Intersection Between a CEO’s Organizational Identification and Ethical Perspective: A Conceptual Framework for Firm CSR Engagement

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This paper introduces a conceptual framework to explore the effect of a chief executive officer’s (CEO) organizational identification and their perceived importance of ethics on a firm’s corporate social responsibility (CSR) practices. There is a growing consensus among CSR scholars about the significance of CEOs’ characteristics in shaping a company’s CSR strategies. However, the precise mechanism underpinning this relationship is yet to be fully understood. We explore this mechanism by distinguishing different types of organizational identifications for a CEO. Furthermore, we explore how firms’ CSR practices differ with high and low levels of perceived importance of ethics by a CEO.

Keywords: CSR, CEO’s organizational identification, CEO’s perceived importance of ethics

INTRODUCTION

Corporate social responsibility (CSR) has garnered increasing interest from a diverse set of stakeholders, including researchers, corporate executives, and consumers (Cheng et al., 2014; Fatima & Elbanna, 2023; Jones et al., 2017; Muttakin et al., 2016). While some scholars advocate for greater managerial emphasis on CSR (Huang, 2013; Kim et al., 2018; Tang et al., 2015), others argue that managers often over-emphasize CSR to bolster their personal reputations in their communities (Maak et al., 2016), elevate their personal status (Petrenko et al., 2016), and leave legacies that extend beyond shareholders’ wealth (Barnea & Rubin, 2010; Chin et al., 2013). The extant literature on the drivers of CSR suggests that managerial characteristics are among the key determinants of a firm’s engagement in socially responsible—or irresponsible—activities (Tang et al., 2015; Wong et al., 2011). Accordingly, the characteristics of a Chief Executive Officer (CEO) can be anticipated to significantly influence the heterogeneity of CSR profiles among companies (Chin et al., 2013; Hemingway & Maclagan, 2004).

Investments in CSR activities help address the expectations of various stakeholders (Carroll, 2015). More than 9,500 companies across the globe are signatories to the United Nations’ Global Compact, which covers various issues related to human rights, labor standards, environment, and anti-corruption (UN Global Compact, 2020). According to the UN Global Compact-Accenture CEO study (2016), conducted with more than 1000 CEOs from around the globe, 80% of the sample believed that demonstrating a commitment towards CSR is a differentiator among their industry members. Another recent study conducted by KPMG, which incorporated insights from 1,325 global CEOs, underscored the increasing importance of
environmental, social, and governance initiatives in propelling financial performance, fostering growth, and fulfilling stakeholder expectations (KPMG CEO Outlook, 2022). Despite the CEOs’ notable attention toward CSR, we know little about whether the degree of CEO’s organizational identification leads to the adoption of specific CSR practices.

While several factors can impact managerial decisions to adopt CSR initiatives, these efforts generally fall along a spectrum ranging from reactive to proactive (Carroll, 1979; Groza et al., 2011). Nonetheless, the existing research offers limited insights into the categorization of these specific types of CSR activities and their antecedents (Chang, 2015; Rim & Ferguson, 2020). One potential antecedent shaping the diversity in CSR initiatives could be the CEO’s level of organizational identification, as evidence suggests that it has important strategic implications (Ashforth et al., 2008; Boivie et al., 2011; Galvin et al., 2015; Lange et al., 2015). Social identity theory suggests that CEOs with a high degree of organizational identification are motivated to enhance both their own reputation and that of their firm (Ashforth et al., 2008) by engaging in socially responsible actions (Ashforth et al., 2008). Besides the importance of organizational identification to organizations, considerable research attention thus far has been paid to the factors that influence the degree to which employees identify with their organization (Bartels et al., 2007; Farooq et al., 2017). Additionally, the current literature generally focuses on the concept of organizational identification without distinguishing the different levels of identification (e.g., overidentification, conventional identification, and disidentification) and their consequences (Galvin et al., 2015; Lange et al., 2015). If different levels of organizational identification exist among executives, they can essentially lead to different types of CSR outcomes. Meanwhile, investment in CSR activities might be influenced by whether CEOs perceive ethics as an important factor in achieving organizational success (Singhapakdi et al., 1995). Consequently, drawing upon social identity theory, in this study, we develop a conceptual framework to explore the effect of CEO’s organizational identification and CEO’s perceived importance of ethics on a firm’s CSR activities. We examine this relationship by distinguishing different types of CEO’s organizational identifications. Furthermore, we explore how firm strategic activities differ with high and low CEO’s perceived importance of ethics.

This study aims to address the aforementioned gaps in existing literature, offering insights that will be relevant for both research and practice for several reasons. First, the current study extends the literature on social identity theory by incorporating different levels of organizational identification in explaining specific strategic outcomes. Second, existing research on both micro and macro levels of CSR has largely treated CSR as a unitary construct without distinguishing among various types of CSR practices (Hafenbradl & Waeger, 2017; Maak et al., 2016; Wang et al., 2016). Consequently, this study responds to calls for a more granular understanding, examining the psychological mechanisms that drive executives to pursue specific types of CSR activities (Farooq et al., 2017; Petrenko et al., 2016). Third, by introducing the CEO’s perceived importance of ethics as a crucial boundary condition, we illuminate the circumstances under which a CEO’s level of organizational identification may lead to the adoption of specific CSR strategies. Finally, this study will provide important implications for practice. By clarifying the relationships between different types of CSR practices and their antecedents, organizations can better manage their CSR initiatives, thereby maximizing both their societal and business value (Farooq et al., 2017; Perez, 2017). The remaining sections of this paper will be structured as follows. First, we review the literature by providing an overview of social identity theory. We then discuss the concept of CEO’s organizational identifications, CSR, and CEO’s perceived importance of ethics. Next, we develop a conceptual framework by exploring the effect of CEO’s organizational identification and CEO’s perceived importance of ethics on the firm’s CSR practices. We also suggest propositions linking these variables. Finally, we conclude with a discussion of the scholarly and practical implications of the study.

THEORETICAL BACKGROUND

Overview of Social Identity Theory

Social identity theory explains how individuals perceive themselves within intergroup contexts and how the process of social categorization creates and defines their position in society (Tajfel, 1972; Turner
et al., 1987). According to Tajfel (1972, p. 292), social identity is “the individual’s knowledge that he belongs to certain social groups together with some emotional and value significance to him of this group membership”. Importantly, a social group gains its meaning in juxtaposition to other social groups (Hogg, 2001). The theory posits that individuals can objectify themselves and categorize their identity as part of specific social groups, a process termed self-categorization (Turner et al., 1987; Stets & Burke, 2000).

One of the core tenets of the social identity theory is that individuals aim to bolster their self-esteem through their social identities (Tajfel & Turner, 1986; Ashforth & Kreiner, 1999). They are inclined to align themselves with groups that reflect positively on them (Ashforth et al., 2008). Social identity theorists further argue that the value of self-definition is influenced by the perceptions of others (Ashforth & Kreiner, 1999; Felson, 1992; Weigert et al., 1986). As such, social validation further strengthens one’s self-definition (Ashforth & Kreiner, 1999). Ashforth and Mael (1989) discuss three general consequences relevant to organizations as suggested by the social identity literature. First, individuals are more likely to choose activities that align well with their identities and support the organizations that embrace those identities. Second, social identification impacts the outcomes of group formation (e.g., intra-group cohesion, cooperation, and altruism). Finally, social identification also influences the antecedents of identification (e.g., group’s values, practices, and prestige).

Organizational Identification

Organizational identification is “the perception of oneness with or belongingness to an organization where the individual defines him or herself at least partly in terms of their organizational membership” (Mael & Ashforth, 1992, p. 109). It has been widely agreed that organizational identification is a multidimensional construct and is associated with different thought processes and behaviors (Ashforth et al., 2008; Cooper & Thatcher, 2010; Kreiner & Ashforth, 2004; Kreiner et al., 2006). However, there is no consistency in categorizing the different dimensions of organizational identification. For instance, apart from identification, Kreiner and Ashforth (2004) discussed the concepts of disidentification, ambivalent identification, and neutral identification. Meanwhile, Kreiner et al. (2006) added more dimensions of identification, such as overidentification, identity intrusion, lack of identity transparency, underidentification, preservation of personal identity, and identity transparency. More recently, Meister et al. (2014) discussed the idea of misidentification, and Galvin et al. (2015) introduced the concept of narcissistic organizational identification. As different levels of organizational identification exist among executives, they may essentially generate diversified outcomes (Galvin et al., 2015; Guglielmi et al., 2014). Consistent with Dukerich et al. (1998), Kreiner and Ashforth (2004), and Galvin et al. (2015), we will use the following three major organizational identifications that are most relevant in explaining a firm’s engagement in proactive versus reactive CSR: conventional identification, overidentification, and disidentification. In the following section, we will discuss these different types of organizational identification in greater detail.

The general definition of organizational identification resembles what authors refer to as conventional organizational identification. Conventional organizational identification can be understood as the degree to which an individual’s “self-concept contains the same attributes as those in the perceived organizational identity” (Dutton et al., 1994, p. 239). At the highest level of conventional organizational identification, there is a complete overlap between the individual’s own identity and perceived organizational identity (Ashforth et al., 2008; Galvin et al., 2015; Pratt, 1998; Sariol & Acharya, 2018).

CEOs with conventional organizational identification feel a deep sense of unity with their organizations, often defining themselves by the characteristics and values that they believe their organizations embody (Bartels et al., 2007). Motivated by this alignment, they aim to protect and enhance their self-esteem by engaging in behaviors—such as participation in CSR activities—that elevate their unique positive standing among various stakeholders (Ashforth & Mael, 1989; Ashforth et al., 2008).

While the majority of the scholars focus on the benefits of organizational identification, some of them have highlighted its potential dark side (Ashforth et al., 2008; Dukerich et al., 1998; Galvin et al., 2015). For instance, Dukerich et al. (1998) describe the concepts of disidentification and overidentification in that the overlap between an individual’s identity and the perceived organizational identity is either lacking or
overly strong (Kreiner et al., 2006, p. 1033). Particularly, disidentification is “a pathological form of apathetic identification” (Dukerich et al., 1998, p. 246) which occurs when individuals do not allow any aspect of their social group’s identity to define their identity (Kreiner et al., 2006). In an organizational setting, disidentification occurs when employees define themselves as not having any attributes or principles that define their organization (Elsbach & Bhattacharya, 2001; Kreiner & Ashforth, 2004). Thus, it reflects the disconnecting aspects of an organization and its employees (Kreiner & Ashforth, 2004).

Conversely, in overidentification, the identity of the social group replaces self as a “sort of creeping annexation of the worker’s selves” (Kunda, 1992, p. 12). In an organizational setting, overidentification reflects extreme internalization of perceived organizational identity, where an employee has lost their identity within the perceived organizational identity (Dukerich et al., 1998; Galvin et al., 2015). If an employee overidentifies with an organization, they perceive themselves as a manifestation of the organizational identity instead of using it as a framework for their own identity (Galvin et al., 2015). As highlighted earlier, both these identifications (i.e., overidentification and disidentification) represent the extreme forms of identification that could cost not only employees but also their organizations, and their occupations (Dukerich et al., 1998; Kreiner et al., 2006).

**Corporate Social Responsibility**

Despite a growing body of literature, there is no unified definition of CSR, given its intersection with various concepts concerning the relationship between business and society (Matten & Moon, 2008; Saedidi et al., 2015; Torugsa et al., 2012). Broadly speaking, CSR can be described as an “action that seems to further some social good, beyond the firm’s interests and more than what the law mandates” (McWilliams & Siegel, 2001, p. 117). This suggests that firms adopting CSR initiatives aim to foster social well-being, even if such initiatives don’t offer immediate advantages to the company or its shareholders (Waldman et al., 2006). Through their CSR efforts, companies seek to address the needs and concerns of a broad array of stakeholders, including the community, environment, consumers, and employees (El Akremi et al., 2015; Farooq et al., 2017; Turker, 2009).

According to Carroll (2015), there are two major aspects of CSR – protection and improvement. On the one hand, companies can serve a protective role by refraining from actions that could harm society, such as excessive carbon emissions, discriminatory practices, or the sale of unsafe products. On the other hand, firms can go above and beyond legal requirements to improve societal conditions. This might involve implementing advanced human resource management programs, developing non-animal testing methods, reducing pollution, supporting local businesses, or creating products with social benefits (McWilliams & Siegel, 2001).

From the perspective of the long-established ‘reaction-defense-accommodation-proaction’ typology (Carroll, 1979; Wartick & Cochran, 1985; Wilson, 1975), firms’ CSR engagement can be understood as a continuum ranging from reactive to proactive in nature rather than the simple dichotomy of corporate social responsibility (CSR) and corporate social irresponsibility (CSIR) (Torugsa et al., 2012). This continuum concept of CSR assumes that while every firm has a social responsibility, the degree and kind of CSR activities firms adopt can differ significantly (Carroll, 1979; Torugsa et al., 2012; Wartick & Cochran, 1985). Consistent with the categorization scheme developed in CSR literature (Carroll, 1979; Chang, 2015; Fang et al., 2010; Groza et al., 2011; Torugsa et al., 2012), this study categorizes CSR into four categories: reactive, defensive, accommodative, and proactive.

**Proactive CSR** can be conceptualized as the ethical behavior of a company that exceeds the regulatory requirements, aiming to proactively contribute to sustainable economic, social, and environmental development (Chang, 2015; Maignan & Ferrell, 2001; Sethi, 1975; Torugsa et al., 2012). Firms pursuing a proactive strategy prioritize CSR activities as a competitive priority and preemptively engage in such activities before external stakeholders receive any negative information (Carroll, 1979; Du et al., 2007; Groza et al., 2011; Torugsa et al., 2012; Wilson, 1975). These firms maintain a keen awareness of emerging external regulations and social trends and thus focus on developing sustainable business processes and practices (Groza et al., 2011; Torugsa et al., 2012; Wilson, 1975). Their strategies also involve actively addressing the needs and concerns of various stakeholders through their policies and decisions (Carroll,
Moreover, by voluntarily engaging in CSR initiatives before any incidents of organizational misconduct arise, these firms also incorporate CSR as a tool for impression management (Rim & Ferguson, 2020).

On the other hand, firms adopting a reactive agenda engage in CSR activities only to mitigate the harm, only after incidents of social irresponsibility have become public (Groza et al., 2011; Murray & Vogel, 1997; Wagner et al., 2009). These firms exert only the minimum level of effort to comply with mandatory regulatory standards (Abebe & Acharya, 2022; Carroll, 1979; Groza et al., 2011; Torugsa et al., 2012; Wilson, 1975). By engaging in reactive CSR activities only in response to or after a crisis, such firms aim to protect their public image among external stakeholders (Rim & Ferguson, 2020).

Defensive and accommodative CSR represent activities that lie in the middle of two ends of the CSR continuum. In other words, accommodative CSR represents more CSR engagement than defensive CSR. However, it reflects less CSR engagement than proactive CSR. Firms engaging in accommodative CSR try to maintain their external image through activities that address the demands of major stakeholders (Fang et al., 2010). These firms tend to leverage CSR initiatives to safeguard their market position and mitigate any unforeseen shifts or challenges that may arise in the competitive landscape (Fang et al., 2010). They are fundamentally guided by ethical principles to develop a positive image among stakeholders (Wartick & Cochran, 1985).

Firms engaging in defensive CSR try to maintain the firm reputation by anticipating changes in major stakeholders’ demands and taking preventive actions (Fang et al., 2010). Rather than going beyond the regulatory requirements, these firms try to focus on legal compliance (Wartick & Cochran, 1985). They try to utilize CSR activities to fulfill their economic mission within the regulatory framework (Carroll, 1979).

**CEO’s Perceived Importance of Ethics**

One of the important factors affecting the propensity of CEOs to engage in CSR is the extent to which they believe such engagement is critical for the success and survival of their business (Shafer et al., 2007). A CEO’s perceived importance of ethics is crucial to determining whether or not an ethical issue in a given situation is even considered by a CEO (Singhapakdi et al., 1996). Put differently, if a CEO perceives ethics as an important factor for organizational success and for their own success, they will incorporate their ethical values in their actual business behavior (Shafer et al., 2007). Hunt and Vitell (1986) suggested the two steps involved in explaining the executives’ evaluations of an ethical situation. Executives first examine the consequences an action can have on major stakeholders of their firm. Then, they apply sets of norms to all possible courses of action in a given ethical situation and select a specific course of action. In a nutshell, in their decision-making process, CEOs evaluate alternative actions by considering the potential consequences of such actions to important stakeholders (Hunt & Vitell, 1986; Singhapakdi et al., 2008).

**FIGURE 1**

CONCEPTUAL FRAMEWORK FOR CSR DRIVEN BY CEO IDENTIFICATION AND ETHICS

<table>
<thead>
<tr>
<th>CEO’s organizational identification</th>
<th>Reactive CSR [Crisis Mode/High Risk]</th>
<th>Accommodative CSR [Ethical Pragmatism/Low Risk]</th>
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<tr>
<td>Overidentification</td>
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<tr>
<td>Conventional identification</td>
<td>Defensive CSR [Compliance-Driven/Moderate Risk]</td>
<td>Proactive CSR [Aligned Objectives/Ideal]</td>
</tr>
<tr>
<td>Disidentification</td>
<td>Reactive CSR [Crisis Mode/High Risk]</td>
<td>Accommodative CSR [Ethical Pragmatism/Low Risk]</td>
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Low CEO’s perceived importance of ethics

High CEO’s perceived importance of ethics
Socially responsible activities are intended to create long-term firm value by strengthening the relationships with all stakeholders (Barnett, 2007; Bhattacharya et al., 2009; Godos-Diez et al., 2011). The collection of these activities is, to some extent, determined by the CEO’s perceived importance of ethics (Turban & Greening, 1997; Valentine & Fleischman, 2008). For example, CEOs with a high level of perceived importance of ethics are seen to have an impact on organizational outcomes such as higher job satisfaction, lower intention to quit (Pettijohn et al., 2008), and organizational commitment (Vitell & Paolillo, 2004). These CEOs are more likely to increase their firms’ legitimacy among external stakeholders (Sethi, 1979), enhance firm reputation (Aguilera et al., 2007), and develop better consumer attitudes towards their firms (Godos-Diez et al., 2011; Sen et al., 2006). In the following section, theoretically driven propositions are presented. Figure 1 illustrates the conceptual framework of identification and ethics-driven CSR.

**CEO’s Conventional Organizational Identification and Perceived Importance of Ethics**

CEOs with a conventional identification are primarily motivated by a desire to enhance their self-esteem and self-image (Ashforth et al., 2008; Ashforth & Mael, 1989; Haslam & Ellemers, 2005). Such CEOs are inclined to undertake activities that cast the organization in a favorable light and elevate its social reputation (e.g., Dutton et al., 1994; Dukerich et al., 2002). From the social identity perspective, these CEOs aim to establish a sense of positive distinctiveness among external stakeholders (Ashforth et al., 2008). They tend to employ CSR activities as a strategic tool to maintain and amplify this positive distinctiveness (Aberson et al., 2000; Farooq et al., 2017).

Meanwhile, if conventionally identified CEOs have a high level of perceived importance of ethics, they are more likely to behave ethically and make value-driven decisions in their professional life (Brown & Trevino, 2006). These CEOs integrate ethical decision-making into their leadership agenda (Brown & Trevino, 2006). As a result, they uphold their integrity in the decision-making process, act in a fair manner, and encourage ethical conduct within the organization (Demirtas & Akdogan, 2015; Den Hartog & Belschak, 2012). They aspire to be recognized as a “moral person” by exemplifying ethical characteristics and traits through their leadership role (Bavik et al., 2018, p. 324; Brown et al., 2005). Additionally, their commitment to proactive CSR initiatives may be stronger due to the altruistic nature of such programs (Story & Neves, 2015).

Some of the most noticeable organizational attributes of conventionally identified CEOs involve cooperation, intrinsic motivation, and ethical decision-making (Ashforth et al., 2008). All these attributes help adopt proactive CSR (e.g., Ashforth & Mael, 1989; van Knippenberg, 2000; van Knippenberg & Sleebos, 2006). Furthermore, when CEOs identify with their organizations, their personal goals and success often align with those of organizations because “the distinction between firm and self is minimized” (Boivie et al., 2011, p. 570). Such CEOs are inclined to act in ways that benefit the organization, as doing so also enhances their own self-concept (Boivie et al., 2011; Dukerich et al., 2002; Dutton et al., 1994). Given that proactive CSR can serve as a significant source of prestige, these CEOs strive to maximize the visibility of their proactive CSR initiatives. They aim to ensure that these activities are not only recognized but also highly valued by external stakeholders (Bhattacharya & Sen, 2004; Carroll, 2015; Farooq et al., 2017; Torugsa et al., 2012).

Conversely, if a CEO has a low level of perceived importance of ethics, they may not identify crucial ethical issues, leading to a defensive rather than proactive approach to CSR activities (Dawson, 2015). Concerned primarily with the risk of negative publicity, CEOs who have internalized the firm’s identity as their own want to refrain from socially irresponsible activities (Boivie et al., 2011). Although they care less about ethics, they are concerned with the perceived external prestige of their firm as they identify themselves with it (Bartels et al., 2007). Because conventionally identified CEOs perceive the firm reputation as a part of their own reputation, they will be especially motivated to avoid any negative impact on the firm that could result from the external evaluations of CSR activities (Boivie et al., 2011).

As defensive CSR might increase the organizational reputation through taking preventive action consistent with legal compliance (Fang et al., 2010; Wartick & Cochran, 1985), these CEOs are more likely to adopt such a strategy. In essence, these CEOs seek to address social and environmental issues as a means
to achieve the firm’s economic objectives within existing regulatory frameworks (Carroll, 1979) before any irresponsible activities happen. However, their primary concern remains the economic well-being of the firm, and they are unlikely to take actions that go beyond legal mandates. Building on the above arguments, we predict the following propositions:

**Proposition 1(a):** Firms led by CEOs with conventional organizational identification and a high level of perceived importance of ethics are likely to pursue proactive CSR activities.

**Proposition 1(b):** Firms led by CEOs with conventional organizational identification and a low level of perceived importance of ethics are likely to pursue defensive CSR activities.

**CEO’s Organizational Overidentification and Perceived Importance of Ethics**

CEO’s organizational overidentification can have serious repercussions for the firm and its stakeholders if the CEO considers certain pro-organizational activities appropriate to adopt, even if such activities are unethical in a broader moral sense (Lange et al., 2015). Due to the “diminished” self, a CEO with organizational overidentification becomes inattentive to the concerns of other stakeholders and thus engages in activities that may ultimately dampen the firm reputation and undermine its long-term interests (Dukerich et al., 1998; Elsbach, 1999; Galvin et al., 2015, p. 164; Umphress & Bingham, 2011).

In the meantime, if these CEOs have a low level of perceived importance of ethics, they endanger the well-being of the organization and its stakeholders by narrowly pursuing a course of action that they believe benefits their organization without adequately considering the ethical implications (Avanzi et al., 2012; Dukerich et al., 1998; Galvin et al., 2015; Umphress et al., 2010). They are prone to making unethical decisions when they rely on biased information and fail to consider long-term consequences (Jones, 1991; Stenmark & Mumford, 2011; Wittmer, 2000). Such CEOs may only address social responsibilities reactively, often in response to external criticisms from consumers, competitors, or the general public (Du, 2015). The implementation of proactive CSR demands the consideration of multiple stakeholders in the first place in the decision-making process (Groza et al., 2011). However, these CEOs are more likely to deploy CSR as a crisis management tool to repair damaged corporate reputations (Du, 2015; Godfrey, 2005; Koehn & Ueng, 2010). Put differently, firms led by overidentified CEOs who have a low level of perceived importance of ethics are likely to engage in CSR activities mostly after the occurrence of an unexpected event (Groza et al., 2011).

Conversely, overidentified CEOs with a higher level of perceived importance of ethics experience less conflict and greater satisfaction in CSR implementation (Valentine & Fleischman, 2008; Viswesvaran et al., 1998). This perspective aligns with the idea that CEOs must first recognize the significance of ethics for organizational success to act more ethically and commit to broader social responsibilities (Singhapakdi et al., 2001). These CEOs attempt to establish ethically desirable goals for CSR, which may foster the alignment between the long-term organizational needs and stakeholders’ demands (Tuzzolino & Armandi, 1981; Valentine & Fleischman, 2008). These CEOs will thus employ accommodative CSR to garner positive reactions from external stakeholders and to sustain their market position (Fang et al., 2010; Wartick & Cochran, 1985). Together, these arguments lead us to the following propositions:

**Proposition 2(a):** Firms led by CEOs with organizational overidentification and a high level of perceived importance of ethics are likely to pursue accommodative CSR activities.

**Proposition 2(b):** Firms led by CEOs with organizational overidentification and a low level of perceived importance of ethics are likely to pursue reactive CSR activities.

**CEO’s Organizational Disidentification and Perceived Importance of Ethics**

A CEO’s disidentification can be detrimental to an organization as it emerges from profound conflicts between the CEO and the organization (Kreiner & Ashforth, 2004). As social identity theory suggests, disidentified CEOs are less motivated to enhance the external image of their organization by differentiating
it from other organizations on any valued dimensions (Haslam & Ellemers, 2005). In fact, these CEOs care less about the organization’s reputation, as they do not associate their own identity with it (De Roeck & Delobbe, 2012; Dutton & Dukerich, 1991). Since organizationally disidentified CEOs tend to have a narrow vision of the firm’s priorities and future prospects, their actions can negatively impact stakeholders and threaten the long-term viability of the organization (Lange et al., 2015). As a result, retaining a CEO who strongly disidentifies with the organization can be harmful to the organization.

If organizationally disidentified CEOs have a low level of perceived importance of ethics, their commitment to the long-term success of the firm will be markedly reduced (Galvin et al., 2015; Lange et al., 2015). They tend to see their organizations in a pessimistic light and may engage in detrimental practices (Kanter & Mirvis, 1989; Kreiner & Ashforth, 2004; Watson et al., 1988). Focused more on bolstering their own self-esteem than improving the organization’s reputation, they are unlikely to invest in proactive CSR initiatives (Reina et al., 2014). They are rather inclined to pursue reactive CSR practices only to mitigate damage resulting from corporate misconduct (Abebe et al., 2020; Du, 2015; Godfrey, 2005).

On the other hand, if organizationally disidentified CEOs have a high level of perceived importance of ethics, CSR will be integrated into their decision-making schema (Dawson, 2015, p. 770). Even if these CEOs do not identify themselves with their organizations, they will demonstrate ethical behaviors due to their high level of perceived importance of ethics. These CEOs will be personally committed to the fundamental principles of social responsibility and strive to integrate such principles into everyday organizational practices (Brown & Trevino, 2014; Weaver et al., 1999). They will thus pursue more accommodative CSR activities that align with ethical standards (Wartick & Cochran, 1985). The arguments above lead us to the following propositions:

**Proposition 3(a):** Firms led by CEOs with organizational disidentification and a high level of perceived importance of ethics are likely to pursue accommodative CSR activities.

**Proposition 3(b):** Firms led by CEOs with organizational disidentification and a low level of perceived importance of ethics are likely to pursue reactive CSR activities.

**DISCUSSION AND IMPLICATIONS**

The current study sought to explore the impact of the CEO’s organizational identification and the perceived importance of ethics on a firm’s CSR practices. While CSR scholars have increasingly highlighted the role of CEO characteristics in shaping a firm’s CSR practices (Kim et al., 2018; Tang et al., 2015; Wong et al., 2011), the underlying mechanisms are yet to be fully theorized and evidenced. Prior studies have provided insights into various motivations driving a firm’s CSR engagement, such as altruistic (Campbell et al., 2002), strategic (Graafland & Van de Ven, 2006), and political motivations (Scherer & Palazzo, 2011). Yet, there has been limited focus on the impact of CEOs’ psychological motivations on CSR outcomes. In this study, we emphasized the role of a CEO’s organizational identification as a critical factor influencing a firm’s selection of specific CSR initiatives.

This study makes contributions to the literature in several ways. First, we advance the strategic management literature by addressing how a CEO’s identification affects CSR practices. In particular, we contribute to the literature by developing a conceptual framework to explore the effect of CEO’s organizational identification and CEO’s perceived importance of ethics on a firm’s CSR practices. In doing so, we use social identity theory that helps us understand how organizational identification affects the firm’s strategic outcomes. We argue that firms led by CEOs with conventional organizational identification and a high level of perceived importance of ethics are likely to pursue more proactive CSR activities. On the other hand, firms led by CEOs with conventional organizational identification and a low level of perceived importance of ethics are likely to pursue more defensive CSR activities. We extended our framework by considering overidentification and disidentification as well. In particular, we proposed that firms led by CEOs with organizational overidentification and a high level of perceived importance of ethics are likely to pursue more accommodative CSR activities. Conversely, firms led by CEOs with conventional
organizational overidentification and a low level of perceived importance of ethics are likely to pursue more reactive CSR activities. In addition, we suggested that firms led by CEOs with organizational disidentification and a high level of perceived importance of ethics are likely to pursue more accommodative CSR activities. On the contrary, firms led by CEOs with organizational disidentification and a low level of perceived importance of ethics are likely to pursue more reactive CSR activities. Second, as the existing literature has largely proposed CSR as a unitary construct, we draw attention to the importance of specific types of CSR initiatives (i.e., reactive, defensive, accommodative, and proactive). Finally, scholars have paid little attention to the conditions under which a CEO’s identification is more or less effective in initiating CSR activities. We extended the existing literature on CSR by considering how the CEO’s perceived importance of ethics may serve as a critical determinant in explaining a firm’s CSR initiatives.

We draw some managerial implications based on the proposed impact of the CEO’s organizational identification and the perceived importance of ethics on a firm’s CSR initiatives. First, understanding different CEO organizational identifications may help firms select better strategic choices and avoid damaging consequences. The board of directors may want to be aware that a CEO’s overidentification or disidentification will lead to unexpected strategic outcomes. For instance, as reactive CSR reflects low-ranking management attitudes, it can seriously damage a firm’s reputation. Thus, firms seeking to restore stakeholders’ confidence following reactive CSR should consider the CEO’s action carefully. Second, we argue that the perceived importance of ethics strengthens the effect of CEO identifications on specific CSR initiatives. Due to their high level of perceived importance of ethics, these CEOs might help restore stakeholder trust and are more likely to support long-term sustainability-oriented corporate policies. Thus, we suggest that firms appoint highly ethical CEOs following corporate misconduct or irresponsible activities. Finally, by understanding the critical factors that influence specific CSR activities, companies can strategically adopt such practices to secure a competitive advantage (Farooq et al., 2017; Perez, 2017).

Despite its contributions, this study has several limitations that also create opportunities for future research. First, as we only considered the CEO’s organizational identification while developing our conceptual framework, an interesting avenue for future research is whether and to what extent the background of the CEO would affect specific CSR practices. Future researchers could answer this question by applying upper echelons theory to examine observable CEO characteristics. Second, this study focuses only on conventional identification, overidentification, and disidentification among different dimensions of CEO identification. Future studies could explore the effect of other types of identifications, such as narcissistic identification and ambivalent identification, on CSR initiatives. Third, we conceptualized CSR very specifically (in terms of reaction-defense-accommodation-proaction). Future researchers could explore the antecedents of other types of CSR, such as external and internal CSR. Finally, future researchers might explore these relationships empirically and provide practical insights related to factors that effectively minimize the negative consequences of overidentification or disidentification.

CONCLUSION

This study explores the relationship between a CEO’s organizational identification, their perceived importance of ethics, and a firm’s CSR practices. By proposing a conceptual framework based on social identity theory, the study sheds light on the integral role of CEO psychological and ethical orientations in guiding a firm’s CSR strategies. While proactive CSR activities are expected from CEOs with high conventional organizational identification and a high level of perceived importance of ethics, CEOs with organizational disidentification coupled with a low level of perceived importance of ethics are expected to lean towards more reactive CSR activities. It is imperative for the board of directors to understand the implications of a CEO’s organizational identification, given its potential impact on firm reputation and long-term strategic direction.
REFERENCES


