



The role of proximity to local and global citizens in stakeholders' moral recognition of corporate social responsibility

Petya Puncheva-Michelotti*, Sarah Hudson, Marco Michelotti

Rennes School of Business, 2, rue Robert d'Arbrissel, 35065 Rennes Cedex, France



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ABSTRACT

The aim of this paper is to explore the effects of social proximity (defined by national and global identities) and geographic proximity (one's own nation or foreign nations) on the moral recognition of corporate social responsibility (CSR). To achieve this objective we draw upon moral decision-making and social identity theory. We test our hypotheses using a homogeneous (in terms of age and education) sample from China and France (Study 1, $N = 369$) and replicate the study with a demographically heterogeneous sample from the United Kingdom (Study 2, $N = 207$). The results suggest that (1) national and global identities positively affect citizens' moral recognition of CSR; and (2) global identity offsets the negative effect of geographic distance on moral recognition of CSR. These results indicate that global identity makes individuals care more about CSR abroad than they would without this identity.

1. Introduction

Individuals' responses to different corporate social responsibility (CSR) initiatives are frequently attributed to the perceived personal benefit of the actions (Becker-Olsen, Cudmore, & Hill, 2006; Bhattacharya & Sen, 2003; Du, Bhattacharya, & Sen, 2010). Within this stream of research work, the effectiveness of CSR strategies tends to be evaluated from the perspective of reciprocity suggesting that stakeholders will support companies who engage in actions that directly or indirectly contribute to the stakeholders' own well-being (Bhattacharya & Sen, 2003; Jones, Willness, & Madey, 2014; Vitell, 2015). In comparison, studies of sustainable citizenship argue that individuals may take a citizenship perspective to their behavior as consumers, employees, or investors and value CSR for its benefits to others (Crane, Matten, & Moon, 2004; Shah et al., 2012). For example, driven by their sense of responsibility as local citizens, stakeholders may consider the welfare of their own country in their consumer behavior (Balabanis, Diamantopoulos, Mueller, & Melewar, 2001; Shankarmahesh, 2006), or, as global citizens, they may take into account global social and environmental welfare (Castaldo, Perrini, Misani, & Tencati, 2009; Grinstein & Riefler, 2015; Shah et al., 2012).

These insights highlight the importance of the citizenship role in supporting stakeholders' appreciation of organizational actions that benefit other groups. This work also points to potential spatial differences in the citizens' perspective on CSR where the groups of concern are local or global citizens (Shah et al., 2012). However, empirical

research on this matter is scant and relies on untested assumptions such as the notion that greater geographic proximity to a group will increase moral concern for the implications of one's actions on that group (Carlson, Kacmar, & Wadsworth, 2009; Jones, 1991; Mencl & May, 2009).

The study of the citizens' concern for people impacted by CSR actions is increasingly important in the current context of political calls for greater corporate responsibility to national, rather than global, social welfare (BBC, 11 January, 2017). The role of proximity to local and global beneficiaries in shaping the level of citizens' recognition of corporate responsibility is of strategic importance for companies operating across multiple countries, where the notion of CSR has both a local and an international dimension. While corporate contributions to local and global social welfare are morally justified and desirable (Crane et al., 2004), their strategic importance for business requires an understanding of the factors influencing the perspective of stakeholders on these issues. In this study, we aim to contribute to this line of research by exploring the role of proximity (geographic and social) to local and global citizens in the moral recognition of CSR held by stakeholders as citizens.

The literature suggests that proximity to an issue impacts ethical decision-making along all its steps, from initial awareness of the moral issue to final moral behavior (Jones, 1991; Mencl & May, 2009). However, the concept of proximity remains rather underdeveloped. Orthodox definitions such as the "feeling of nearness (social, cultural, psychological, or physical) that the moral agent has for victims

* Corresponding author.

E-mail addresses: petya.puncheva@esc-rennes.com (P. Puncheva-Michelotti), sarah.hudson@esc-rennes.com (S. Hudson).

(beneficiaries) of the evil (beneficial) act in question” (Jones, 1991, p. 376) are dated and fail to define each type of proximity in depth or to consider possible interactions between them.

This paper makes four key contributions. First, it addresses the problem of conceptualizing physical and social proximity to a victim/beneficiary of an action. We do so by defining physical proximity in geographic terms as falling within the same national boundaries, and by providing an innovative theoretical definition of social proximity that harness insights provided by social identity theory (Tajfel & Turner, 1986). The second contribution arises from the first, in that by conceptually distinguishing the two types of proximity, we can measure them appropriately. We do so by measuring social proximity to local citizens as individuals' level of identification with citizens of their own country (Duckitt & Sibley, 2016) and social proximity to global citizens as individuals' level of identification with citizens of the world (Brock & Brighouse, 2005). In this study, “geographic proximity” refers only to one's nation (close) versus foreign nations (far). The third contribution is an investigation of the interactions between geographic and social proximity and their effects on ethical decisions. We find that geographic and social proximity do interact to influence the moral awareness stage of the ethical decision-making process. Finally, we explore whether individuals are sensitive to *positive* CSR contributions, as opposed to companies' avoidance of *harmful* actions. This is salient because ethical decision-making research tends to focus on ethical issues with potentially harmful consequences on others (Elm & Radin, 2012), thus ignoring the study of decisions about CSR with beneficial effects on the welfare of stakeholders. For example, abstaining from dumping toxic waste represents an ethical decision to avoid harmful practices, whereas granting employees time off to participate in voluntary activities to improve the natural environment is an ethical decision with beneficial effects.

In sum, this paper makes both theoretical and empirical contributions to research in ethical decision-making. At a theoretical level, it contributes to this body of work by highlighting key differences between geographic and perceived social proximity. It also adds to extant CSR literature by shifting the focus of investigation from a manager-centered perspective to one of citizens and civil society. At the empirical level, we extend current research on proximity by exploring the effects and the interactions between geographic and perceived social proximity to the beneficiary of CSR and by measuring both types of proximity.

2. Theoretical framework

2.1. The role of proximity in the moral recognition of CSR

2.1.1. Ethical decision-making

The study of ethical decision-making is rooted in two theoretical frameworks, whose premises have not been significantly modified since 1991 (Lehnert, Park, & Singh, 2015). In pioneering the exploration of this topic, Rest (1984) developed a theoretical model of ethical decision-making that comprised four steps: (1) recognition of a moral issue; (2) moral judgment; (3) establishing moral intent; and (4) moral behavior. Almost a decade later, Jones (1991) extended these insights by suggesting that all four steps are influenced by the moral intensity of the issue under consideration, that is, how salient the individual feels the issue to be. Moral intensity itself has several factors, one of which is proximity. As previously stated, moral recognition and proximity are under-researched constructs at both the conceptual and empirical levels. As such, this paper focuses on the investigation of the first step of the ethical decision-making model (i.e., moral recognition) and on one predictor (i.e., proximity) that is a key component of moral intensity.

Ethical decision-making is directly linked to how ethical issues are identified and addressed. Ethical issues in the business literature concern decisions that can cause harm (i.e. the negative effects of corporate actions) or question social expectations or social norms for appropriate

corporate behavior (Frey, 2000; May & Pauli, 2002; Reynolds, 2006). According to this distinction, corporate social responsibilities are ethical issues because they require moral recognition of the obligations of business toward society (Frey, 2000; Joyner & Payne, 2002; Reynolds, 2006).

2.1.2. Moral recognition

The moral recognition of an ethical issue, the first stage of the ethical decision-making process (Craft, 2013; Jones, 1991), is an individual's acknowledgment that the engagement in a certain action is good or bad, right or wrong (Hollingworth & Valentine, 2015; May & Pauli, 2002; Valentine & Hollingworth, 2012). The ethical perspective concerning corporate responsibilities to social welfare suggests that these actions are seen as a non-discretionary, moral duty of business (Windsor, 2006). Thus, the moral recognition of CSR is the acknowledgment that corporate engagement in actions contributing to social welfare is a moral duty of business.

2.1.3. Moral intensity

A critical factor that has the potential to influence the recognition of a moral issue is one's sense of moral intensity (Craft, 2013; Lehnert et al., 2015). The concept of moral intensity indicates that ethical decision-making depends substantially on how intensely an individual perceives an issue to be morally salient (Jones, 1991). Jones (1991) proposed six dimensions of moral intensity: (1) the magnitude of consequences, the total harm/benefits of a moral act to those involved; (2) social consensus, the degree to which a moral act is deemed good or bad by society; (3) probability of effect, the likelihood of occurrence of a positive/negative effect of the act; (4) temporal immediacy, the time between the present action and the effects of this act; (5) proximity, the perception of degree of closeness between the decision-maker and those affected by the decision; and (6) concentration of the effect, the degree to which the consequences of the act effect either a few or many.

Recent research into moral intensity suggests that its components should be treated as separate constructs because they have different effects on moral reasoning (Valentine & Hollingworth, 2012). A multitude of empirical studies have firmly established the effect of moral intensity on all steps of the ethical decision-making process (Craft, 2013; Lehnert et al., 2015). An important component of moral intensity is proximity.

2.1.4. Proximity

According to Jones (1991, p. 376), proximity as a dimension of moral intensity represents “the feeling of nearness (social, cultural, psychological, or physical) that the moral agent has for victims (beneficiaries) of the evil (beneficial) act in question.” Proximity is a concept with three components: first, social proximity represents the sense of social closeness to the beneficiary of the act in question; second, psychological proximity implies the presence of a personal relationship with the victim/beneficiary of a moral decision (e.g., family ties, friendship); and third, geographic proximity represents the physical distance to the victim/beneficiary of a moral act (Mencel & May, 2009).

The effects of social and geographic proximity on moral recognition of CSR are particularly relevant for our purpose because they help to explain how stakeholders relate to local and global citizens as groups benefiting from the CSR actions of companies. The literature on moral intensity offers evidence suggesting that geographic and social proximity to the beneficiary are important factors in managers' recognition of their moral responsibilities toward other individuals and groups (McMahon & Harvey, 2006; Mencel & May, 2009). However, studies in this direction tend to focus solely on how managers deal with issues concerning the social responsibilities of firms, thus neglecting the perspective of other stakeholders, such as employees, investors, and citizens (Jaffe & Pasternak, 2006; McMahon & Harvey, 2007; Mencel & May, 2009; Tsalikis, Seaton, & Shepherd, 2008). Further, the meaning of perceived social proximity is underdeveloped, with some researchers

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