A link between top managers' perception and corporate social responsibility: Transformational leadership as a moderator

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ABSTRACT

Though it is called corporate social responsibility (CSR), it is the people in the organization particularly, top managers who develop and get implemented corporate social policies. Organization behavior is the reflection of their top managers. However, exploration of the role of top managers in spreading CSR in organization is scant in the literature. The purpose of this paper is to explore the impact of top managers' CSR perception on firm level CSR in Ethiopia. Structured questionnaires were used to collect data from 294 executive managers of four sectors, namely textile, food, bank and floriculture industries. Multiple hierarchical regression and process macro 3.3 were employed to analyze the data with the aid of SPSS. The analysis reveals that top managers' CSR perception is a significant predictor of firm level CSR behaviors. The result also shows that corporate ethical culture fully mediates the relationship between top managers' CSR perception and organization CSR. Moreover, transformational leadership has a moderating effect between the direct top managers' CSR perception and firm level CSR relationship.

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Introduction

Despite the growing literatures and researches on corporate social responsibility (CSR), defining it is not easy. CSR is a dynamic concept since it takes different conceptualizations and forms of practices in variety of contexts (Carroll, 1999; Matten & Crane, 2005; McWilliams & Siegel, 2001).

Notwithstanding the global spread of management practices, theories and tools leading to the convergence of management, but still remains local contexts greatly influence the looks of management. In the same vein, the practices and understanding of corporate social responsibility are largely influenced by the national institutional frameworks and business systems. As a result, CSR has not been standardized and get global both in conceptualization and practice; and therefore differ in different countries (Campbell, 2007; Freeman & Hasnaoui, 2011; Matten & Moon, 2008; Vogel, 1992). Though the modern conception of CSR is adopted from West and getting on spread to developing countries, its manifestations are different (Dartey-Baah & Amponsah-Tawiah, 2011; Visser, 2008). Developing countries CSR is primarily aimed at redressing the socio-economic problems such as poverty, diseases, income inequality, unemployment,

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and lack of basic education as contrasted with Western CSR, which is generally geared to climate change, consumer protection, fair trade or responsible social investments (e.g., Amaeshi K, 2006). CSR is a response to governance challenges in developing countries supplementing the weak, corrupted and under-resourced government that fall short of delivering basic social services (Blowfield & Frynas, 2005).

Due to the fact that the socio economic challenges are high in developing countries (see UNDP, 2006; Visser, 2008), corporations would be expected to play pivotal roles in bridging the gaps compared to corporations operating in wealthier nations. Their contributions have often been observed to be philanthropic in nature. However, Lindgreen, Swaen, and Campbell (2009), reported that the types and extents of CSR in Africa is not significantly different from that of USA's CSR model.

Looking at comparative view of drivers of corporate social responsibility in developing countries, it would be crystal clear that national institutional factors are weak or under-resourced to enable and dictate corporations to behave in socially responsible manners (e.g., Amaeshi K, 2006; Dobers & Halme, 2009; Ite, 2005; Jamali & Neville, 2011). International standards and requirements only remotely influence multinational and large companies selling their products to Western market or aspiring to access international markets (Baskin, 2006; Chapple & Moon, 2005).

Much of the existing literature reviews focused on the institutional factors as predictors of corporate social responsibility practices claiming that CSR is linked to a need to get legitimacy from external environmental institutions (Campbell, 2007; Frynas & Yamahaki, 2016; Lee, 2011; Waddock, 2008). However, given the discretionary powers managers have in any domain they operate in at a particular time, their role and importance in eliciting CSR cannot be superseded by institutional factors (e.g., Yin, 2017; Yin & Zhang, 2012).

An alternative view of CSR antecedents in developing countries, would be looking at the organizational level variables particularly top managers who are in charge of their corporations would give fresh and new insights to the understanding of antecedents of CSR. As managers holding the intersection position between the organization and the stakeholders, their managerial values, perception and beliefs are considered to be among the primary predictors of corporate social responsibility practices (Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Schminke, Ambrose, & Neubaum, 2005). For example, Benon-be-isan Nyuur, F. Ofori, and Debrah (2014) identified executive managers' commitment and willingness as critical factors to promote CSR practices in Sub-Saharan Africa. Yet the empirical evidences of managers as antecedents of CSR and understanding of CSR in developing countries are scarce (Aguinis & Glavas, 2012; Benon-be-isan Nyuur et al., 2014; Prieto-Carrón, Lund-Thomsen, Chan, Muro, & Bhushan, 2006; Visser, 2008; Waddock, 2008). Moreover, literature review shows that CSR practices in nonwestern contexts are at managers' discretions of beliefs and values (Jamali & Mirshak, 2006; Moon & Shen, 2010; Yin, Singhapakdi, & Du, 2016).

Therefore, the paper aims to examine the top managers' CSR perception influence on firms' CSR behaviors. In addition, it explores moderation effect of transformational leadership as displayed by managers on the relationship between managers' CSR perception and firm CSR performances in Ethiopian firms. By doing so, the paper will add to filling the knowledge gaps of CSR in developing countries in particular and to the theory of antecedents of CSR in general.

This paper is organized into five parts. Part one provides introduction of the study. Part two outlines brief discussions of relevant theoretical and empirical studies in the area. Part three discusses the research methodology employed for the study. Part four presents the results and discussions of the research. Part five concludes the major findings of the study and indicates future research directions.

Literature review

Management literature reviews show that managerial values and attitudes toward corporate social responsibility in a given context significantly affect the tendency of firms to practice social behavior (Aguilera, Rupp, Williams, & Ganapathi, 2007; Carroll, 2003; Hemingway, 2005; Hemingway & MacLagan, 2004; Petrenko, Aime, Ridge, & Hill, 2016). Managers are considered as key agents of corporate social responsibility, and their willingness and commitment to CSR is widely appreciated as essential success factor. If managers do not give priority to CSR, and allocate and mobilize the necessary resources for its successful implementation, CSR will only remain at rhetorical level (Jenkins, 2006; Mamic, 2005). The unprecedented growth of environmental demands on organizations seems to press managers to develop and implement policies to address the minimum expectations of their stakeholders.

Research hypotheses

Contemporary business managers have been facing demands for corporate social responsibility from virtually all segments of the stakeholders. Researchers have long recognized the critical roles that top managers play in shaping organizational behavior from affecting organizational social posture to the strategies the organization pursues (Abatecola, Mandarelli, & Poggesi, 2013; Schein, 2010; Schminke et al., 2005; Sharma, 2000). Upper echelons theory assumes that strategies firm pursues and outcomes are the functions of top managers' observable and psychological characteristics (Hambrick, 2007; Hambrick & Mason, 1984). The adoption of corporate social responsibility by firms may be attributable to the fear not to lack legitimacy if they do not comply with the norms and expectations set by the society or out of the caring attitudes towards the society.

The capability of top managers to enhance corporate social responsibility in the organization is strengthened by the middle and lower level managers as they are supposed to implement and meet the expectation set by top managers. The power and status inherent in the formal position and the socialization involving indoctrination of respect of authority, loyalty to boss, conformity to organizational practices would increase the spread of CSR in the organization (Carroll & Buchholtz, 2006; Swanson, 2008; Zhu & Zhang, 2015).

Fig. 1 Concept framework of the study

Executive managers can lead organizations to practice responsible behaviors through the formal structure established by directing subordinate managers and employees to consider and attend the expressed demands by both the internal and external stakeholders (González-Moreno, Ruiz-Palomino, & Sáez-Martínez, 2019; Swanson, 1999). In addition, top managers can shape and reinforce responsible organizational culture through various informal ways to which organization members pay attention more than the espoused social policies and programs (Crane et al., 2009).

Managers are important agents of change and their attitudes and commitment to corporate social responsibility is a precondition to successfully integrate principles of corporate social responsibility into organization systems (Mamic, 2005; Rahbek Pedersen & Neergaard, 2009). Managers are required to be drivers of social responsible behavior that they are obliged to respond to the needs of the stakeholders, particularly in developing countries where institutional forces lack capacity to enforce corporations to adopt socially responsible initiatives. In this respect, the managers perception of the importance of CSR to the organization has significant impact on the implementation of CSR (Godos-Díez, Fernández-Gago, & Martínez-Campillo, 2011; Maak, Pless, & Voegtlin, 2016).

There can be no socially responsible firm without first having socially responsible managers who can go beyond the narrow goals of profit maximization and willing to sacrifice organization objectives and interests in support of social objectives (Ditlev-Simonsen & Midttun, 2011; Hunt, Kiecker, & Chonko, 1990; Waldman, Siegel, & Javidan, 2006a). Empirical studies report that there have been positive relationships between perceived importance of ethics and ethical intentions by managers (Singhapakdi, 1999; Singhapakdi, Gopinath, Marta, & Carter, 2008).

Managers' preferences for alternative corporate social decisions and actions are greatly contingent on the degree that managers perceive corporate social responsibility contributes to the success of the organization and perception of the relative power of stakeholders. Some studies also found that organizations that engage in CSR for seeking merely legitimacy and strategic benefits from stakeholders without management active participation tended to engage in decoupled CSR activities which are substantially symbolic in nature (Ditlev-Simonsen & Midttun, 2011; Weaver, Trevino, & Cochran, 1999b; Yin, 2017). According to theory of reasoned action, actual behavior is determined by behavioral intentions, which in return, intention is affected by attitude and perception (Fishbein & Ajzen, 1975; Thoradeniya, Lee, Tan, & Ferreira, 2015). A survey by Burton and Goldsby (2009) indicated that owner-managers attitude towards CSR affects the emphasis (time devoted) managers place on different dimensions of CSR (Burton & Goldsby, 2009).

Top management can influence ethical decision making in many ways. First, top management actions can serve as role model for the desired ethical decision in the organization. Second, what top management rewards and punishes indicate the kind of behavior desired (Ford & Richardson, 1994; Schein, 2010). Social learning theory asserts that people learn new behaviors through observation and imitation of role models (Bandura, 1977, 2001). In addition to the individualistic and less formal influence of top managers on CSR decisions, top managers can build ethical organizational culture that induces more socially responsible behaviors in the organization. Managers do create and manage ethical organizational culture. As explained by (Giberson et al., 2009) organization culture is the reflection of its top managers' personal values. Scholars argue that responsible behaviors stem from ethical organizational culture (Baumgartner, 2009; Ford & Richardson, 1994).

Organizational culture refers to the "collective values, beliefs, and principles of organizational members that determine how a company's employees and management interact and handle outside business transactions and is a product of such factors as history, product, market, technology and strategy, types of employees, management style, and national culture" (Ravasi & Schultz, 2006). It is shared values, assumptions and beliefs that create an environment in which certain behavior are encouraged and receive support. Despite the fact that managers are affected by already existing organizational culture, they are often considered as architects of their organizations' culture (Schein, 2010). Even their influence on the organizational culture transcends their career span in the organizations.

Ethical corporate culture impacts CSR essentially in two ways. First, ethical corporate values and ideology in the form of implicit ethical culture do guide firm's CSR decision making. Ethical corporate values often influence what information about firm's external environment is noticed and what meaning is attached to it (Maon, Lindgreen, & Swaen, 2010). Corporate ethical values and ideology may also influence strategy formulation as managers rely on those values while scanning and evaluating environmental factors (Hambrick & Mason, 1984). Second, corporate ethical policies as part of explicit ethical culture will serve as strengthening responsible behaviors and constraining irresponsible behaviors (Jones, Felps, & Bigley, 2007). Formally institutionalized ethical policies into organizational system in the form of code of ethics and ethical training symbolize what behaviors are rewarded and what behaviors discouraged thereby promoting responsible behaviors in the organization (Crane, McWilliams, Matten, Moon, & Siegel, 2008). In organization with in-built ethical culture, employees are encouraged to take into account the interests of their organization and society while making decisions, and behave responsibly when interacting with stakeholders (Trevino, 1986; Wu, Kwan, Yim, Chiu, & He, 2015).

Depending on the above discussion, the following hypotheses are proposed:

Hypothesis 1: The greater the top managers perceive social responsibility is important, the more likely the organizations will engage in corporate social responsibility.

Hypothesis 2: Corporate ethical culture mediates the relationship between top managers' perception of CSR and organization CSR behaviors.

Hypothesis 3: The greater the top managers perceive ethics and social responsibility important to organization effectiveness, the greater they advocate and institutionalize ethical corporate culture.

The moderating role of transformational leadership

Cognizant to the relationship between mental frames and sense making process of the managers about their environment, and the resultant organizations' posture towards the stakeholders (Basu & Palazzo, 2008; Brickson, 2007), organizational level leadership style exhibited by managers influence CSR (Du, Swaen, Lindgreen, & Sen, 2013). Transformational leaders are more effective in bringing about organizational change through challenging the status quo, inspiring followers with their vision, creating excitement by use of symbolism and imagery (Fu, Tsui, Liu, & Li, 2010).

Transformational leadership influences CSR practices for many reasons. First, transformational leadership is associated with altruism, and transformational leaders are more likely ethical and concerned with stakeholder focused values (B. M. Bass & Steidlmeier, 1999; Groves & LaRocca, 2011b). Transformational leaders attempt to use intrinsic motivation to inspire employees to go beyond self-interests and work toward higher and collective goals (B. M. Bass, 1985). Transformational leaders reach higher level of moral development and as a result articulate vision which is fair and in congruent with stakeholders' needs (Groves & LaRocca, 2011; Pless & Maak, 2011). Angus-Leppan, Metcalf, and Benn (2010) suggest that transformation leadership is needed to formulate and implement CSR policies successfully. Transformational leaders tend to use idealized and inspirational motivation to arouse followers to accept and perform on leader's vision and collective objectives (B. M. Bass, 1985; Grojean, Resick, Dickson, & Smith, 2004; Wang, Huang, Gao, Ansett, & Xu, 2015).

Second, transformational leaders are intellectually stimulating and encouraging followers to challenge the status quo so that they can approach complex situation in more innovative ways (B. M. Bass, 1997; Jones Christensen, Mackey, & Whetten, 2014). Transformational leaders scan the environmental tasks and understand how stakeholders' needs be synchronized. Transformational leaders are more likely to recognize the interconnectedness of various stakeholders and view firms as interdependent with those stakeholders than as isolated entity (Waldman et al., 2006a).

Vera and Crossan (2004) argue transformational leaders' broader view of the firm would stimulate organizational learning and enhance organizational CSR practices that encompass the needs of both primary and secondary stakeholders. Transformational leaders are more likely to create organizational culture that aligns with new vision, revised assumptions, values and norms (B. M. Bass, 1985). Transformational leadership lends itself well to formation of ethical environment and thereby facilitating the institutionalization of corporate ethics (Carlson & Perrew, 1995). It is reported that there has been positive relationship between transformational leadership and ethical climate in organization (Du et al., 2013; Theron, Van Aswegen, & Engelbrecht, 2005)

Following the above assertions, the following hypothesis is proposed:

Hypothesis 4: Transformational leadership moderates the relationship between top managers' perception of CSR and organization CSR behaviors, such that the relationship is stronger for managers characterized by transformational leadership style.

Research and Methodology

Sample and data collection procedure

The data for this study were collected through a questionnaire survey from executive managers of large sized companies from four sectors, namely, food, textile, bank and floriculture industries in Ethiopia. Number of permanent employees was used as measurement of size. Consequently, only large firms with greater than 100 employees were surveyed. The respondents of the questionnaire survey were executive managers who held the vice president positions and CEOs. Population frames for food and textile sectors were obtained from their own authority and capacity building institutions whereas population frames for bank and floriculture industries were obtained from their respective sectoral associations. Samples of the survey were randomly selected except for banks. Census survey was used for bank sector since their total number was small (17) at the time of this survey. The questionnaires were administered by trained data collectors, and one of the authors. E-mail survey was also used for samples those were at far distance which was difficult to access them in person in the time framework allotted for data collection. To ensure the confidentiality of the response which increases the reliability of data to be collected, a letter describing the purpose of the study and the confidentiality issue, and official letters requesting cooperation from both the universities I am studying at and I am working for were enclosed.

Of the total 267 firms visited for survey, 126 firms responded with complete and useable questionnaires. The response rate was about 47%. Therefore, the total sample consisted of 126 firms (included 294 individual executive managers). Three questionnaires were distributed for each firm to minimize non response rate. On average 2.33% questionnaires were filled out and returned by each firm.

Measurement

All the measures used in the study were originally developed in English. All the measures were not translated to local language since executive managers are expected to be English fluent. Only some editions of the vocabulary and statement were made by senior staffs in the area to help easy understanding. And no problem was reported during the pilot test with the questionnaire being in English language.

Top managers' CSR perception: Top managers' perceptions/attitude of CSR, was measured with the scale developed by (Singhapakdi, Kraft, Vitell, & Rallapalli, 1995). The scale composed of three dimensions designed to gauge managers' perception of the roles of ethics and social responsibility. The response option ranged from 1, "completely disagree" to 9, "completely agree". Sample item is "business has a social responsibility beyond making a profit". The scale reliability was .84.

Corporate ethical culture: Ethical corporate culture was measured by ethics institutionalization scale developed by (Singhapakdi & Vitell, 2007). The scale measures the degree to which ethical corporate culture has been implicitly and explicitly integrated in the organization. The response options ranged from 1, "strongly disagree" to 7, "strongly agree". Sample item is "top management has established a legacy of integrity for the organization". The scale reliability was .70. **Corporate social responsibility:** A seventeen-item scale developed by (Turker, 2009) was used to measure CSR. The scale measures CSR in terms of the stakeholders' interests addressed by the firm. Response options ranged from 1, "strongly disagree" to 7, "strongly agree". Sample item is "our company makes investment to create a better life for future generations". The scale reliability was .92.

Transformational Leadership: Transformational leadership as perceived by the leaders themselves was measured by Multifactor Leadership Questionnaire (MLQ) developed by (B. Bass & Avolio, 1995). Response options ranged from 0, “not at all” to 4, “frequently if not always”. Individualized consideration component of transformational leadership was not included since some researchers revealed

its weak linkage with organizational level outcome such as CSR (Waldman et al., 2006a). Sample item is “I consider the moral and ethical consequences of decisions”. The scale reliability was .79.

Control variables: Researches show that organizations demographic characteristics (e.g., industry type, firm age and ownership) do influence organizations involvement in CSR activities (Chen, Patten, & Roberts, 2008; e.g., Neubaum, Mitchell, & Schminke, 2004). The control variables were controlled in the analysis. Firm industry types (i.e., floriculture, textile, food and bank) were represented by three dummy variables. Firm age was measured by the number of years the firm has been in operation. Firm ownership types (i.e., private local, state owned, foreign owned and other types) were represented by three dummy variables.

Results and Discussions

Results

The research hypotheses were tested using SPSS 25.0 software and Process Macro 3.3. Table 1 presents the descriptive and correlation statistics, table 2 presents the results of hierarchical regression whereas table 3 presents the result of mediation effect.

Table 1 depicts that variables of research interest in the model were found to be positively and significantly related. Top managers' CSR perception is positively and significantly correlated with corporate ethical culture ($r = 0.336$, $p < 0.01$), with organization CSR ($r = 0.184$, $p < 0.01$), with transformational leadership ($r = 0.268$, $p < 0.01$). Corporate ethical culture is positively and significantly correlated with organization CSR ($r = 0.605$, $p < 0.01$), with transformational leadership ($r = 0.241$, $p < 0.01$). Transformational leadership is positively and significantly related with organization CSR ($r = 0.197$, $p < 0.01$).

Table 1: Descriptive and correlation statistics (N=294)

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1 Firm Age	15.542	11.365	1										
2 Private owned	0.626	0.485	0.062	1									
3 Foreign owned	0.259	0.439	-.234**	-.764**	1								
4 Other type ownership	0.048	0.213	.170**	-.289**	-.132*	1							
5 Textile and garment	0.323	0.468	-.129*	.128*	-.292**	-0.052	1						
6 Food industry	0.340	0.475	.159**	.184**	-.129*	0.075	-.496**	1					
7 Bank industry	0.108	0.312	.170**	.203**	-.206**	-0.078	-.241**	-.251**	1				
8 Top managers' CSR perception	7.395	1.076	-.184**	-0.107	.117*	-0.078	-0.033	-0.095	.116*	1			
9 Corporate ethical Culture	4.702	0.861	-0.051	-0.086	0.053	0.090	-.253**	-0.044	0.092	.336**	1		
10 Organization CSR behaviors	5.572	0.947	-0.033	-0.048	0.001	0.111	-.292**	0.014	0.001	.184**	.605**	1	
11 Transformational Leadership	2.941	0.498	-0.080	-0.028	0.112	-0.008	-.202**	-0.104	.247**	.268**	.241**	.197**	1

** $P \leq 0.01$, * $P \leq 0.05$ (2-tailed)

Source: Authors' study

Table 2 displayed the result of hierarchical regression of CSR as dependent variable, top managers' CSR perception as independent variable and transformational leadership as moderator. The result showed that hypothesis 1 is supported.

Table 2: Results of hierarchical regression

CSR				Corporate ethical culture				CSR						
Model 1		Model 2		Model 3		Model 4		Model 5		Model 6		Model 7		
Variables	β	t	β	t	β	t	β	t	β	t	β	t	β	t
Control														
Firm Age	-0.009	-1.842	-0.005	-1.165	-0.008	-1.883	-0.003	-0.7961	-0.061	-1.042	-0.023	-0.407	-0.002	-0.032
Private owned	0.421	-1.991*	0.339	-1.626	0.321	-1.593	0.192	-1.007	0.119	-1.068	0.064	-0.59	0.084	-0.79
Foreign owned	1.167	-	1.134	-	0.681	-	-	-2.735	0.351	-	0.307	-2.607*	0.349	-
		4.559**		4.517**		2.791**		0.629		2.877**				2.984**
Other type ownership	0.162	-0.524	0.072	-0.238	0.010	-0.034	0.130	0.468	0.026	0.362	0.063	0.905	0.040	0.585
Textile and garment	1.508	-	1.503	-	1.015	-6.12**	1.007	-	0.600	-	0.562	-	0.555	-
		8.665**		8.809**				6.443**		6.765**		6.544**		6.556**
Food industry	0.905	-	0.909	-5.8**	0.631	-	0.637	-	0.526	-	0.493	-	0.491	-
		5.658**				4.137**		4.437**		6.367**		6.163**		6.223**
Bank industry	1.051	-	1.149	-	0.310	-1.922	0.554	-2.8**	0.258	-	0.309	-	0.337	-
		4.816**		5.327**						-3.48**		4.284**		4.703**
Independent														
To managers' perception	CSR		0.167	3.558**			0.262	6.092**			0.213	4.006**	0.066	0.922
Moderator														
Transformational leadership											0.160	2.948**	0.060	0.957
Interaction effect														
X*W													0.251	3.027**
R square change	0.221**		0.033**		0.144**		0.099**		.173**		.069**		0.024**	
F	11.584**		12.132**		6.876**		11.415**		8.529**		10.053**		10.224**	

Note. CSR= Corporate social responsibility

** $P \leq 0.01$, * $P \leq 0.05$ (2-tailed)

Source: Authors' study

Top managers' CSR perception is likely to positively influence organization CSR ($\beta = 0.167$, $p < 0.01$, $\Delta R^2 = 0.033$, $\Delta F = 12.132$, $p < 0.01$). As reported in table 2, hypothesis 2 is supported. Top managers' CSR perception positively and significantly influences corporate ethical culture. It implies that significant variation in corporate ethical culture is accounted by top managers' CSR perception ($\beta = 0.262$, $p < 0.01$, $\Delta R^2 = 0.099$, $\Delta F = 11.415$, $p < 0.01$). The third hypothesis posits that the influence of top managers' CSR perception on organization CSR practices is moderated by the transformational leadership behaviors exhibited by top managers. The analysis result presented in table 2 supports the hypothesis 3 ($\beta = 0.251$, $p < 0.01$, $\Delta R^2 = 0.024$, $\Delta F = 10.224$, $p < 0.01$). This implies that the relationship is stronger for managers who display high transformational leadership behaviors.

The next hypothesis states that the relationship between top managers' CSR perception and organization CSR is mediated by ethical culture. As table 3 depicts, the effect of top managers' CSR perception on organizational CSR is fully mediated by ethical culture. The mediation effect test was carried out with reference to the bootstrap method proposed by(Hayes, 2013). The sample selection amount was 5000. Under the 95% confidence interval, the mediation test results did not include 0 (LLCI = 0.0936, ULCI = 0.1963), indicating that the mediating effect of the mediator variable was significant, and the mediating effect was 0.1443.

Table 3: The mediating effect of corporate ethical culture

	Effect	SE	T	P	LLCI	ULCI
Total effect of X on Y	0.1669	0.0469	3.5581	0.0004	0.0746	0.2593
Direct effect of X on Y	0.0226	0.0431	0.5247	0.6002	-0.0623	0.1075
	Effect	BootSE			BootLLCI	BootULCI
Indirect effect(s) of X on Y <i>Mediator: Ethical culture</i>	0.1443	0.0264			0.0936	0.1963

Source: Authors' study

In addition, after controlling the mediation variable, the influence of the independent variable on the dependent variable was not significant, and the confidence interval included 0 (LLCI = -0.0623, ULCI = 0.1075). Therefore, the corporate ethical culture acts as mediator between top managers' CSR perception and organization CSR and it was a complete mediating effect.

Among the control variables considered in this study, foreign owned firms have negative and significant relationship with organizational CSR. With reference to industry types, textile and garment, food, and banking industries have negative and significant relationship with organizational CSR.

Discussions

The plethora of CSR literature on the antecedents of CSR has been dominated by the institutional theory as important view of identifying drivers of CSR. But this perspective falls short of taking organizational level, particularly the importance of top managers in developing, implementing, sustaining, and even ignoring CSR. This study focuses on top managers as antecedents of CSR in developing country, Ethiopia.

Despite the increasing trend of convergence in the international business practices because of globalization and standardization of businesses, developing countries remain different in terms of corporate governance, strength of institutions, economic development and management practices (Visser, 2006, 2008) which all these may imply institutional drivers as portrayed and evidenced in Western economy do not account much for the CSR practices in developing countries like Ethiopia.

This study looked at the organizational dynamics, especially the roles those upper echelons play in enhancing CSR in the organization through their decision making processes and shaping corporate ethical culture that would foster conducive climate for CSR and the results obtained supports all the hypotheses of the study. The study found strong positive effect of top managers' CSR perception on organizational practices. The study showed that the propensity of the organizations to undertake CSR is greatly attributable to top managers' values and CSR perception. The finding of the study provides strong evidence of the previous studies that claim top managers are strong drivers of CSR (Hemingway & MacLagan, 2004; Jones Christensen et al., 2014). Organizational decision making and direction to take are not dictated by only what explicitly stated organizational goals and objectives but also top managers view of the internal and external environment in which they operate.

Top managers' values and perception of CSR found to be expressed in the organization through the discretionary power that inherently emanates from the positions they occupy (Hemingway & MacLagan, 2004; Wood, 1991). In developing countries like Ethiopia, top managers' roles in influencing organizational outcomes in general and CSR in particular seem to be extensive as both formal and informal institutions confer enormous power or discretion on managers to make decisions according to their judgments of the circumstances (Crossland & Hambrick, 2011; Hofstede, 1984a).

Besides the direct influence of top managers on CSR, top managers can impact organization CSR behaviors through shaping and instituting ethical culture. The finding showed that top managers significantly influence ethical culture of the organizations. This empirical evidence supports the previous findings and theoretical foundation that argue top managers are drivers of ethical culture in the organizations (Giberson et al., 2009; Puffer & McCarthy, 2008). A study Puffer and McCarthy (2008) asserts that CEOs choose an organizational culture that is embedded in ethical grounds to enhance corporate social responsibility. Upper echelons are believed to be the primary influence of the creation and development of organizational culture (Schein, 2010). Research evidences confirmed that there are array of mechanisms through which top managers create and perpetuate the desired culture which may include setting themselves as ethical model, learning from what top managers pay attention to and behaviors managers award and punish (Bandura, 1977; Grojean et al., 2004; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Wu, Kwan, Yim, Chiu, & He, 2014).

The other focus of this study was to examine transformational leadership as moderator of top managers' CSR perception effects on CSR. In the literature of leadership and CSR relationship, transformational leadership is the most discussed and widely recognized to be linked with firm level CSR (B. M. Bass & Riggio, 2006; Northouse, 2018; Waldman et al., 2006a). Although the direct effect of top managers' CSR on firm level CSR is stronger and consistent with past empirical evidences, transformational leadership has strengthened the positive relationship between top managers' CSR perception and CSR in Ethiopian context. The finding is consistent with other research findings that claimed transformational leadership positively influences CSR (Jones Christensen et al., 2014; Robertson & Barling, 2013; Verissimo & Lacerda, 2015).

Studies show that behaviors associated with transformational leadership such that inspirational motivation and intellectual stimulation considerably influence various aspects of corporate social responsibility (B. M. Bass, 1998; Waldman et al., 2006a). The study finding in Ethiopia supports the call that transformational leadership is needed to successfully develop implement corporate social responsibility (e.g., Angus-Leppan et al., 2010).

In sum, the study focused on top managers as antecedents of corporate social responsibility in developing country, Ethiopia. As mentioned earlier, developing countries are different from developed countries in many ways which may hold true for CSR understanding and manifestations in developing countries. In response to call for research on individual level antecedents of CSR (Aguinis & Glavas, 2012; Margolis, Elfenbein, & Walsh, 2007) and dearth of CSR in developing countries (Benon-be-isan Nyuur et al., 2014; Dartey-Baah & Amponsah-Tawiah, 2011), this study has contributed to the knowledge of antecedents of CSR in developing country. The result gives credence to the upper echelons theory (Hambrick & Mason, 1984) in that top managers influenced ethical organizational culture and corporate social responsibility. The study adds to the knowledge of transformational leadership and CSR relationship in Ethiopia.

The study revealed potentially reach perspective of studying antecedents of CSR in developing countries. Unlike the Western context where there are strong institutional factors to dictate, sustain and control corporate social behaviors, internal factors, i.e., top managers are likely to be strong influencers of CSR in developing country, Ethiopia. Past empirical researches (e.g., Jamali, 2014; Yin, 2017) showed the top managers play critical roles in enhancing CSR in developing countries and in particular in sub Saharan Africa (Benon-be-isan Nyuur et al., 2014).

Conclusions

Institutional factors are widely pronounced as primary drivers of CSR in organizations (Campbell, 2007). However, this study showed top managers play critical role in advancing firm level CSR in Ethiopia. Unlike the developed countries which have advanced institutional infrastructures, the findings of this study strengthens the arguments that developing countries' CSR practices are primarily driven by executive managers. Upper echelons with their abundant power inherent in their positions can commit the necessary resources to mainstream ethical behaviors across the organizations. Top managers as key strategic decision makers, may get motivated by moral obligation they owe to society or strategic benefits of CSR to engage in CSR activities. As the findings of this study are in consonant with previous empirical researches, top managers are important ingredient in the study of drivers of CSR particularly in developing countries where there have been deficit of institutional factors mandating organizational behaviors. Therefore, the findings of this study could help organization in hiring and selecting managers who can potentially enhance and sustain CSR across organizations. Selection tools that incorporate measure of top managers' CSR perception and values could be employed. It is can be inferred that that through incorporating ethical teaching in education curriculum and providing awareness raising training would increase the top managers' knowledge of CSR and thereby, increase the propensity of firms to behave in more socially responsible manner. Empirical evidences show that managers' awareness and commitment to CSR are critical to successful implementation of CSR (Peterson & Jun, 2006; Rodríguez Bolívar, Garde Sánchez, & López Hernández, 2015; Weaver, Trevino, & Cochran, 1999). Moreover, organizations can develop capacity building programs that aim at providing transformational leadership training to orient and shape managers leadership behaviors to harvest benefits of transformational leadership in general and CSR in particular. Empirical evidences have revealed that transformational leadership has positive impact on group and organizational performances (Avolio, Walumbwa, & Weber, 2009; Robertson & Barling, 2013).

While this study has worthy contributions to the theoretical and practical implications, it has some limitations need be noticed. First, the research was conducted in Ethiopia where its culture is characterized, for example by high power distance (Hofstede, 1984b) lending top managers wider discretion. Consequently, caution should be taken while generalizing the current findings to other developing countries with different cultures. Second, this study has collected cross sectional data which may not capture the full dynamism of the link between top managers and CSR across time. Third, the data was collected from single source for all the variables of the study. Research findings show that single source data tend to be less dependable as compared to multiple sources data.

The current findings of the effect of top managers' CSR perception on firm level CSR may lay foundation for longitudinal enquiry to capture the complete dynamics of the effect of top managers on CSR. The current study found that top managers' CSR perceptions are more likely to affect organization CSR behaviors. Future study may be focused on examining why managers engage in CSR in developing countries. Managers might have engaged in CSR out of the concern for others or strategic purpose. Comparative study into the link

between top managers and CSR practices across large, middle and small firms would provide additional CSR understanding and knowledge. Supplementing quantitative approach with qualitative method would help to better understand the mechanisms by which top managers and transformational leadership influence CSR.

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