PERCEIVED SUSTAINABILITY INITIATIVES: RETAIL MANAGERS’ INTRINSIC AND EXTRINSIC MOTIVES

JOS BARTELS, VU UNIVERSITY AMSTERDAM, THE NETHERLANDS
MACHIEL REINDERS AND MARIET VAN HAASTER-DE WINTER,
LEI WAGENINGEN UR, THE HAGUE, THE NETHERLANDS

MAPP WORKSHOP 2013, 22-23 MAY 2013, MIDDELFART
CONTEXT OF THE STUDY

• Dutch Food Monitor 2011

• Project based on 3,700 consumer surveys, 33 face to face interviews with CEO’s and 200 company surveys in supermarkets, catering and (food) brand manufacturers
In the past few decades, a great deal of attention has been paid to
- CSR (McWilliams and Siegel, 2001; Maignan and Ralston, 2002)
- Consumer responses to CSR initiatives (Sen and Bhattacharya, 2001)
- Employee attitudes towards CSR (Kim et al., 2010; Zhu et al., 2012).

Firms have become more interested in
- implementing sustainability initiatives (Dyllick and Hockerts, 2002; Kleindorfer et al., 2005)
- the marketing of sustainable products (Connelly et al., 2011; Jones et al., 2008).
INTRODUCTION INTO THE TOPIC

• For organic food, market shares are growing but are still between only 0 and 7 percent worldwide (Willer and Kilcher, 2010).

• Overall market shares for Fair Trade are even lower than for organic food (FFT, 2012) except some food categories (e.g., bananas, chocolate) (FLO, 2011).
INTRODUCTION INTO THE TOPIC

• Due to their market position, large scale and high volume customer interactions, supermarkets seem to be appropriate venues to investigate sustainability initiatives (Hampl and Loock, 2013).

• Managers’ perceptions could play major roles in the decision to include environmental sustainability in business operations (Williams and Schaefer, 2013).

• Only a few studies have focused on the roles of these perceptions in influencing the sustainability practices of an organization (Rivera-Camino, 2012).
AIM OF THE CURRENT STUDY

• To investigate
  • The impacts of managers’ intrinsic and extrinsic motives on perceived sustainability behavior by the organization.

• In the current study
  • Intrinsic motives focus on managers’ social identification with sustainable consumer groups.
  • Extrinsic motives focus on manager’s perception of the company’s external prestige.
  • Perceived sustainability behavior focuses on initiatives on a strategic level and on a tactical level.
SOCIAL IDENTIFICATION AS INTRINSIC MOTIVE

• Social identity theory (SIT) is a strong concept to explain the relationship between an individual and his/her social environment (Tajfel, 1978; Tajfel and Turner, 1979).

• SIT leads to
  • Positive attitudes, more spending behaviors and the willingness to propagate a positive group image (Bhattacharya and Sen 2003; Feather and Rauter 2004; Hogg and Terry 2000; Homburg et al. 2009; Mael and Ashforth 1992).

• Recent studies show that
  • SIT with sustainable consumer groups has strong effects on sustainable consumer (spending) behavior (Bartels and Reinders 2010; Bartels and Hoogendam 2011).
HYPOTHESES ON SOCIAL IDENTIFICATION

• Bartels and Hoogendam (2011) found that social identification with an environmentally conscious consumer will be more important for identification with the organic consumer than vice versa.

• Therefore, we first hypothesize
  • H1: Managers’ stronger identification with the environmentally conscious consumer leads to a stronger identification with the organic consumer.
HYPOTHESES ON SOCIAL IDENTIFICATION

• Studies indicate that employees commitment is positively related to their perceptions of the organizations’ social responsibility (Peterson, 2004) and their perceived image of CSR (Glavas and Godwin, 2012).

• Based on earlier research, we assume that social identification with sustainable consumer groups could act as an internal motive for a more positive evaluation of a companies’ environmental sustainability initiatives.

• We hypothesize that
  • H2: Managers’ stronger identification with the environmentally conscious consumer leads to more positive perceptions of a) strategic sustainability initiatives and b) tactical sustainability initiatives.
  • H3: Managers’ stronger identification with the organic consumer leads to more positive perceptions of a) strategic sustainability initiatives and b) tactical sustainability initiatives.
PERCEIVED EXTERNAL PRESTIGE AS EXTRINSIC MOTIVE

• Perceived external prestige (PEP) is the employees’ perceptions of how the outside world views their organization (Dutton and Dukerich, 1991; Dutton et al., 1994).

• Perceived external prestige (PEP) leads to
  • Positive word of mouth, stronger commitment and identification, more citizenship behavior (Bartels et al., 2007; Carmeli, 2005; Mael and Ashforth, 1992; Smidts et al., 2001).

• Much less known about the influence of PEP on sustainability behavior.
  • One study on perceived social responsibility (Carmeli et al., 2007).
Several authors have suggested a positive link between company’s environmental initiatives and job seekers’ perceptions of an organization’s reputation (Behrend et al., 2009; Brammer and Millington, 2005).

Kim et al. (2010) found positive associations between PEP and CSR associations.
• CSR associations were operationalized as charity initiatives.

We hypothesize that
• H4: Managers’ stronger perceived external prestige sustainability leads to more positive perceptions of a) strategic sustainability initiatives and b) tactical sustainability initiatives.
HYPOTHESIZED MODEL

- **Social Identification Environment (SI_e)** → **H1** → **H2a**
- **Social Identification Organic (SI_o)** → **H3a**
- **Initiatives on a strategic level (SL)**
- **Initiatives on a tactical level (TL)** → **H3b**
- **H4a** → **Perceived External Prestige Sustainability (PEP)**
- **H4b**
• Procedure
  • Qualitative interviews with CEO’s of Dutch supermarkets (n=8) that have approximately 60% market share.
  • The goal was to be able to formulate items concerning the embedment of sustainability
    • on a strategic level (e.g. mission statements).
    • on a tactical level (activities to promote sustainable products at the shop floor).

• An online panel study among supermarket managers (n=99)
  • Type of supermarket: Full-service (n=29), neighborhood supermarket (n=28), value for money (n=29), quality discount (n=6), unknown (n=7) and hard discount.
  • Sample representative with the exception of hard discount.
• Variables based on CEO interviews and earlier studies (cf. Banerjee, 2002; Banerjee et al., 2003; Fraj-Andrés et al., 2009).

• Embedment of sustainability on a strategic level (5 items, $\alpha = .92$).
  • Example item: “Sustainability is incorporated in our mission statement”.

• Sustainability on an tactical level (7 items, $\alpha = .87$)
  • Example item: “How much measures does your organization take on including sustainable products in the assortment?”

• First-order CFA (AMOS 16.0)
  • The two-dimensional model provided ($\chi^2$/df = 4.01; CFI = .969; TLI = .958; RMSEA = .070) a much better fit than the one-dimensional model ($\chi^2$/df = 5.16; CFI = .706; TLI = .641; RMSEA = .206).
METHOD - INDEPENDENT VARIABLES

• Perceived external prestige sustainability (Mael and Ashforth, 1992; 2 items, $\alpha = .78$).
  • Example item: “[name organization] has a good reputation concerning sustainability within the sector”.

• Social identification
  • Two single items that were part of several scales (Ellemers et al., 1999; Hinkle et al., 1989), namely 'I identify with the organic consumer” and “I identify with the environmentally conscious consumer”.
### DESCRIPTIVE STATISTICS AMONG THE STUDY VARIABLES (N = 99)

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>1.</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
<th>5.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiatives on a strategic level</td>
<td>3.30</td>
<td>0.97</td>
<td>(.92)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiatives on a tactical level</td>
<td>3.45</td>
<td>.73</td>
<td>.65**</td>
<td>(.87)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social identification organic</td>
<td>2.91</td>
<td>.96</td>
<td>.37**</td>
<td>.41**</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social identification environment</td>
<td>3.33</td>
<td>.87</td>
<td>.22*</td>
<td>.26**</td>
<td>.65**</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>PEP of sustainability</td>
<td>3.25</td>
<td>.84</td>
<td>.54**</td>
<td>.56**</td>
<td>.22*</td>
<td>.14</td>
<td>(.78)</td>
</tr>
</tbody>
</table>

**Note.** *p < .05, **p < .01. PEP = Perceived External Prestige. Scale 1-5.

- **Strong correlations between**
  - Social identification organic consumer and environmentally conscious consumer.
  - Initiatives on strategic and tactical level.
  - PEP and sustainability on both levels.
MODEL TESTING

- To test the hypotheses, we compared some alternative models (Schermelleh-Engel et al., 2003).

- Hypothesized model.

- Alternative model 1 (based on correlations).
  - With relationship between initiatives on strategic level and tactical level.

- Alternative model 2 (based on results of alternative model 1).
  - With relationship between initiatives on strategic level and tactical level.
  - Without relationship between
    - SIT environmental conscious consumer and initiatives on strategic level and tactical level (H2a-b).
    - SIT organic consumer and initiatives on strategic level (H3a).
### REGRESSION WEIGHTS OF HYPOTHESIZED AND ALTERNATIVE MODELS

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2a</th>
<th>H2b</th>
<th>H3a</th>
<th>H3b</th>
<th>H4a</th>
<th>H4b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesized model</td>
<td>S\textsubscript{Le} → S\textsubscript{Lo}</td>
<td>S\textsubscript{Le} → S\textsubscript{L}</td>
<td>S\textsubscript{Le} → T\textsubscript{L}</td>
<td>S\textsubscript{Lo} → S\textsubscript{L}</td>
<td>S\textsubscript{Lo} → T\textsubscript{L}</td>
<td>PEP → S\textsubscript{L}</td>
<td>PEP → T\textsubscript{L}</td>
</tr>
<tr>
<td></td>
<td>.65**</td>
<td>-.04(NS)</td>
<td>-.01(NS)</td>
<td>.30**</td>
<td>.32**</td>
<td>.49**</td>
<td>.51**</td>
</tr>
<tr>
<td>Alternative model I (with T\textsubscript{L} → S\textsubscript{L})</td>
<td>.65**</td>
<td>-.04(NS)</td>
<td>-.01(NS)</td>
<td>.16(NS)</td>
<td>.32**</td>
<td>.27**</td>
<td>.51**</td>
</tr>
<tr>
<td>Alternative model II (without H2a-b, H3a)</td>
<td>.65**</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>.31**</td>
<td>.26**</td>
</tr>
</tbody>
</table>

Note: *p<.05, **p<.01; S\textsubscript{Le} = Social identification with environmentally conscious consumer, S\textsubscript{Lo} = Social identification with organic consumer, S\textsubscript{L} = Initiatives on a strategic level, T\textsubscript{L} = Initiatives on a tactical level, PEP = Perceived external prestige.
### Fit Indices of Hypothesized and Alternative Models

<table>
<thead>
<tr>
<th></th>
<th>$\chi^2$(df)</th>
<th>$\chi^2$/df</th>
<th>GFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesized model</strong></td>
<td>24.84(3)</td>
<td>8.28</td>
<td>.915</td>
<td>.550</td>
<td>.273</td>
</tr>
<tr>
<td><strong>Alternative model I</strong> (with TL $\rightarrow$ SL)</td>
<td>4.77(2)</td>
<td>2.38</td>
<td>.981</td>
<td>.915</td>
<td>.119</td>
</tr>
<tr>
<td><strong>Alternative model II</strong> (without H2a-b, H3a)</td>
<td>7.49(5)</td>
<td>1.50</td>
<td>.971</td>
<td>.969</td>
<td>.071</td>
</tr>
</tbody>
</table>

Note: *p<.05, **p<.01; Sle = Social identification with environmentally conscious consumer, Slo = Social identification with organic consumer, SL = Initiatives on a strategic level, TL = Initiatives on a tactical level, PEP = Perceived external prestige. GFI = Goodness-of-fit index, TLI = Tucker-Lewis index, RMSEA = Root mean square error of approximation.
Final model (alternative model II)

- H1, H3b, H4a and H4b were accepted.
- H2a and H2b were rejected: full mediation via SIo.
- H3a was rejected: full mediation via TL.
CONCLUSIONS

• Managers’ SI with sustainable consumer groups indirectly and directly affect an organization’s perceived sustainability behavior.

• There was no direct link between SI with environmentally conscious consumers and sustainability on strategic or tactical level.

• SI with organic consumers is only directly positively related to an organization’s sustainability measures on a tactical level.

• Environmental sustainability initiatives on a tactical level seem to mediate the impact of SI with certain sustainable consumer groups on initiatives at a more strategic level.
CONCLUSIONS

• PEP sustainability more important for organization’s perceived sustainability behavior.

• PEP of sustainability is strongly related to the perceived embedment of sustainability on strategic and tactical levels.
IMPLICATIONS

• Managers’ identification could be used as a powerful tool of intrinsic motivation to change organizations towards sustainability.

• Engaging managers who identify with organic consumers could be valuable to an organization’s future.

• Supermarkets that have more prestige regarding sustainability, could be more capable in developing an environmental sustainability policy as a strategic asset of the company.
IMPLICATIONS

- Supermarket managers should communicate the external appreciation that the company receives for its sustainability initiatives to encourage employees to feel proud to work for the company.

- In turn, employees’ stronger identification contributes to the development of customer-company identification which could lead to higher sales on sustainable food products (Ahearne et al., 2005).
Thanks for your attention!