sabate and Puente, 2003). Better implementation of marketing activities brings favorable market based outcomes like customer retention and cross selling which in turn lowers market cost while increasing sales and profits (Ramaswami, Srivastava and Bhargava, Ryals, 2005). Firms that engage in socially responsible behavior are favored by internal and external stakeholders. Stronger brand image and improved perception towards the firm are likely to generate higher demand for a firm's products and services thereby increase sales and profits. Also, satisfied customers have a stronger willingness to pay a higher price for products (Homburg, Koschate and Hoyer, 2005). Thus, market favorability will result in substantive value for firms. For this reason, I propose that market performance will be an instrumental mediating variable to explain the relationship between CSR actions and financial performance. Consequently,

H10: Relationship between CSR and financial performance will be positively mediated by market performance of retailers.

Firms motivated by strategic reasons formulate social investments that may also yield intermediate strategic benefits like differentiated product, improved brand reputation, qualified work force and higher employee retention (Burke and Logsdon, 1996). This would directly increase firms' effectiveness in the long run. Porter and Kramer (2006) assert that businesses should embrace the social perspectives into the core of strategy formulation process. Using a game theory model, Baron (2001) empirically demonstrated a positive relationship between strategic CSR actions and corporate financial performance (CFP). Consistent with Baron (2001), Husted and Salazar (2006) found that financial performance of firms using strategic CSR was superior to altruistic CSR actions.

Altruistic motivations, on the other hand, focus on making the world a better place for every one irrespective of profit implications of such actions (Lantos, 2001). As suggested earlier, altruism may be driven by truly selfless principles or may be a mere tactic to signal responsible citizen image. The profit maximization view suggests that corporate altruism may pose a threat to the competitiveness of the firm. In competitive markets, a firm's act of selflessness is interpreted as wasteful (Baumol and Blackman, 1991). Markets punish such wastefulness by abandoning such firms and patronizing more efficient rivals. Influence of purely philanthropic CSR actions financial performance is minimal (Allouche and Laroche, 2005). The altruistic perspective contradicts the traditionalist view of firms which suggests that the primary responsibility of the businesses is to maximize shareholder's wealth (Friedman, 1970). Firms motivated by altruism only depict concern for societal benefits of CSR actions.

The humble stance of altruistically motivated firms may also prevent firms from vehemently promoting their CSR engagement through corporate communication. Lack of communication will prohibit stakeholders from knowing about organizational actions. Thus, information asymmetry to the consumers may further negate any potential tangible benefits to the firms. Therefore, these two factors: capital market punishment and information asymmetry may lead to negative firm performance.

Altruistically motivated firms would still invest in social initiatives without any future gains, resulting in net income loss. Previous studies have also found negative correlations between altruistic CSR and firm performance (Baron, 2001; Husted and Salazar 2006). Lack of fit between CSR actions and organizational objectives diminishes perceived corporate credibility and purchase intentions (Becker-Olsen, Cudmore and Hill, 2006).

Strategic motivations are likely to be embedded strongly throughout the firm and streamlined with firm's strategic vision. Firms with strategic orientation towards CSR would invest in actions that have high centrality, specificity and visibility (Sirsly and Lamertz, 2008). In contrast, altruistically motivated actions are not aligned with firms' strategic vision and so, may have little or no influence on business performance. Consistent with the previous literature and driven by the long term goal of strategic CSR actions, I propose,

H11: Mediation effect of market performance for the relationship between CSR actions and financial performance will be stronger for strategically motivated retailers than for altruistically motivated retailers.

2.7 Corporate Social Responsiveness and Performance

Market responsiveness is positively related to financial performance (Morgan, Vorhies and Mason, 2009; Rose and Shoham, 2002; Homburg and Pflesser, 2000). A firm's ability to assess market needs and respond to them in a timely manner increases the effectiveness of strategic actions. Responsiveness represents a valuable marketing capability of a firm which has the ability to generate sustainable competitive advantage and enhance business performance (Ramaswami et al., 2009). Effective market responses lead to higher value creation and a better relationship with stakeholders (Ramaswami et al., 2009; Day, 1994).

Retailers who engage in constant market scanning, are attentive to salient stakeholder issues within local communities and restructure their CSR actions based on the demands of social actors are likely to gain higher returns from CSR strategies. Corporate social responsiveness to stakeholder demands creates value and nurtures better relationships. Therefore, alignment and relevance of strategic actions to existing issues will generate a positive response from consumers and other stakeholders. Retailer's ability to respond to CSR actions is likely to lead to superior performance outcome. Therefore,

H12: Corporate social responsiveness will be positively related to retailers' business performance (a. market performance and b. financial performance).

2.8 Control Variables

Firm size positively influences the relationship between CSR actions and business performance (McWilliams and Siegel, 2001; Margolis et al., 2007). Size is an important control variable, since larger firms adopt CSR principles more often than smaller firms (Margolis et al., 2007). Adam and Hardwick (1998) found that firm size is positively related to charitable donations made by firms. As firms grow larger, their visibility to stakeholders increases exerting higher social pressures to disclose information that may be of relevance to stakeholders. Therefore firm size (retail visibility) is included as a control variable in this model.

2.9 Conclusion

Figure 1 provides the complete conceptual model for the relationships proposed in this dissertation. Corporate social performance (CSP) is modeled as a dynamic concept consisting of CSR actions and corporate social responsiveness. The main argument of this dissertation is built upon the differences in underlying motivations of firms for pursuing CSR actions. The strategic and the altruistic motivation underlying CSR actions are the critical factors in determining the relationship between CSP and business performance. Institutional and organizational level factors are hypothesized as the causal antecedents of the corporate social performance model. Lastly, firm size is proposed as the control variable for the proposed models.

CHAPTER 3: METHODS

In this section, I will be discussing the sample, measures and the data collection process to test the hypotheses proposed in this dissertation.

3.1 Sample Selection Justification

Primary data are used to test the proposed model. The unit of analysis is store managers of retail chains in the US. Store managers are chosen for two reasons. Firstly, using corporate leaders as the unit of analysis often poses issues of response bias (Wang and Dewhirst, 1992). Top management is more likely to over-estimate the organizational strategic efforts and implications of those efforts. Using store managers as the unit of analysis will provide insights on firm's actions as viewed by internal stakeholders but not the policy makers themselves. Secondly, information about the organizational culture can be best captured by the perception of employees. Top management's perception of organizational culture may be biased by their idea of how it should be rather than what it actually is. Retail chains with more than 2 stores are selected to ensure stronger embeddedness of retailers within communities. Store owners who are also store managers of retail chains are not included to maintain the separation between top management and employees.

3.2 Survey Instrument

A survey questionnaire was used to collect data for this research and was developed in two stages. In the first stage, a thorough literature search was done to select the appropriate measures for the constructs. Measures were selected based on their relevance to the present context and the established reliabilities in the literature. In the instances where multiple measures were not available for the same construct, the one closest in context to the present research was selected. For the constructs where no existing scale was found, new items are developed based on the understanding of the construct. All constructs were measured on a seven-point likert type scale with multiple items except CSR motivation, which was measured on a binary choice nominal scale. Most of the scales consisted of four items to measure each construct. For the existing scales with less than four items, new items, close to the meaning of the construct, are developed to bring the item count to four. All scales are adapted to suit the present research context of corporate social responsibility. A panel of six graduate students reviewed the new items to check for the context validity. Based on the comments, three items for corporate social responsibility and three items for corporate social responsiveness were reworded for better comprehension.

In the second stage, interviews were conducted with six retail store managers in the area to understand the specific corporate social responsibility actions relevant to their retail context. Also, the instrument was pre-tested after the interviews. Based on the pretest and the qualitative interviews, the instrument was edited to reflect the following changes: 1) rewording items for comprehension and clarity, 2) deleting and replacing CSR action items with items more relevant to the retail store managers, and 3) changing the strategic and altruistic CSR items scale from ordinal to nominal.

The instrument was then retested in a pilot study comprising of 112 retail store managers in United States. Analyses of initial data revealed good construct validity and reliability. Validity and reliabilities are discussed in detail in the data analysis section.

3.3 Measures

3.3.1 Components of Corporate Social Performance

CSR literature suffers from the scarcity of perception-based measures (Margolis et al., 2007). Most of the empirical research is based on the indicators from secondary sources like the sustainability index provided by Kinder Lydenburg Domini (KLD) index and Fortune social responsibility reputation (FSRR) score (Chiu and Sharfman, 2009; Laan, Ees and Witteloostuijn, 2008; Margolis et al., 2007). Wide use of secondary sources has also hindered the development of primary measures for CSR actions. Four item scales measuring *social and environmental CSR* actions are put together by using a combination of items from: (1) a new scale developed by Turker (2009), (2) KLD measures and, (3) new items identified via qualitative interviews with the store managers. Two items for social actions and two items for environmental actions are selected from Turker (2009), one item each for social and environmental actions is selected from KLD measures and one new item is developed for social and environmental CSR actions. CSR actions are measured on a seven-point Likert-type scale, ranging from 'strongly disagree' to 'strongly agree'.

No scales exist for *strategic and altruistic motivation*. Based on the proposed definition and description of the construct items from Aupperle (1984), a CSR scale is adapted to represent the two constructs. Aupperle's (1984) original CSR scale is a fifteen-item constant sum scale consisting of four CSR dimensions: legal, ethical, economic and discretionary. The established reliabilities for unabridged economic and discretionary scales in Aupperle's study were .90 and .84 respectively. For this study, one of the items related to the economic dimension is adapted to represent strategic motivation and another item related to the discretionary dimension is adapted to represent altruistic motivation. A nominal scale is used to measure CSR motivations.

Respondents could choose either one of the statements as it applied to their organization. This form of response is used to categorize respondents in a distinct group (strategically or altruistically motivated firms) and make the two-group analysis possible.

Corporate social responsiveness has also not been operationalized before in the literature. Therefore, three items representing the dimension of market responsiveness from the market orientation scale developed by Deshpande and Farley (1998) are adapted to represent corporate social responsiveness. These three items represented monitoring, measuring and understanding of existing CSR issues. One item representing the rapidity of response is borrowed from Kohli, Jaworski and Kumar's (1993) organizational responsiveness scale. Lastly, based on the qualitative interviews with retail store managers, one new item was added reflecting the inclusion of employees at store level for implementing CSR practices. These five items together represented the conceptual understanding of corporate social responsiveness construct as proposed in the literature. Corporate social responsiveness is measured on a seven-point Likert-type scale, ranging from strongly disagree to strongly agree.

3.3.2 Antecedents

Competitive pressure is measured on a four-item scale adapted from Teo, Wei and Benbasat (2003). Two of the items are used directly and two new items are developed to represent regulatory pressure. For *social pressures*, two items from the Teo et al. (2003) scale are adapted and two new items are developed based on the understanding of the construct. During the interviews, none of the pre-existing items for the regulatory scale were found to be relevant for the present setting. Therefore, four new items are developed to measure r*egulatory pressure* in the current context. These are based on the qualitative responses and feedback from retail store managers. The established reliabilities for adapted versions of Teo et al.'s scale are 0.658

(competitive pressure) and .762 (social pressure) (Liang, Saraf, Hu and Xue, 2007). Institutional pressures are measured on a seven-point Likert-type scale, ranging from strongly disagree to strongly agree.

Four items each for measuring *rules-oriented* and *innovation-oriented* organizational culture are selected from the FOCUS questionnaire developed by Van Muijen and his colleagues (Van Muijen, 1994; Van Muijen et al. 1999). Original scales consisted of 6-7 items each but four most relevant items from each scale are selected for this study. Scale reliabilities in Van Muijen et al. (1999) study for rules-oriented and innovation-oriented organizational culture were 0.77 and 0.82 respectively. Organizational culture is measured on a seven-point Likert-type scale, ranging from very often to very rarely.

3.3.3 Outcomes

Retail *market performance* is measured on a three-item scale, and *financial performance* is measured by a four-item scale as proposed by Homburg, Hoyer and Fassnacht (2002). The established scale reliability for both the scales is 0.87. Market performance and financial performance is measured on a seven-point Likert-type scale, ranging from strongly disagree to strongly agree.

Table 1 provides details of measurement scales along with scale reliabilities.

Table 1: Construct Measures

<table>
<tr><td colspan="4">Corporate Social Responsibility (CSR) Actions</td></tr>
<tr><td colspan="4">The next set of questions is related to Corporate Social Responsibility (CSR) efforts of your organization.
Corporate Social Responsibility (CSR) is defined as 'a concept whereby companies integrate social and environmental concerns in their business operations'.
1- Examples of social concerns would be ethical product sourcing, occupational health and safety, information transparency, union relations, work life balance, and educational support and
2- Examples of environmental concerns would be pollution prevention programs, recycling, efficient resource management systems and policies against hazardous waste.
These are just few examples of Corporate Social Responsibility, there can be many more ways in which firms can exhibit Corporate social responsibility.
We are interested in your opinion regarding the corporate social responsibility (CSR) strategies of your organization.
In subsequent section corporate social responsibility will be indicated by CSR</td></tr>
<tr><td>Social (1)</td><td>My organization implements flexible policies to provide a good work and life balance of its employees. (Deleted)</td><td rowspan="2">Turker (2009) α=0.88</td><td rowspan="4">α=0.836 (0.814)</td></tr>
<tr><td>Social (2)</td><td>My organization contributes to campaigns and projects that promote the well being of the society.</td></tr>
<tr><td>Social (3)</td><td>My organization has a giving program that supports local communities.</td><td>KLD indicator (2007)</td></tr>
<tr><td>Social (4)</td><td>My organization implements responsible sourcing practices like: buying from local producers, proactive supplier compliance programs or buying from socially responsible suppliers.</td><td>New</td></tr>
<tr><td>Environmental (1)</td><td>My organization participates in activities which aim to protect the quality of the natural environment.</td><td rowspan="2">Turker (2009) α=0.88</td><td rowspan="4">α= 0.934 (0.923)</td></tr>
<tr><td>Environmental (2)</td><td>My organization implements programs to minimize its negative impact on the natural environment.</td></tr>
<tr><td>Environmental (3)</td><td>My organization is a substantial user of recycled materials in all operations.</td><td>KLD indicator (2007)</td></tr>
<tr><td>Environmental (4)</td><td>My organization makes efforts to include sustainable products (like Eco friendly, organic, ethically sourced or Fair Trade products) in the product lines. (Deleted)</td><td>New</td></tr>
</table>

Table 1: Construct Measures *(Continued)*

Institutional Pressures			
Please answer the following questions regarding your external business environment.			
Regulatory Pressure (1)	There are local regulatory bodies that monitor the actions of organizations in my industry. **(Deleted)**	New	α=0.864 (0.837)
Regulatory Pressure (2)	Local/ Regional laws in my region encourage adoption of environmental friendly practices	New	
Regulatory Pressure (3)	Local laws require periodic regulator inspection of retail stores in my region.	New	
Regulatory Pressure (4)	Government agencies periodically audit retail stores in our region for compliance with local environmental regulations.	New	
Social Pressure (1)	My organization is an active member of a local/regional trade association.	Teo, Wei and Benbasat (2003)	α=0.776 (.742)
Social Pressure (2)	Majority of my suppliers are in favor of CSR practices.		
Social Pressure (3)	We are frequently approached by local communities for charitable donations and voluntary actions. **(Deleted)**	New	
Please answer the following questions regarding your customers and competitors. For this set of questions, socially and environmentally responsible practices include the following: a) Inclusion of Green Products in the Product line (fair trade, ethically procured, organic or environment friendly) b) Recycling of waste and packaging material within store c) Use of Recyclable bags c) Use of Environment friendly packaging material d) Involvement in local communities through philanthropic donations, fundraising events. e) Involvement in local communities through voluntary efforts of store personals at local events			
Social Pressure (4)	Our customers expect us to adopt socially and environmentally responsible practices in one or more of the above-mentioned areas.	New	
Competitive Pressure (1)	Majority of our competitors have adopted socially and environmentally responsible practices in one or more of the above-mentioned areas. **(Deleted)**	New	

Table 1: Construct Measures *(Continued)*

<table>
<tr><td colspan="4">Competitive Pressure (Continued)</td></tr>
<tr><td colspan="4">Our competitors who have adopted one or more of the above mentioned socially and environmentally responsible practices:</td></tr>
<tr><td>Competitive Pressure (2)</td><td>have obtained significant financial benefits.</td><td rowspan="2">Teo, Wei and Benbasat (2003)</td><td rowspan="2">α=.889 (0.915)</td></tr>
<tr><td>Competitive Pressure (3)</td><td>are favorably perceived by their suppliers and customers.</td></tr>
<tr><td>Competitive Pressure (4)</td><td>have gained a favorable brand image.</td><td>New</td><td></td></tr>
<tr><td colspan="4">Corporate Social Responsiveness</td></tr>
<tr><td colspan="4">In this section we would like to know how well your organization monitors, measures or evaluates the impact of existing Corporate Social Responsibility (CSR) practices. Questions in this section refer to corporate social responsibility practices towards one or more of the following entities: a) Customers, b) Employees, c) Suppliers and d) Local communities.
Please indicate how much you agree or disagree with each statement.</td></tr>
<tr><td>(1)</td><td>My organization evaluates the influence of our CSR actions on one or more of the above-mentioned entities.</td><td rowspan="3">Deshpande and Farley (1996)
α=.89</td><td rowspan="5">α=.919</td></tr>
<tr><td>(2)</td><td>Our corporate social responsibility actions are based on our understanding of customer needs.</td></tr>
<tr><td>(3)</td><td>My organization measures the influence of corporate social responsibility actions systematically using research tools like consumer surveys and employee surveys.</td></tr>
<tr><td>(4)</td><td>My organization is fast to respond to changing social and environmental issues in our external environment.</td><td>Kohli, Jaworski, Kumar (1993)
α= .71</td></tr>
<tr><td>(5)</td><td>My organization has explicit CSR policies/expectations to encourage socially responsible behavior from retail store employees.</td><td>New</td></tr>
<tr><td colspan="4">CSR Motivations</td></tr>
<tr><td colspan="4">Please select one of the following statements that apply to your organization.</td></tr>
<tr><td>Strat/Altru (1)</td><td colspan="3">While selecting and implementing CSR practices, it is important for my firm to choose those practices that</td></tr>
<tr><td></td><td>enhance organizational performance and possibly lead to profitability in the long term.</td><td rowspan="2">Aupperle (1984)
α=.90 (Strategic)
α=.84 (altruistic)</td><td rowspan="2">NA</td></tr>
<tr><td></td><td>are philanthropic and charitable in nature, and may not have any impact on organizational performance.</td></tr>
</table>

Table 1: Construct Measures *(Continued)*

Organizational Culture			
Following questions reflect the attitude of management towards work environment in your organization. Please read carefully and indicate your best response:			
Innovation-oriented (1)	How often does your organization encourage risk taking among employees? **(Deleted)**	Van Muijen et al., (1999) α=.82	α=0.793 (.808)
Innovation-oriented (2)	How often does the organization search for new opportunities in the external environment?		
Innovation-oriented (3)	How often does the company make the best use of the employee skills to develop better products/services?		
Innovation-oriented (4)	How often does the organization search for new products/services?		
Rules Oriented (1)	How often are job related instructions written down? **(Deleted)**	Van Muijen et al., (1999) α=.77	α=0.847 (0.875)
Rules Oriented (2)	How often are jobs performed according to defined procedures?		
Rules Oriented (3)	How often does management emphasize compliance to standard procedures?		
Rules Oriented (4)	How often does management emphasize compliance to rules?		
Market Performance			
Compared with your competitors, how well has your company performed over the last year on the following parameters:			
(1)	Achieving customer satisfaction	Homburg, Hoyer and Fassnacht (2002) α=0.87	α=0.913
(2)	Building a positive store image		
(3)	Attracting new customers		
Financial Performance			
Compared with your competitors, how well has your company performed over the last year on the following parameters:			
(1)	Attaining desired market share	Homburg, Hoyer and Fassnacht (2002) α=0.87	α=0.966
(2)	Attaining desired sales growth		
(3)	Attaining desired profitability		
(4)	Attaining the desired growth in return on investments		

3.4 Data Collection

Data for this study are collected online. Faster speed of data collection, wider population coverage and lower cost of per response collected are some of the advantages of online data collection that have contributed to the popularity of online survey designs in academic as well as non-academic research (Duffy, Smith, Terhanian and Bremer, 2005; McDonald and Adam, 2003). Advantages associated with online surveys are superior internal consistency and predictive validity (Sethuraman, Kerin and Cron, 2005). However, Internet sampling may pose a threat to external validity when web usage may not be well distributed amongst the population of interest (Schillewaert and Meulemeester, 2005). It will not be an issue in the current study as Internet penetration in United States is noted to be as high as 78% with a high usage of Internet in B2B settings. Retail chains are likely to use the World Wide Web to compete in business environment and support their business operations.

Data are collected from a panel of respondents who agreed to be contacted by market research firms and be a part of the research study in exchange of monetary rewards. Such web panels are called volunteer or opt-in panels (Couper, 2000). Panel surveys are often used in longitudinal designs. They provide access to a large group of respondents at a relatively low cost (Lohse, Bellman and Johnson, 2000). For cross sectional data, panel respondents are uncommon except in the case of web surveys. Advantages associated with online panels include accessibility, low cost and shorter lead time (Loosveldt and Sonck, 2008).The biggest disadvantage of an online panel is coverage bias. Online panels include only those respondents who have access to the Internet and who agree to be a part of the study. Thus, these panels are not a true representation of the population (Looseveldt and Sonck, 2008). Coverage bias in this kind of research design adds to external validity concerns. However, as the size of the panel increases, the threat to external validity decreases. Drawing from large pools can reduce the problem of coverage bias. High penetration of Internet in B2B settings in the United States combined with use of multiple panels for the current research is likely to eliminate external validity concern in this study.

The survey instrument was coded on an e-survey website, Qualtrics.com. Three market research firms that owned B2B panels consisting of employees from retail industry, were hired for data collection. Firms used for the final data collection were: Zoomerang, e-Rewards and Light Speed Research. I believe that the use of multiple panels will increase the randomness in the target sample thus strengthening the external validity of the results.

Panel members were invited via emails by the market research firms to participate in the online study. Each respondent was compensated by a fixed amount of participation incentive in a form of dollars or dollar equivalent convertible points. However, these reward amounts were not revealed to the researcher. Market research firms were paid a fixed amount of money for each complete survey.

The population of interest for this study was store managers or assistant managers of retail chains in United States. Four qualifying questions were used at the beginning of the survey to ensure that the respondents: 1) worked at a retail chain store in United States, 2) the retailer operated a minimum of two stores to qualify to be a chain store, 3) were not a store owner themselves and 4) were managers or assistant managers. In order to increase the validity of the responses, two additional steps were taken during data collection and analysis process: 1) six attention questions were placed randomly throughout the survey that asked for a fixed response, for example: *Please select agree for this question*, and, 2) each response was analyzed for the time taken to complete the survey. These two steps were used to filter out bad responses i.e.

respondents who were not paying attention and clicking on the choices without reading the questions. Responses with more than four invalid choices (out of six) for attention question or/and responses for the surveys that were completed in less than 9 minutes (minimum time to complete a 9 screen survey) were eliminated from the final analysis.

3.5 Sample

A total 148 responses were collected in the first pilot phase out of which 36 (24%) responses were eliminated based on the two criteria mentioned above leaving a usable sample of 112 (~76%) responses. In the second phase of final data collection, 451 responses were collected out of which 334 (~74%) were usable. The mean for CSR actions and business performance (market and financial) were compared for the pilot and final responses. Analysis revealed no significant differences between the two sets of responses. So, both samples were merged for the final analysis. Final sample size consists of 446 cases.

Respondents are evenly distributed across the 50 states in United States (Table 2). The highest number of respondents is from California (9.4%) closely followed by Pennsylvania (7.4%), New York (6.5%), Florida (6.5%), Ohio (5.6%) and Texas (4.9%).

Table 2: Distribution of Respondents Across the US

State	Frequency	Percent	State	Frequency	Percent
Alabama	3	0.7	Nebraska	3	0.7
Alaska	1	0.2	Nevada	2	0.4
Arizona	5	1.1	New Hampshire	4	0.9
Arkansas	2	0.4	New Jersey	10	2.2
California	42	9.4	New Mexico	1	0.2
Colorado	7	1.6	New York	29	6.5
Connecticut	7	1.6	North Carolina	11	2.5
Delaware	1	0.2	North Dakota	2	0.4
Florida	29	6.5	Ohio	25	5.6
Georgia	18	4	Oregon	9	2
Hawaii	5	1.1	Pennsylvania	33	7.4
Idaho	2	0.4	Puerto Rico	1	0.2
Illinois	22	4.9	Rhode Island	5	1.1
Indiana	13	2.9	South Carolina	8	1.8
Iowa	8	1.8	South Dakota	1	0.2
Kansas	4	0.9	Tennessee	5	1.1
Kentucky	3	0.7	Texas	22	4.9
Louisiana	2	0.4	Utah	4	0.9
Maine	6	1.3	Vermont	1	0.2
Maryland	5	1.1	Virginia	12	2.7
Massachusetts	13	2.9	Washington	6	1.3
Michigan	18	4	West Virginia	6	1.3
Minnesota	9	2	Wisconsin	10	2.7
Missouri	11	2.5	**Total**	**446**	**100**

The majority of the respondents are store managers at a specialty store (34.8%) followed by department store (13.6%), grocery store (11.6%) and apparel store (11.2%). Respondents who categorized their line of business as ‘Other’ (17.9%) included store managers of drug stores, discount stores, super centers or mass retailers, home improvement stores and other undisclosed categories (Table 3).

Approximately 40% of the respondents have worked with the retailer for more than 1 year and less than 5 years (Table 4). Only 7 out of total 446 respondents have worked with their current organization for less than one year. More than half of the respondents have work experience of more than 5 years in their current organization. This indicates that the respondents are well familiar with the business practices and philosophies of their current organization and therefore are the appropriate informants for the current research.

Table 3: Retailer Type

Store Type	Frequency	Percent
Specialty	156	34.8
Other (Specify)	78	17.9
Department	61	13.6
Grocery	52	11.6
Apparel	50	11.2
Convenience	37	8.3
Footwear	12	2.7
Total	446	100

Table 4: Number of Years Worked at the Current Retailer

Period (in Years)	Frequency	Percent
Less than 1	7	1.6
1-5	184	41.1
5-10	125	27.9
10-20	99	22.5
20-30	25	5.6
More than 30	6	1.3
Total	446	100

The majority of the retail store managers work at a large retail chain with more than 100 stores across United States (51%) and with average yearly revenue of more than 10M dollars (58.3%) (Table 5 and 6). This again indicates that the current sample is a good representation of population of retail chains in United States.

Table 5: Number of Stores Owned/Operated by the Retailer			**Table 6: Average Annual Revenue**		
Number	Frequency	Percent	In USD	Frequency	Percent
No Response	28	6.3	>100,000	8	1.8
>5	46	10.3	100,000 - 499,999	17	3.8
6-10	17	3.8	500,000 - 999,999	29	6.5
11-50	47	10.5	1 - 5 Million	87	18.4
51-100	22	4.9	5 - 10 Million	46	10.3
101-500	82	18.3	10 - 50 Million	66	14.7
501-1000	60	13.4	0.5 - 1 Billion	89	19.9
>1001	144	32.6	> 1 Billion	104	23.7
Total	446	100	Total	446	100

CSR Motivations

One hundred and twelve respondents indicated CSR actions of their firms as altruistically motivated and 332 indicated them as strategically motivated.

3.6 Data Analysis

Data analysis began with the missing value and univariate normality analysis of the responses. Missing data accounted for less than two percent of the total responses. Upon close examination of cases with missing values, these values were found to be missing at random. However, missing data can limit the calculation of some estimates like boot strapping in structural equation modeling. Therefore, missing values were imputed using expectation-maximization (EM) algorithm under maximum likelihood (ML) approach available in SPSS 18.0. Under this approach, firstly model parameters (variance, covariance and mean) are estimated based on the available data and then missing values are estimated based on those calculated parameters. Maximum likelihood estimation approach for handling missing data is useful and reliable for larger samples (Schafer and Graham, 2002). Also, this approach is considered superior to other traditional methods of deletion and single imputation for generating unbiased and more efficient estimates (Peters and Enders, 2002)

Next, univariate normality was analyzed for each individual item. Skewness and Kurtosis of all variables were found to be within the acceptable range of +/-2. However, Shapiro-Wilk's test in SPSS indicated deviation from normality for all the items ($p<.01$). Two steps were taken to deal with the issue of non-normality in the present data. Firstly, all items were transformed to generate z-scores and these standardized scores were used for further analysis. Secondly, during data analysis bootstrap procedure was used to address the problem of non-normality and to generate reliable population estimates (West, Finch and Curran, 1995; Peters and Enders, 2002).

The transformed data set was then used for correlation analysis between the items to establish construct validity. The quality of measurement items can be determined by analyzing convergent and discriminant correlations. Correlations between the items of the same measure should be significant and higher than the correlation between items of different measures (Campbell and Fiske, 1959). High correlation between the items of different measures indicates cross loading and threatens discriminant validity of the construct. Such cross loading items were identified and qualitatively analyzed for their theoretical contribution to the construct. If their contribution was not significant towards construct measurement, they were deleted from further analysis. As a result, seven items were deleted. Cronbach's alpha was computed for each construct to evaluate the reliability. Reliability values ranged from 0.74 to 0.96, which is above the acceptable standard of 0.7 (Lance, Butts and Michels, 2006). Table 1 provides details of measurement items with scale reliabilities.

The proposed model was tested using structural equation modeling in AMOS 19.0. A two-step approach was used to test the validity of the factor structure followed by path analysis, as proposed by Anderson and Gerbing (1988). Since the strategically motivated group was almost twice the size of the altruistically motivated group, only half of the sample (sample A=166 responses) was used to test the proposed comparative model. The second half of the sample (B) was used to further validate the findings from the initial two-group analysis. Strategically motivated CSR sample was divided into two groups-A and B, by random selection process. Both, confirmatory factor analysis and path analysis were conducted in two steps: i) two group analysis between altruistic group (N=112) and sample A (N=166) of the strategic group, and ii) two group validation analysis using the sample B (N=166) for the strategic group.

Responses were also tested for single informant bias because the information of dependent as well as independent variables was collected from the same respondent (retail store managers). Harman’s single factor test and single factor confirmatory factor analysis were conducted to test the presence of single informant bias (also known as common method effect). First, exploratory factor analysis was conducted using un-rotated as well as rotated principal component analysis. Presence of common method bias leads to emergence of one general factor that accounts for the majority of the covariance among the variable (Padsakoff, MacKenzie, Lee and Padsakoff, 2003). Exploratory factor analysis suggested that the total variance explained by the factors was 79% and the first factor did not account for the majority of variance (24%). Next, single factor analysis was conducted in SEM. All items were constrained to load on one single factor. Results of the CFA revealed a very poor model fit (CFI=.571 and

RMSEA=.19). This indicated that single- factor model did not fit the data well. These two tests suggest that single informant bias is not a major concern and is unlikely to confound the findings of this study.

3.6.1 Confirmatory Factor Analysis

The proposed model consists of nine constructs including a second order factor of corporate social responsibility with two underlying dimensions of social responsibility and environmental responsibility as proposed in chapter 2. ML estimation method is used to calculate parameter estimates and fit the data to the proposed model. It is the most widely used estimation method for SEM that provides efficient parameter estimates under the assumption that the data are normally distributed, sample size is sufficiently large and the model is specified correctly (Schermelleh-Engel, Moosbrugger and Muller, 2003). Two group CFA of the initial sample of 278 reveal a good model fit (CFI= .916, IFI=.917, NFI=.832 and RMSEA=.05) but a significant chi-square statistics (χ^2=1541.052, df= 852, p<.001). Since chi-square tends to be sensitive to sample size (Bollen, 1989), the model is accepted based on the other fit indices.

To check for normality, AMOS provides estimates of univariate and multivariate normality. Skewness >2 and Kurtosis > 7 indicates univariate non-normality. In addition, Mardia's index greater than 3 indicates multivariate non-normality (Bentler and Wu, 2002). Skewness (≤ 1.46) and kurtosis (≤ 2.4) of the items in the current data are well within the range of univariate normality. However, Mardia's coefficient of 198.8 indicates severe multivariate non-normality. Non-normality can negatively impact the ML estimation method therefore additional tests should be used for model fitting. AMOS provides two options for dealing with non-normal data ADF estimation method and bootstrapping. Since ADF estimation requires very large sample sizes, a bootstrapping procedure is used to generate parameter estimates for the current model (Berkovits, Nevitt and Hancock, 2000). Two thousand bootstrap samples are specified and parameters are estimated around 95 percent confidence interval. Bootstrap estimates indicate that the parameters are well within the range of 95 percent confidence interval and are statistically significant (Table 16).

The equivalence of measurement models between strategic and altruistic group is assessed by a hierarchical testing method (Bollen, 1989). Measurement weights and intercepts are hierarchically constrained between the two groups (Model 1 and Model 2). Then, the chi-square difference is calculated between the baseline model and the two models. Non-significant chi-square difference test indicates factor invariance between the two groups (Table 7). Next, correlations are constraint between the two groups which yielded a non significant chi-square difference ($\Delta\chi^2$= 112.89, Δdf=100, p=.178n.s.) indicating equivalence of correlation structures as well. Since CSR is modeled as a second order factor with structural estimates of first order indicators, between-group structural constraints are imposed for Model 4. These are found to be invariant as well. Lastly, error variances are constrained and the chi-square indicates a non significant difference from the previous model ($\Delta\chi^2$= 116.78, Δdf=102, p=.150). Thus, the measurement model is invariant between two groups.

Model 5 is used for further analysis of convergent and discriminant validity. All factor loadings are significant for both groups and all standardized factor loadings are greater than 0.6. The factor loading structure demonstrated good convergent validity. To establish the discriminant validity, correlations between the factors are constrained to 1 for both groups. The significant decrease in chi-square (Model 6) indicates discriminant validity for the constructs.

Table 7: Two Group Hierarchical Analysis (Altruistic and Strategic Group-A)

**Base Model	df=852	χ^2=1541.05	0.000
Models	**Δ DF**	$\Delta\chi^2$	**P**
Model 1: Measurement weights modeled invariant	22	24.83	0.305
Model 2: Measurement weights and Measurement intercepts modeled invariant	54	63.37	0.179
Model 3: Measurement weights, Measurement intercepts and Structural weights modeled invariant	55	63.83	0.194
Model 4: Measurement weights, Measurement intercepts, Structural weights and correlations modeled invariant	100	112.89	0.178
Model 5: Measurement weights, Measurement intercepts, Structural weights, correlations and residuals modeled invariant	102	116.78	0.150
Model 6: Correlations constrained to 1 for both groups in Model 5	127	440.456	0.000

The next step is to validate the factor structure found for the strategically motivated group in sample B. Two-group CFA is conducted again, followed by bootstrapping and measurement equivalence testing. Model fit indices are found to be acceptable (CFI=.905, IFI=.906, NFI=.821, RMSEA=.05, χ^2=1620.38, df=268, p<.001). Bootstrap estimates also indicate the robustness of parameter estimates (Table 16). Lastly, measurement equivalence model demonstrates the insignificant chi-square differences till Model 4 where measurement weights, measurement intercepts, structural weights and correlations between the two groups were constrained. The chi-square difference is significant for model 5 (constrained residuals) indicating an invariant loading pattern but inequivalent error structure (Table 8). Thus, the error invariance fails to validate in the second sample for strategic group. Based on the two-sample analysis, it is concluded that only the factor loadings and correlations are invariant between the altruistic and strategic group. Also, constraining correlations equal to 1 significantly decreased the chi-square thereby confirming the discriminant validity of the measurement model (Model 6, Table 8).

Thus, validity and reliability of the factor structure are established and validated. Also, measurement invariance is validated between the two motivational groups. Overall, the constructs indicate good measurement properties.

Table 8: Two Group Hierarchical Analysis (Altruistic and Strategic Group B)

**Base Model	df=852	χ^2=1620.38	0.000
Models	**Δ DF**	$\Delta\chi^2$	**P**
Model 1: Measurement weights modeled invariant	22	18.09	0.701
Model 2: Measurement weights and Measurement intercepts modeled invariant	54	63.237	0.182
Model 3: Measurement weights, Measurement intercepts and Structural weights modeled invariant	55	63.266	0.208
Model 4: Measurement weights, Measurement intercepts, Structural weights and correlations modeled invariant	100	120.22	0.080
Model 5: Measurement weights, Measurement intercepts, Structural weights, correlations and residuals modeled invariant	134	235	0.000
Model 6: Correlations constrained to 1 for both groups in **Model 4**	127	499.216	0.000

3.6.2 Path Analysis

The next step in the analysis is to test the hypothesized relationships between the constructs. This is done by path analysis in AMOS 19. Since the reliability and nomological validity of the measures are well established in the CFA, composites of the scale items for latent constructs are used for testing the hypotheses. Composites provide stable factor scores and increase the efficiency of the model testing process (Ackerman and Cianciolo, 2000). Corporate social responsibility is represented as a second order factor with averages of Social CSR and Environmental CSR used as first order factors. Averages of the z-scores are used for computing composites. Mardia's estimate is 16.022 which is much above the acceptable cutoff of 3.0 therefore bootstrapping is used in path analysis to generate a confidence interval for the parameter estimates. A bootstrap confidence interval is used for significance testing of the estimates.

Hypothesis 1 is tested by independent sample t-test. To test the mediation hypothesis H10, the data are split into two parts (N=223 each) for calibration and validation. To test group differences, data is split into three parts: altruistic group (N=112), strategic group A (N=166) and strategic group B (N=166). If the relationships found in the calibration sample failed to validate in the second sample then findings are considered as inconclusive. For testing group differences, structural equality constraints are imposed on the two groups. For the calibration sample non significant chi-square difference test ($\Delta\chi^2$=18.84, Δdf=19, p=.467) indicate equality of paths between the altruistic and strategic group. Structural invariance is validated by the second sample for strategic group ($\Delta\chi^2$=21.058, Δdf=19, p=.334). This indicates that the proposed relationships between the two groups were similar. So, effect sizes between the two groups can be directly compared.

Single group path analysis for the split sample (N=223) indicate good overall fit indices (CFI=.926, IFI=.928, NFI=.914, χ^2=120.453, df=21) but a very high RMSEA (=.146). Modification indices indicate a high covariance between CSR and Responsiveness. After theoretically analyzing the relationship between the two variables, the model is respecified to include a path from responsiveness to CSR. Model fit improved significantly ($\Delta\chi^2$=66.503, Δdf=1, $p<.001$). Goodness of fit indices is as follows: CFI=.975, IFI=.975, NFI=.961, RMSEA=.08. Consequently, this new model is used for further analysis.

CHAPTER 4: RESULTS

Responsiveness of strategically motivated firms is significantly higher than the responsiveness of altruistically motivated firms ($t=2.507$, $p<.05$). The group mean for altruistically motivated firms is 3.4493 and group mean for strategically motivated firms is 3.7567. Hypothesis 1 is supported.

Table 9: Independent Samples Test

	t-test for Equality of Means						
						95% Confidence Interval of the Difference	
	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Corporate Social Responsiveness	2.507	444	.013	.30745	.12266	.06639	.54854
Group 1= Altruistically motivated firms: Mean=.34493 Group 2= Strategically motivated firms: Mean=.37567							

The influence of regulatory pressure on CSR actions is not significant for the altruistic group ($\gamma=0.116$ n.s) or for the strategic group ($\gamma=-0.005$ n.s). The relationship is validated in the second sample for strategic group ($\gamma=0.112$ n.s). Hypothesis 2 is not supported (Table 10).

Social pressure positively influences CSR actions for both strategic ($\gamma=0.334$, $p<.01$) and altruistic groups ($\gamma=0.239$, $p<.05$). This is also validated in the second sample for the strategic group ($\gamma=0.437$, $p<.01$). However, the effect size is stronger for the strategic group than for the altruistic group. Hypothesis 3 is supported.

Influence of competitive pressure is found to be significant for the strategic group ($\gamma=0.13$, $p<.05$) but not for the altruistic group ($\gamma=-0.045$ n.s.). The positive influence for strategic group is also validated in the second analysis (γ=0.158, p<.05). Hypothesis 4 is also supported.

Table 10: Standardized Regression Estimates for Hypothesized Paths (Two group analysis)

			Group-1 (Altruistic)		Group-2A (Strategic)		Group-2B (Strategic)	
			Calibration				**Validation**	
	Independent Variable	Dependent Variable	Estimate	P**	Estimate	P**	Estimate	P**
H2	RegPres	CSR	**0.116**	0.15	**-0.005**	0.91	**0.122**	0.07
H3	SocPres	CSR	**0.239***	0.02	**0.334****	0.00	**0.437****	0.00
H4	ComPres	CSR	**-0.045**	0.58	**0.13***	0.03	**0.158***	0.02
H5a	RegPres	Resp	**0.042**	0.66	**0.281****	0.01	**0.214****	0.01
H5b	SocPres	Resp	**0.364****	0.01	**0.205****	0.01	**0.374****	0.00
H5c	ComPres	Resp	**0.058**	0.47	**0.157***	0.05	**0.11**	0.12
H6	Rules	CSR	**-0.012**	0.82	**0.023**	0.52	**0.089**	0.09
H7	Inno	CSR	**0.17**	0.15	**0.135***	0.05	**0.197***	0.02
H11	CSR	MktP	**0.415**	0.1	**0.628****	0.01	**0.411****	0.01
H11	CSR	FinP	**0.238**	0.37	**0.28****	0.01	**0.319***	0.04
H11	MktP	FinP	**0.533****	0.00	**0.478****	0.01	**0.61****	0.01
χ^2(df)			103.655(40)				83.372(40)	
CFI			0.962				0.974	
IFI			0.964				0.975	
NFI			0.943				0.953	
RMSEA			0.07				0.06	
**Significance based on confidence interval generated by bootstrap procedure								
**p<.01; *p<.05								
Inno-Innovation-oriented Culture; **Rules**-Rules-oriented Culture; **SocPres-**Social Pressures; **ComPres**-Competitive Pressures; **RegPres**-Regulatory Pressures; **Resp**-Responsiveness; **MktP-** Market Performance; **FinP-** Financial Performance; **CSR**-CSR actions								

Regulatory pressure (γ=.281 & .214, p<.05) indicate positive influence on responsiveness for strategic group but this relationship is not significant for the altruistic group (γ=0.042 n.s.). Social pressure also positively influence responsiveness (γ=.205 & .374, p<.05) for strategically motivated firms. This relationship, however, is significant for altruistically motivated firms as well (γ=.364, p<.05). Influence of competitive pressure on corporate social responsiveness failed to validate in sample B for the strategic group. Therefore, the finding for this relationship is considered as inconclusive. Hypothesis 5b and 5c are not supported. Only H5a is supported.

Innovation-oriented culture positively influence CSR actions for strategically motivated firms (γ=.135 & .197, p<.05). This relationship is not significant for the altruistic group. Rules-oriented cultures do not have any influence on CSR actions of retailers for the altruistic group (γ=-0.012 n.s). The relationship is inconclusive for the strategic group. Hypothesis 6 is supported but H7 is not supported.

Figure 3 and 4 show the results for altruistically motivated firms and strategically motivated firms.

Figure 3: Results for Altruistically Motivated Firms: Antecedents and Outcomes of Corporate Social Performance

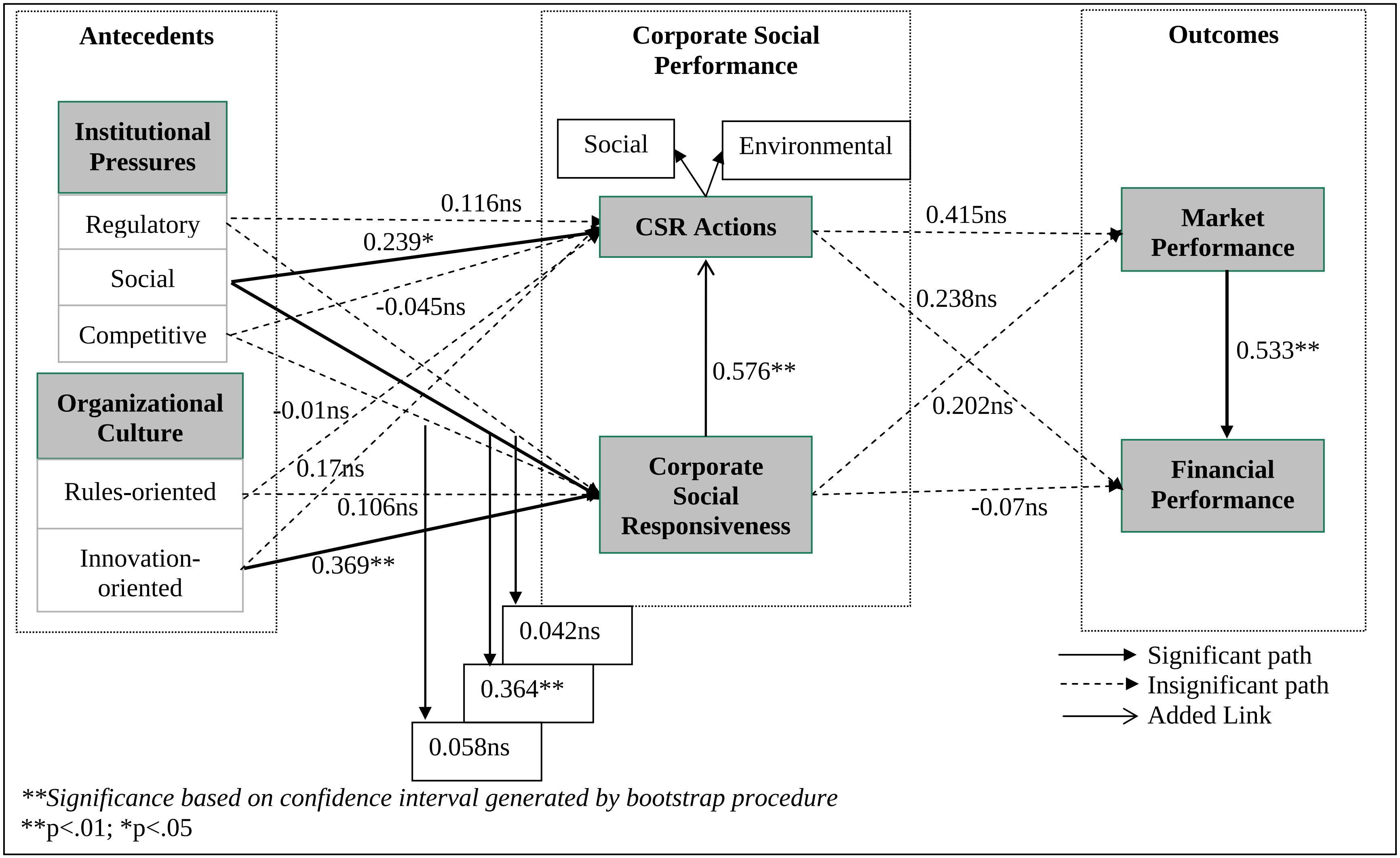
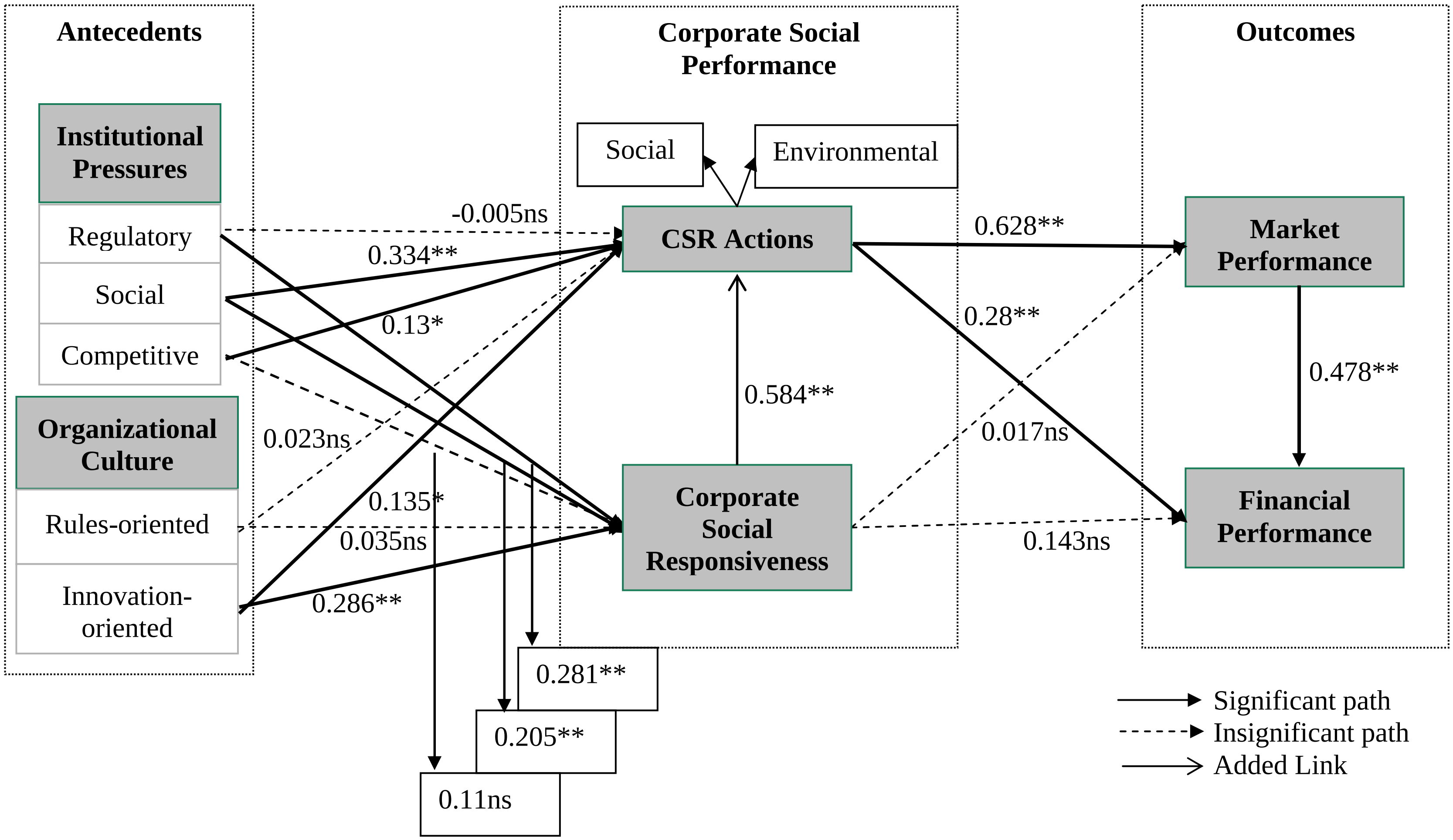


Figure 4: Results for Strategically Motivated Firms: Antecedents and Outcomes of Corporate Social Performance



***Significance based on confidence interval generated by bootstrap procedure*
**p<.01; *p<.05

Hypotheses 8, 9, 10 and 12 are tested using single group analysis (Table 11). The relationship between rules-oriented culture and responsiveness is not significant in sample A (γ=.063ns) but it is significant in sample B (γ=.183, p<.001). Thus, this relationship is inconclusive in the present study. Innovation-oriented culture positively influences corporate social responsiveness (γ=.303 and .369, p<.001). Hypothesis 8 is not supported but H9 is supported.

Table 11: Standardized Regression Estimates for Hypothesized Paths (Full Model)

			Sample (A)=223		**Sample (B)=223**	
			Calibration		Validation	
	Independent Variable	Dependent Variable	Estimate	P**	Estimate	P**
H8	Rules	Resp	0.063	0.17	0.183**	0.00
H9	Inno	Resp	0.303**	0.00	0.369**	0.00
H10	CSR	MktP	0.469**	0.00	0.52**	0.00
H10	CSR	FinP	0.147	0.25	0.179	0.25
H10	MktP	FinP	0.539**	0.00	0.552**	0.00
H11	Resp	MktP	0.087	0.45	0.098	0.47
H11	Resp	FinP	-0.04	0.76	-0.066	0.68
Added Link	Resp	CSR	0.564**	0.00	0.434**	0.00
Control	FSize	CSR	0.042	0.26	0.103	0.98
Control	FSize	FinP	0.167**	0.00	0.185**	0.00
χ^2(df)			53.946(20)		45.77(20)	
CFI			0.975		0.981	
IFI			0.975		0.981	
NFI			0.961		0.967	
RMSEA			0.08		0.07	
**Significance based on confidence interval generated by bootstrap procedure						
**p<.01; *p<.05						
Inno-Innovation-oriented Culture; Rules-Rules-oriented Culture; SocPres-Social Pressures; ComPres-Competitive Pressures; RegPres-Regulatory Pressures; Resp- Responsiveness; MktP- Market Performance; FinP- Financial Performance; CSR-CSR actions						

The mediation hypothesis H10 is tested using the four-step approach suggested by Baron and Kenny (1986). First the relationship between CSR and market performance as well as the relationship between market performance and financial performance are removed from the model. This step left only the relationship between the predictor (CSR actions) and the outcome (financial performance) in the model (Model 1). The relationship between CSR actions and financial performance is found to be significant (β=.258, p>.05). Next, the relationship between CSR actions and market performance is tested in the absence of the relationship between CSR actions and financial performance (Model 2). This is also found to be significant (β=.495, p>.01). The third step involves testing the relationship between the mediator (market performance) and outcome (financial performance) controlling for the predictor (CSR actions). Influence of market performance and financial performance is significant (β=.569, p>.01) (Table 13). The full model is tested in the fourth step of mediation analysis (Model 4). The relationship between CSR actions and financial performance becomes insignificant when market performance is added as the mediator. Chi-square difference test indicates that Model 4 (mediation model) is significantly better than other models. Model 4 indicates full mediation effect of market performance. Hypothesis 10 is supported (Table 12 & 13).

Table 12: Hierarchical Mediation Analysis of Market Performance (Single Group)

	χ^2	**df**	$\Delta\chi^2$	**Δdf**	**CFI**	**IFI**	**NFI**	**RMSEA**
Model 1	148.98	22			0.91	0.912	0.898	0.16
Model 2	135	22	13.99**	0	0.92	0.922	0.908	0.15
Model 3	88.39	21	46.61**	1	0.952	0.953	0.94	0.1
Model 4	53.95	20	34.44**	1	0.975	0.975	0.961	0.08
**p<.01; *p<.05								

Table 13: Parameter Estimates for Hierarchical Mediation Analysis (Single Group)

Parameter Estimates			
Model 1	CSR	FinP	0.258*
Model 2	CSR	MktP	0.495**
Model 3	MktP	FinP	0.569**
Model 4	CSR	FinP	0.147ns
	CSR	MktP	0.469**
	MktP	FinP	0.539**

**p<.01; *p<.05
MktP- Market Performance; FinP- Financial Performance; CSR-CSR Actions

The Baron and Kenny (1986) method is also used for testing H11. Mediation is tested in four hierarchical steps as described for H10. The comparative fit analysis (Table 14) indicates that model 4 is significantly better than other models. Model 4 represents the mediation effect of market performance on CSR actions and financial performance. Parameter estimates provided in table 14 indicate that the CSR actions of altruistic firms do not influence market performance (β=.415n.s.) or financial performance (β=.238 n.s.). Thus, no direct or mediated relationship exists between CSR actions and market performance for altruistically motivated firms (Table 14 & 15). For strategically motivated firms, CSR actions independently influence both market (β=.628 &.409, p<.05) and financial performance (β=.308 & .571, p<.05). By introducing market performance as the mediator, the influence of CSR actions on financial performance decreases (β=.288 & .319, p<.05) but is still significant. Results indicate that market performance partially mediates the relationship between CSR actions and financial performance for strategically motivated firms. Hypothesis H11 is supported.

Table 14: Hierarchical Mediation Analysis of Market Performance (Two Group)

	χ^2	df	$\Delta\chi^2$	Δ df	CFI	IFI	NFI	RMSEA
Altruistic and Strategic Group A								
Model 1	189.123	44			0.914	0.918	0.895	0.109
Model 2	173.106	44	16.017**	0	0.924	0.927	0.904	0.103
Model 3	125.95	42	47.156**	2	0.95	0.952	0.93	0.08
Model 4	103.655	40	22.295**	2	0.962	0.964	0.943	0.07
Altruistic and Strategic Group B								
Model 1	211.063	44			0.901	0.904	0.882	0.117
Model 2	220.007	44	8.944**	0	0.895	0.899	0.877	0.12
Model 3	97.874	42	122.133**	2	0.967	0.968	0.945	0.069
Model 4	83.372	40	14.502**	2	0.974	0.975	0.953	0.06
**p<.01; *p<.05								

Table 15: Parameter Estimates for Hierarchical Mediation Analysis (Two Group)

			Groups		
			Altruistic	Strategic-A	Strategic-B
Model 1	CSR	FinP	.456ns	.308*	.571 **
Model 2	CSR	MktP	.413ns	0.628*	.409*
Model 3	MktP	FinP	.549**	0.486**	.636**
Model 4	CSR	MktP	.415ns	.628*	.411**
	CSR	FinP	.238ns	.28**	.319*
	MktP	FinP	.533**	.478*	.610**
**p<.01; *p<.05					
MktP- Market Performance; FinP- Financial Performance; CSR-CSR Actions					

Corporate social responsiveness, however, has no influence on both market performance (β=.087n.s. &.098 n.s.) or financial performance (β=-0.04 n.s. &-0.06 n.s.). And so, H12a and H12b are not supported.

The added relationship between responsiveness and CSR actions is strong and positive (β=0.564, $p<.01$). It is also validated by the second sample (β=0.434, $p<.01$) (Table 10).

CSR actions and financial performance are also controlled for firm size (average annual revenue). In this study, firm size has no effect on intensity of CSR actions (γ=.042 & .103, $p>.05$n.s.) but financial performance is significantly affected by firm size (γ=.167 & .185, $p<.05$).

Next, we discuss the findings along with the revised model with the added link.

CHAPTER 5: DISCUSSION

The relationship between CSR and firm performance remains inconclusive in the literature (Margolis and Walsh, 2003; Orlitzky et al., 2003). Mixed evidence indicates a more complicated relationship between the two variables (Brammer and Millington, 2008). This dissertation attempts to elucidate the complex structure of the influence of CSR on firm performance by suggesting that the motivations prompting firms to engage in socially responsive behavior determine the strategic/nonstrategic CSR actions of the firms. Only well directed actions have the capability to drive firm performance. Consequently, motivations explain the variability in the influence of CSR actions on firm performance. I further argue that motivations not only moderate the outcomes, but also moderate the influence of institutional and organizational antecedents on firm performance. Using a multi-theory framework, I propose a comprehensive model of corporate social responsibility antecedents, process and outcomes. This hypothesis is tested in the retail industry setting in the United States.

Overall, the results of this analysis indicate that the influence of CSR actions on firm performance vary between strategically motivated versus altruistically motivated firms. Specifically, firms that choose CSR practices with a long term goal of enhancing firm performance are able to reap superior business performance as a result of CSR actions. On the other hand, firms that choose CSR practices based solely on moral obligation or with intentions of generating social welfare fail to realize the profit potentials of such actions. The results of this analysis also provide support for the proposed moderating influence of CSR motivations on the institutional and organizational antecedents.

5.1 CSR and Performance

In this study, market performance is hypothesized as a mediator between CSR actions and financial performance. The single group analysis confirms full mediation effect of market performance. However, two-group analysis indicates that the relationship between CSR actions and business performance is moderated by the underlying motivation for engaging in such actions. For example, market performance partially mediates CSR actions and the firm performance relationship for the strategic group, but CSR actions have no effect on market or financial performance for the altruistic group.

The results of this study confirm the influence of CSR actions on financial performance (Margolis, et al., 2007; Orlitzky et al., 2003; Wu, 2006) but only for strategically motivated firms. CSR actions have the ability to generate financial gains when they are chosen with the intention of adding strategic value to the firm. This supports the previous findings of Baron (2001) who found a positive relationship between strategic CSR actions and financial performance. Husted and Salazar (2006) also found that strategic CSR actions can generate financial performance that is superior to that generated by altruistic CSR actions. However, both studies used a microeconomic modeling approach to determine the relationships. The current study represents the first empirically based analysis that confirms the role of strategic focus on CSR actions in determining firm performance. The results also support the argument that CSR issues should be chosen based on their fit with the firm's strategic direction (Porter and Kramer, 2006). Firms are subjected to a plethora of social and environmental issues that can be addressed through CSR, but only a few issues represent an opportunity for building a competitive advantage.

The mediation effect of market performance for strategically-motivated firms indicates that profit-motivated CSR actions can influence customer satisfaction and strengthen brand image. For example, Nan and Heo (2007) found that the level of fit between firms and social issues is positively related to favorable consumer attitudes towards brands. Becker-Olsen, Cudmore and Hill (2006) also found that high fit initiatives positively influence consumer purchase intention. Furthermore, Du, Bhattacharya and Sen (2007) surveyed consumers of three yogurt brands in the US and found that integration of social initiative into brand positioning efforts increases consumer loyalty, advocacy and purchase intention. The tactical integration of CSR actions with overall business strategy can influence market performance. Market performance, in turn, increases the likelihood of purchase, thereby contributing to firm profitability. Luo and Bhattacharya (2006) also found that customer satisfaction partially mediates the relationship between CSR actions and market value (financial performance of the firm). Our findings, combined with previous research, indicate that the strategic planning process towards CSR actions has the capability to influence financial profit, both directly and indirectly, via market performance.

For the firms that engage in CSR actions driven by purely altruistic motivations, the insignificant effect of CSR actions on market performance and financial performance should be considered eye-opening. The belief that social sanctions may arise out of the fulfillment of moral duties towards society may not be true. Customers may no longer be fooled or be satisfied by an unstructured approach to corporate social responsibility. For example, philanthropic donations, which have no relevance to business strategies, do not contribute to firm performance. In a meta-analytic study, Allouche and Laroche (2005) found that charitable donations have minimal effect on financial performance. Orlitzky et al. (2003) argue that low impact actions like charitable donations are perceived as an attempt to manage firms' external image and therefore are likely to be punished by capital markets. Our results corroborate these findings and indicate that strategically motivated CSR is better for businesses than altruistically motivated CSR.

5.2 Influence of Institutional Pressures on CSR actions

Social Pressures

In this study, institutional pressures are hypothesized as antecedents of CSR actions. Although theorized in several studies, no analysis has attempted to empirically investigate the relationship between institutional pressures and adoption of CSR (Campbell, 2007; Delmas and Toffel, 2004). Our findings confirm that institutional pressures significantly influence CSR actions of firms. However, results indicate that not all types of pressures encourage diffusion of socially responsible practices, and the influence of institutional pressures varies between strategically motivated and altruistically-motivated firms.

Much of the initial research on CSR has focused on pressures from customers, employees, suppliers and other social actors as the primary determinants of organizations' responsible actions. The results of this study also indicate that social pressures are the most salient influencers of responsible actions. This finding corroborates previous research on the role of stakeholders in determining CSR actions of firms. For example, Williamson et al. (2006) found that social pressures influence the adoption of environmentally friendly practices. Moreover, in a study on the adoption of environmental certifications, Koehler (2007) found that the demand from customers and investors is a primary driver of ISO certifications.

Social pressure becomes even more salient for the retail industry because of the high embeddedness within communities and higher physical visibility (Mezner and Nigh, 1995). In a qualitative research study, Piacentini et al. (2000) found customer pressure is an important determinant of CSR adoption amongst supermarkets in the UK. The results of their study indicate that socially responsible behavior is adopted to increase customer satisfaction (strategic motivation) and not because of any underlying moral concerns (altruistic motivation).

Our study indicates that social pressures influence the adoption of CSR actions both for strategically motivated as well as altruistically motivated firms. DeVen and Graafland (2006) also found that both moral motives and strategic motives are positively related to concerns about employees and customers. Therefore, results of this study support their findings. Overall, social networks encourage the dissemination of responsible behavior in the industry by punishing irresponsible firms through consumer boycotts and media criticism and rewarding proactive firms through patronage and positive word-of-mouth (Smith, 2007). The threat of negative reputational consequences regulates market actions towards social responsibility issues (Graafland and Smid, 2004). Strategically motivated firms maximize the substantive benefits of CSR by addressing social concerns. The presence of social pressures also provides gratification to altruistically driven firms. These firms are committed to social welfare (Lantos, 2001), as the existence of social demands provides them with directions for fulfilling their moral duties.

Competitive Pressures

The results of this study indicate that competitive pressures influence adoption of CSR actions for strategically motivated firms but not for altruistically motivated firms. The difference between strategic and altruistic motivations is unique to this research. However, previous studies have also found that competitive pressures influence CSR actions (Matten and Moon, 2008; Jamali, 2008). For example, Sanchez and Sotorrio (2007) found that in highly competitive markets, financial success of CSR actions leads to an increase in the adoption of such practices.

In addition, using microeconomic modeling, Kopel (2009) found that successful CSR strategies that lack firm specificity are rapidly adopted by competition. Therefore, our results are consistent with previous, though scant, findings in this area.

This mimicking behavior can be attributed to informational externalities associated with the outcomes of CSR actions (Misani, 2010). When firms lack information about the outcomes of certain actions, and may also lack adequate resources to invest in learning strategies, emulating successful moves of competitors reduces the perceived outcome uncertainty of CSR actions (Haveman, 1993). Consequently, strategically-motivated firms reduce the search costs associated with identifying relevant CSR actions by imitating successful CSR practices of competitors. Firms may engage in mimicking behavior towards CSR action when they fear being irrelevant in their peer community or losing a valuable new opportunity (Misani, 2010).

5.3 Influence of Innovation-Oriented Organizational Culture on CSR actions

In this study, firms with an innovation-oriented culture are hypothesized to engage in CSR actions due to strategic motivations. The results of this study confirm this relationship. Maignan et al. (1999) found that external focus and the flexible structure of market oriented cultures positively influence CSR actions. Thus, the findings of Maignan et al. (1999) corroborate the findings of this study.

Our results are also in line with Cameron and Freeman (1991) and Deshpande et al., (1993) who suggest that innovation-oriented organizational cultures foster risk taking and agility based on external demand. These organizations constantly look for new strategic opportunities in the external market environment. Once opportunities are identified, flexible structures facilitate the adoption of new strategies. Burke and Longsdon (1996) suggest that a firm’s ability to proactively identify and engage in CSR actions can bring strategic benefits. Thus, the agility of innovation-oriented firms and their desire to realize strategic value from new opportunities influences the adoption of CSR actions, as found in this study.

The implementation of strategic CSR may require changes to existing business practices. Innovation-oriented cultures are open to new ideas and responsive to market opportunities (Cameron and Freeman, 1991). The positive influence of innovation-oriented culture on the adoption of CSR actions, as demonstrated in this analysis, supports the findings of Ubius and Alas' (2009) multi-country empirical investigation of social responsibility. Specifically, the authors found that externally focused flexible organizational cultures had superior social performance. The desire for profitability and competitive advantage, in the long run, are the salient characteristics of innovation-oriented cultures. Therefore, they choose socially responsible actions that enhance their business performance in the long run. Thus, it is the ability of socially responsible actions to contribute to firm performance that facilitates the CSR adoption process.

5.4 Corporate Social Responsiveness

Following Wood (1991), corporate social responsiveness is conceptualized as firms' ability to monitor and respond to changing societal needs by adopting practices that cater to these changing needs. Corporate social responsiveness has received theoretical attention from scholars (Wood, 1991; Wartrick and Cochran, 1985), but it has not been operationalized or empirically explored in the literature. The current study is the first to operationalize corporate social responsiveness and examine its antecedents and outcomes. The results of this study provide several insights for corporate social responsiveness.

As hypothesized, strategically motivated firms exhibit higher corporate social responsiveness than altruistically motivated firms. Formica and Kothari (2008) suggest that environmental scanning is an important part of the strategic planning process. Slater, Olson and Hult (2006) found that business performance of opportunistic firms is enhanced by their strong situation analysis capability. Strategically motivated firms engage in CSR actions with the long term goal of profit realization. Thus, they are likely to follow a systematic planning process to adopt CSR action. To reduce outcome uncertainty of business strategies, strategic firms engage in a-priori as well as a-posterior environmental scanning. Strategically motivated firms are likely to utilize their environment scanning capabilities for CSR strategies as well. Therefore, these firms will have high corporate social responsiveness. This relationship is confirmed by the results of our study.

In this study, the influence of institutional pressures on corporate social responsiveness is also examined. The results indicate that corporate social responsiveness of strategically motivated firms is influenced by regulatory pressures. Regulative non conformance can lead to penalties, legal costs, potential closures and reputational risk (Eptein, 2008). Strategically motivated firms will minimize any potential costs associated with CSR actions in order to maximize profitability of such actions. Our findings indicate that in the presence of government regulations, strategically motivated firms will actively monitor and adapt the current strategies to ensure compliance. The presence of regulations will therefore encourage agility towards the effective implementation of CSR policies.

The results of this study also indicate that social pressures influence corporate social responsiveness for both altruistically motivated and strategically motivated firms. This influence is comparable between the two groups. Compliance to social, as well as regulatory pressures, indicate the desire for legitimation as described by Suchman (1985). Legitimation refers to the alignment of organizational actions in order to comply with established regulations, norms, values and beliefs. Firms often focus on their most salient stakeholders for gaining sanctions. Thus, the strong effect of social pressures on corporate social responsiveness can be attributed to the organizational pursuit towards symbolic and substantive legitimacy. Corporate social responsiveness of altruistically motivated firms prompted by social pressures confirms their dedication to fulfilling societal duties (Lantos, 2001). Altruistically-motivated firms experience gratification by responding to social calls. Overall, their responsiveness is driven by their desire to fulfill their moral obligations and by social actors' receptiveness to the CSR actions.

In this study, innovation-oriented cultures are found to have a strong influence on corporate social responsiveness. This supports the findings of Matsuno et al. (2002) that innovative entrepreneurial firm culture is positively related to market responsiveness. The literature suggests that innovation-oriented organization cultures engage in exploratory modes of environment scanning to proactively identify strategic opportunities (Moorman, 1991; Saxby, Parker, Nitse and Dishman, 2002). Corporate social responsiveness is thus influenced by firms' desire to derive strategic value from current and new actions and by their ability to adapt to changing needs. Our results suggest that innovation-oriented firms will engage in proactive monitoring, adaptation and implementation of CSR actions.

The added link in the modified model indicates a strong relationship between corporate social responsiveness and CSR actions. This is supported by previous conceptualization of responsiveness as an antecedent to CSR actions (Wood, 1991; Wartick and Cochran, 1991). However, our study is the first to find support for the relationship between CSR actions and corporate social responsiveness. Corporate social responsiveness calls for proactive involvement in CSR actions and dedication of certain organizational resources. This relationship indicates that a firms' involvement in the assessment and adaptation of current CSR actions incrementally influences adoption of subsequent CSR actions.

An emphasis on strategic orientation towards CSR actions is increasing. For example, Porter and Kramer (2002, 2006) strongly encourage the embeddedness of CSR actions across all business functions to derive strategic value. They further suggest that CSR should be implemented like any other strategic planning process. Businesses should focus on selective CSR actions that make strategic sense and contribute to competitive advantage in the long run. Also, the effectiveness of altruistically driven CSR is increasingly questioned and is discouraged (Lantos, 200; Husted and Salazaar, 2006). The results of this study support the previous theoretical advances and scant evidence supporting strategic orientation towards CSR. First, strategically driven CSR actions are found to influence market as well as financial performance. In contrast, altruistically driven CSR actions are found to be ineffective. Our findings suggest that society does not reciprocate morally driven behavior with increased firm favorability. Second, the results also indicate that altruistically driven firms engage in CSR actions in response to social pressures. Strategically motivated firms, in contrast, respond to both social demands as well as successful competitive moves towards CSR. The strategic potential of CSR actions also influence innovation-oriented firms to engage in CSR. Third, our findings also indicate that strategically motivated firms are more agile towards their CSR actions and engage in constant assessment and adaptation (corporate social responsiveness). Corporate social responsiveness, in return, drives firms' engagement in future CSR actions.

CHAPTER 6: CONCLUSION

Research Implications

6.1 Theoretical Implications

Despite the large body of existing research on CSR, very little is known about the phenomenon of CSR within firms. This study makes several theoretical contributions to the CSR literature by contrasting firms based on their motivations to engage in CSR. The most salient contribution of this study comes from classifying firms into strategically motivated versus altruistically motivated groups and examining the performance implications of CSR actions for each group. This study proposes that the cause of differences in CSR actions and performance is deeply rooted in firms' motivations to engage in these actions. Following Porter and Kramer (2006) and Lantos (2001), strategic CSR is suggested to bring superior returns on investments. In essence, this study contributes to the rising interest in the strategic integration of CSR actions as a part of firms' overall strategy and finds support for the effectiveness of strategically implemented CSR actions (Porter and Kramer, 2006; McWilliams and Siegel, 2001, Husted and Salazar, 2006).

Second, corporate social performance is often used interchangeably with CSR actions in previous research (Wood 1991; Waddock and Graves, 1997). Following Wartrick and Cochran (1985) and Wood (1991), this study conceptualizes corporate social performance as an integration of CSR actions, responsiveness and driving principles (motivations). The current study is the first to attempt to operationalize the process model of corporate social performance as proposed in the literature (Wood, 1991). Corporate social performance lies at the core of this dissertation. In addition, this study marks the first attempt to operationalize the concept of corporate social responsiveness as proposed within the CSP paradigm. Responsiveness has also been confused with responsibility in the literature. Though advances have been made in terms of differentiating and explaining the essence of the concept, it has not been operationalized (Clarkson, 1995; Swanson, 1995, Wood, 1991). This dissertation clarifies and examines the role of corporate social responsiveness in the CSP process.

Third, this study contributes to the literature by examining the mediation effect of market performance on the CSR actions and financial performance relationship. Results indicate partial mediation for strategically motivated firms. The mediated model can perhaps better explain the how CSR actions generate strategic value (financial performance) for firms (Luo and Bhattacharya, 2006).

The use of the calibration-validation approach towards model testing adds to the rigor of this research and consequently the strength of the findings. Due to sample constraints, only the findings of the strategically motivated group are validated. However, validation of most of the initial findings in the second sample indicates the robustness of the proposed theoretical framework.

6.2 Managerial Implications

The importance of developing a strategic orientation towards CSR actions can not be ignored any further. Firms that are not yet convinced about the fruitfulness of CSR are missing a prospective opportunity. Additionally, findings of this study suggest several implications for practitioners as well.

Overarching results reveal that the relationship between corporate social responsibility and financial performance is mediated by market performance. However, not all firms have the ability to reap the benefits of corporate social responsibility initiatives. Only those firms that view CSR initiatives as strategic opportunities and have long term profit goals for engaging in CSR are able to earn both substantial (financial) and symbolic (market based) benefits as a consequence of these actions. Findings of this study support the recent arguments in favor of strategic CSR (Lantos, 2001; Porter and Kramer, 2006). Growing demand for socially responsive behavior exposes firms to multiple opportunities for engaging in CSR actions. Firms should only choose those actions that align with the overall business strategy. Previous studies suggest that customers reward the strategic fit of CSR actions with organizational objectives through their patronage (Nan and Heo, 2007; Becker-Olsen et al., 2006). Thus, strategic orientation towards CSR can increase firm favorability and profitability. Firms should start with the integral aspects of business strategies that directly influence customers, employees, suppliers and other stakeholders, and should identify socially responsible action items that are most relevant to these groups. Findings of this study call for re-evaluation of CSR actions and reforming them to reflect quality and relevance instead of quantity.

On the other hand, morally driven selfless reasons may not be enough even for earning a favorable image among customers. This is a significant finding for altruistically motivated firms. Though their CSR efforts are not driven by any ulterior expectations, the fact that such actions are not even recognized by customers is troubling. Guided by social contract theory, these firms may be morally obligated to comply with community norms. However, stakeholders may not reciprocate such actions unless they are strategically implemented. Though more research is needed in this area, the non-significant influence of CSR on market performance for altruistically motivated firms certainly questions the credibility and purpose of CSR actions of these firms.

Findings of this study suggest implications for policy makers as well. The strong influence of social pressure on CSR actions suggests that policy makers should focus on societal engagement as a tool for diffusion of CSR actions. The presence of strong and well organized outside agencies like social movement groups, industrial investors, and the press, would monitor and encourage socially responsible behavior by firms (Schneiberg and Bartley, 2001; Campbell, 2007). Strategies like increasing public awareness towards social issues, increasing engagement of social actors in sustainability programs and encouraging agendas of NGOs can be most effective in shaping a sustainable future. Corporate peer pressure exerted by members of industrial association also facilitates CSR actions (Martin, 2003).

6.3 Limitations

Empirical research is often bounded by context and execution that limits the generalizability of the findings. Limitations of this study are as follows:

First, this study relates to the use of new measurement items for several constructs including corporate social responsiveness, corporate social responsibility, regulatory pressures and social pressures. Due to lack of empirical research in this area, either no prior measures exist for the constructs or the existing measures did not translate well to suit the present context. Though these scales were subjected to a series of qualitative and quantitative assessments before use in the final data collection, their applicability may be restricted to the current context.

Second, the proposed model was tested in the retail industry setting. Though this answers the recent call for more industry specific research in the corporate social responsibility area (Maloni and Brown, 2006; Ailawadi et al., 2011), generalizability of findings may be limited to the researched context of retail chains in the United States.

Third, responses were collected from retail store managers for their perception of company's CSR efforts and also for the perceived business performance. Subjective measures may be biased by the halo effect of employees overall perception about the firm. Thus, objective measures for performance may provide a better understanding of the relationships proposed in this research.

Fourth, due to the small sample size, findings for the altruistic group could not be validated on a second set of respondents. Future research in this area will be helpful in establishing the validity of the current findings.

Fifth, due to the nature of proposed relationships and limitations of the analysis method, the altruistic and strategic groups were measured as a dichotomous variable. All firms were clearly categorized into one of the two groups. Future research can benefit from measuring the two concepts using a multi-item scale and using a more robust classification schema. However this would require a large sample.

6.4 Future Research

Anomalies are valuable to the theory building process as they enable simplification and improvement to present knowledge (Carlile and Christensen, 2005). Findings of this study are a first step towards the theory building process for corporate social responsibility as they provide important insights into the dynamics of socially responsible behavior and the implications for firm performance. However, much research still needs to be conducted in order to further develop theory in the CSR area.

First, only two aspects of organizational culture are considered in the present research. Other organizational characteristics like market orientation, absorptive capability and strategic stance should be assessed for their ability to predict CSR involvement of firms. Also, event based analysis for assessing the impact of negative and positive events on future CSR actions can provide valuable insights in this area.

Second, though the proposed relationships in this study are not industry specific, their empirical testing is limited to the retail context. In order to test the validity of the findings of this analysis, the proposed model should be tested in other industries within the United States and investigate its robustness. Of course, the measures will have to be respecified/adapted to suit the context.

Third, as previously mentioned, the current research may be biased by the halo effect of retail store employees' overall organizational perception. Future research studies can control for such influences or use a different unit of analysis to cross validate the findings of this study.

Fourth, future studies can test the proposed model through a longitudinal research design. The respecified model indicated a relationship between responsiveness and corporate social responsibility. This may be because responsiveness towards current actions enables firms to be more engaged and proactive towards CSR in the future. There may be a bidirectional relationship between the two variables that could not be tested due to the static nature of the current research design. Also, previous research has proposed a bidirectional relationship between CSR and business performance (Allouche and Laroche, 2005). Using a longitudinal design will help in understanding the time lag influence on these relationships.

Finally, and perhaps more ambitiously, a future direction would be to apply the proposed model to cross-cultural research and assess the dynamics between the antecedents, process and outcomes of corporate social performance in a multi-nation setting.

APPENDICES

Table 16: Standardized parameter estimates with bootstrap confidence interval

	Group-1 (*Altruistic*)			Group-2A (*Strategic*)			Group -2B (*Strategic*)		
	Calibration						**Validation**		
Parameter		Lower	Upper		Lower	Upper		Lower	Upper
CSR_Social	**0.97**	0.91	1.01	**0.94**	0.90	1.10	**0.96**	0.91	1.12
CSR_Enviro	**0.92**	0.86	0.96	**0.89**	0.83	0.93	**0.91**	0.84	0.96
Rules Oriented 3	**0.97**	0.88	1.04	**0.94**	0.88	0.98	**0.97**	0.94	1.01
Rules Oriented 2	**0.60**	0.42	0.74	**0.68**	0.53	0.79	**0.77**	0.67	0.84
Innovation Oriented 3	**0.78**	0.65	0.88	**0.86**	0.72	0.95	**0.85**	0.74	0.92
Innovation Oriented 2	**0.74**	0.62	0.81	**0.78**	0.66	0.84	**0.77**	0.67	0.85
Rules Oriented 4	**0.90**	0.81	0.96	**0.87**	0.78	0.94	**0.87**	0.76	0.94
Social CSR 2	**0.82**	0.71	0.89	**0.79**	0.70	0.86	**0.72**	0.63	0.80
Social CSR 3	**0.87**	0.80	0.92	**0.73**	0.63	0.82	**0.72**	0.62	0.80
Social CSR 8	**0.74**	0.62	0.85	**0.80**	0.73	0.85	**0.76**	0.69	0.82
Env CSR 1	**0.85**	0.78	0.90	**0.81**	0.72	0.86	**0.78**	0.70	0.85
Env CSR 2	**0.95**	0.91	0.98	**0.94**	0.91	0.96	**0.93**	0.87	0.96
Env CSR 3	**0.97**	0.95	0.98	**0.96**	0.94	0.98	**0.93**	0.85	0.97
Responsiveness 3	**0.92**	0.88	0.96	**0.84**	0.76	0.89	**0.85**	0.79	0.90
Responsiveness 4	**0.80**	0.68	0.88	**0.89**	0.83	0.92	**0.86**	0.78	0.90
Responsiveness 5	**0.86**	0.79	0.91	**0.82**	0.75	0.88	**0.84**	0.73	0.90
Responsiveness 2	**0.74**	0.64	0.83	**0.80**	0.72	0.86	**0.73**	0.63	0.81
Market Performance 1	**0.93**	0.89	0.96	**0.86**	0.80	0.91	**0.90**	0.85	0.94
Market Performance 2	**0.97**	0.92	0.99	**0.97**	0.92	1.00	**0.84**	0.70	0.92
Market Performance 3	**0.83**	0.75	0.89	**0.80**	0.72	0.86	**0.88**	0.82	0.92
Financial Performance 2	**0.97**	0.94	0.98	**0.96**	0.94	0.97	**0.95**	0.93	0.97
Financial Performance 3	**0.96**	0.94	0.98	**0.95**	0.91	0.97	**0.96**	0.94	0.98
Financial Performance 4	**0.93**	0.89	0.96	**0.93**	0.90	0.96	**0.94**	0.91	0.96
Financial Performance 1	**0.90**	0.85	0.93	**0.90**	0.85	0.94	**0.91**	0.87	0.93
Innovation Oriented 4	**0.77**	0.60	0.89	**0.65**	0.47	0.78	**0.67**	0.56	0.75
Regulatory Pressure 2	**0.86**	0.72	0.93	**0.90**	0.84	0.94	**0.90**	0.85	0.94
Regulatory Pressure 3	**0.90**	0.79	0.97	**0.90**	0.80	0.95	**0.92**	0.85	0.96
Competitive Pressure 1	**0.78**	0.67	0.85	**0.85**	0.78	0.89	**0.79**	0.68	0.86
Competitive Pressure 3	**0.88**	0.78	0.94	**0.93**	0.88	0.96	**0.86**	0.74	0.93
Social Pressure 2	**0.68**	0.55	0.77	**0.72**	0.58	0.80	**0.74**	0.65	0.82
Social Pressure 1	**0.54**	0.36	0.68	**0.82**	0.72	0.89	**0.64**	0.51	0.75
Competitive Pressure 2	**0.98**	0.94	1.01	**0.95**	0.90	0.98	**0.95**	0.90	1.00
Social Pressure 3	**0.75**	0.64	0.83	**0.68**	0.57	0.77	**0.71**	0.60	0.79
Regulatory Pressure 4	**0.59**	0.41	0.75	**0.68**	0.56	0.80	**0.62**	0.49	0.73
***all estimates significant at p<.005**									

Table 17: Covariance Matrix for the Path Model (Full Model)

	FSize	Inno	Rules	SocPres	ComPres	RegPres	Resp	MktP	FinP	CSREnv	CSRSoc
FSize	6.190										
Inno	-.032	.724									
Rules	.366	.293	.798								
SocPres	.074	.343	.217	.660							
ComPres	.249	.226	.162	.413	.856						
RegPres	.223	.292	.224	.468	.398	.756					
Resp	.087	.476	.325	.499	.399	.470	.765				
MktP	-.002	.431	.308	.284	.118	.225	.411	.852			
FinP	.308	.310	.220	.283	.148	.249	.304	.538	.910		
CSREnv	.140	.430	.304	.534	.343	.473	.620	.412	.332	.864	
CSRSoc	.107	.451	.288	.489	.304	.427	.582	.425	.314	.659	.728

Inno-Innovation-oriented Culture; Rules-Rules-oriented Culture; SocPres-Social Pressures; ComPres-Competitive Pressures; RegPres-Regulatory Pressures; Resp- Responsiveness; MktP- Market Performance; FinP- Financial Performance; CSREnv- Environmental CSR; CSRSoc- Social CSR

Table 18: Covariance Matrix for the Path Model (Altruistic Group)

	FSize	Inno	Rules	SocPres	ComPres	RegPres	Resp	MktP	FinP	CSREnv	CSRSoc
FSize	5.317										
Inno	-0.037	0.645									
Rules	0.245	0.296	0.623								
SocPres	0.224	0.38	0.189	0.628							
ComPres	0.367	0.202	0.108	0.367	0.705						
RegPres	0.445	0.185	0.114	0.373	0.364	0.602					
Resp	0.172	0.443	0.266	0.443	0.286	0.273	0.687				
MktP	-0.086	0.433	0.325	0.284	0.083	0.176	0.418	0.797			
FinP	0.271	0.361	0.188	0.302	0.15	0.214	0.336	0.506	0.813		
CSREnv	0.225	0.436	0.253	0.512	0.33	0.344	0.599	0.405	0.38	0.827	
CSRSoc	0.056	0.452	0.211	0.455	0.259	0.302	0.551	0.414	0.295	0.633	0.732

Inno-Innovation-oriented Culture; Rules-Rules-oriented Culture; SocPres-Social Pressures; ComPres-Competitive Pressures; RegPres-Regulatory Pressures; Resp- Responsiveness; MktP- Market Performance; FinP- Financial Performance; CSREnv- Environmental CSR; CSRSoc- Social CSR

Table 19: Covariance Matrix for the Path Model (Strategic Group)

	FSize	Inno	Rules	SocPres	ComPres	RegPres	Resp	MktP	FinP	CSREnv	CSRSoc
FSize	6.182										
Inno	0.114	0.771									
Rules	0.471	0.336	0.942								
SocPres	-0.009	0.332	0.227	0.658							
ComPres	0.52	0.209	0.236	0.442	0.931						
RegPres	0.196	0.327	0.316	0.471	0.388	0.803					
Resp	0.14	0.489	0.322	0.526	0.429	0.515	0.768				
MktP	-0.001	0.397	0.242	0.254	0.071	0.195	0.344	0.889			
FinP	0.157	0.367	0.21	0.317	0.103	0.28	0.302	0.655	1.003		
CSREnv	-0.042	0.464	0.346	0.545	0.346	0.5	0.592	0.347	0.374	0.884	
CSRSoc	0.167	0.446	0.318	0.485	0.273	0.46	0.546	0.361	0.366	0.659	0.695

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