Asia Pac J Manag (2014) 31:925–947
DOI 10.1007/s10490-013-9369-1

Corporate social responsibility, firm reputation, and firm performance: The role of ethical leadership

Yan Zhu · Li-Yun Sun · Alicia S. M. Leung

Published online: 5 November 2013

Abstract This study investigated the antecedents and outcomes of corporate social responsibility (CSR) and the moderating effects of ethical leadership. We collected two-wave, temporally lagged data from two sources (general and vice-general managers) in 199 tourism firms (hotels and travel agencies) in southeast China. We have two major findings. First, ethical leadership moderated its own indirect effect on firm reputation via CSR. It had an indirect and positive effect on firm reputation through CSR when ethical leadership was strong but not when it was weak. Second, ethical leadership also moderated the indirect effect of CSR on firm performance via firm reputation. There was an indirect and positive effect of CSR when ethical leadership was strong but not when ethical leadership was weak. This study highlights the role of ethical leadership in linking the antecedents and outcomes of CSR, and provides support for the stakeholder theory.

Keywords Corporate social responsibility (CSR) · Ethical leadership · Firm performance · Firm reputation

Why should companies take responsibility for noneconomic stakeholders, such as employees, customers, and the community (Clarkson, 1995; Donaldson & Preston, 1995; Lee, Kim, Lee, & Li, 2012; O'Shaughnessy, Gedajlovic, & Reinmoeller, 2007)? Theoretically, scholars continue to find the impact of corporate social responsibility (CSR) on firm performance (Lai, Chiu, Yang, & Pai, 2010; McWilliams, Siegel, & Wright, 2006; Orlitzky, Schmidt, & Rynes, 2003; Ye &

Y. Zhu
BNUZ-DFI Sino-German Cooperation Programme, Beijing Normal University (Zhuhai), Zhuhai, China
e-mail: helen0756@126.com

L.-Y. Sun (✉)
Faculty of Management and Administration, Macau University of Science and Technology, Avenida Wai Long, Taipa, Macau
e-mail: lysun@must.edu.mo

A. S. M. Leung
Department of Management, School of Business, Hong Kong Baptist University, Kowloon Tong, Hong Kong
e-mail: alicia@hkbu.edu.hk

Zhang, 2011). Practically, more and more firms are now aware that engaging in CSR can ensure their sustainability and promote their accountability (Cockburn, Henderson, & Stern, 2000). Take Chinese firms as example, the notion of developing business ethics in response to today's increasing demands of CSR is enhanced within the context of recent business scandals, food safety, labor issues, and environmental deterioration.

In spite of the tremendous efforts in the study of CSR, four important issues need to be addressed further. First, studies on the relationship between CSR and firm performance have yielded inconsistent and contradictory results. Some researchers have found a positive association between CSR and firm performance (e.g., Mishra & Suar, 2010; Okamoto, 2009), while others have found no relationship (e.g., Aupperle, Carroll, & Hatfield, 1985; Teoh, Welch, & Wazzan, 1999) or even a negative association (e.g., Bromiley & Marcus, 1989; Wright & Ferris, 1997). This controversy reflects the tensions that managers face when they have to make decisions that involve tradeoffs between the economic, environmental, and societal dimensions (Margolis & Walsh, 2003). In this sense, the association may be "more illusory than the body of results suggests" (Margolis & Walsh, 2003: 278). If tensions do exist, they could represent a fruitful area for exploration (Strand, 2011). One area worthy of exploring is to open the "black box" in the CSR-performance relationship and to explain why and how CSR affects performance (Zairi & Peters, 2002), thereby providing a more comprehensive understanding of the relationship.

Second, though much research has examined the impact of CSR on firm performance, little has been done to uncover the intermediate process linking CSR and performance. Many studies have indicated that CSR and firm reputation generate positive brand image (Brickley, Smith, & Zimmerman, 2002; Jones, 2005; Smith & Higgins, 2000; Varadarajan & Menon, 1988). "Brands based on intangible, emotive characteristics—are seen as more durable and less likely to suffer from competitive erosion" (Lynch & de Chernatony, 2004: 403). We speculate that the intangible aspect of firm reputation may be an important source of sustainable competitive advantage. Surprisingly, firm reputation remains underemphasized in research (Lai et al., 2010) and few studies have explored its impact on performance. Researchers have called to answer how CSR can be used as an instrument to enhance firm reputation and further firm performance (e.g., Bhattacharya, Korschun, & Sen, 2009; Sen, Bhattacharya, & Korschun, 2006). Given that prior studies have primarily assumed a direct relationship between CSR and firm performance, exploring the mediating effect of firm reputation contributes to our understanding the mechanism through which CSR affects firm performance.

Third, though CSR is frequently used to convey firms' commitment to stakeholders, little evidence has shown to what extent leadership involves in CSR. CSR has been criticized as insulated and self-serving because firms might use CSR to disguise irresponsible behavior in the core business (Hooghiemstra, 2000; Luo & Bhattacharya, 2009; Vlachos, Tsamakos, Vrechopoulos, & Avramidis, 2009). If a firm is using CSR simply as a marketing tool to gain advantage (Brønn & Vrioni, 2001; Waller & Lanis, 2009), such as increasing visibility rather than of creating social impact, it may lose its core consumers and jeopardize its long term economic sustainability (Luo & Bhattacharya, 2009). In that case, what role does leadership play? "What is the impact of leadership on the CSR engagement and performance of the corporation?" and "What kinds of leadership support CSR engagement and performance at the corporation" (Strand, 2011: 84)? Since ethical leadership fosters the values of integrity, accountability, fairness, and ethical behaviors in the organization and the community (Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Resick, Hanges, Dickson, & Mitchelson, 2006; Walumbwa, Mayer, Wang, Wang, Workman, & Christensen, 2011), we thus wonder whether ethical leadership could shape the perception of firms' CSR.

Fourth, while CSR has been acknowledged as one of key factors contributing to corporate reputation (Balmer, 2009; Worcester, 2009), the motivation for CSR initiatives is often driven by promoting some kind of self-interest (Moon, 2001). Klein and Dawar (2004) assert that stakeholders are increasingly skeptical and sophisticated about reasons for companies engaging in CSR. In this context, will CSR really lead to firm reputation? Paucity of research has investigated under what circumstances the CSR activities of a company achieve the desired effects (Maignan & Ralston, 2002).

In view of the limitations discussed above, this paper examines the antecedents and outcomes of CSR and the moderating role of ethical leadership. Specifically, the objectives of this study are to examine (1) the main effect path of ethical leadership ➔ CSR ➔ firm reputation ➔ firm performance; (2) the moderating effect path of ethical leadership moderating CSR ➔ firm reputation relationship; and (3) the moderated indirect effect paths whereby the indirect effect of ethical leadership is moderated via CSR, and further moderates the indirect effect of CSR on firm performance via firm reputation (see Fig. 1).

This study is a response to researchers' calls for a more direct assessment of the moral and ethical qualities of leaders in the CSR research. This is because integrity or other moral aspects of leadership might be more directly related to CSR (Waldman, Siegel, & Javidan, 2006). Ethical leadership thus presents a promising area for CSR exploration (Strand, 2011). In addition to seeing ethical leadership as an antecedent to CSR, we also view it as a boundary condition for the direct effect of CSR on firm reputation and the indirect effect of CSR on firm performance via firm reputation.

Literature review and hypotheses

Ethical leadership and CSR

The proposed positive relationship between ethical leadership and CSR is underpinned by stakeholder theory. Stakeholder theory addresses morals and values of managing an organization among all of its stakeholders (Phillips, Freeman, & Wicks, 2003). Today's business leaders operate in a global, volatile, and increasingly complex business environment. Therefore it is helpful to discuss leadership in the

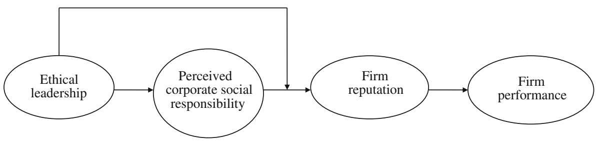


Fig. 1 Hypothesized model

context of stakeholder theory because a business organization is seen as composed of various constituencies (employees, clients, suppliers, managers, shareholders, communities, etc.) all of whom have a legitimate strategic and moral stake in the organization (Bass & Steidelmeier, 1999). Stakeholder theory posits that business leaders should serve the interests of all stakeholder groups, and stakeholder relationships are considered critical to business success (Donaldson & Preston, 1995; Maak, 2007). Hence, the responsibility of business leaders cannot be limited to maximizing shareholders' wealth and by necessity it must extend to different types of stakeholders.

Ethical leadership is defined as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown, Treviño, & Harrison, 2005: 120). Normatively appropriate conduct reflects the moral component of ethical leaders who possess desirable traits such as fairness, honesty, and trustworthiness in taking responsibility for their own actions, as well as the use of appropriate rewards and punishments to hold subordinate accountable for their actions (Piccolo, Greenbaum, Hartog, & Folger, 2010). They not only behave in an ethical manner, thereby setting an example of ethical behavior, but also communicate the importance of ethics. They also use punishment to discourage unethical behavior and reward systems to encourage normatively appropriate behavior in the workplace (Brown et al., 2005). At the same time, ethical leadership should actively manage morality, referred to as moral identity (Mayer et al., 2012). The centrality of moral identity is to motivate leaders to act in ways that are consistent with their understanding of what it means to be a moral person. It demonstrates responsiveness to the interests and expectations of others because acting otherwise can produce dissonance and self-condemnation. For example, research has found that moral identity is predictor of pro-social behaviors such as charity donations (Reed, Aquino, & Levy, 2007) and is negatively related to unethical behaviors such as cheating (Reynolds & Ceranic, 2007). Ethical leaders are responsible individuals who live by values and principles and have potential for contributing to the betterment of the society (Maak & Pless, 2006).

From stakeholders' perspectives, ethical leaders possess the art of building and sustaining good relationships with all relevant stakeholders, and their relationships with them are connected through a shared sense of meaning and purpose. By doing so, they create incentives to encourage respectful collaboration, improve motivation and commitment for achieving sustainable and responsible change inside and outside the organization (for a review, see Maak & Pless, 2006). For example, ethical leaders have a moral obligation to provide safe, healthy, and non-discriminatory working conditions for employees and a moral obligation for their customers through providing safe products and services that meet their needs and expectations. Ethical leaders ensure that the potential risks of products and services are openly and transparently communicated to meet the needs of their customers for safety. To the community, ethical leaders need to be sensitive to the world in which they operate. They assess the impact of business decisions on the natural and social environments. They also ensure that production processes are as environmentally friendly as possible. The ultimate goal of ethical leadership is to achieve a common good such as business sustainability and organizational legitimacy (Bass & Steidelmeier, 1999).

To this end, ethical leaders envision their core task is “to weave a web of inclusion” of all different stakeholder groups and keep each of these diverse stakeholders motivated (Maak, 2007; Maak & Pless, 2006).

Owing to the critical role of ethical leadership in the organization, there is a growing body of empirical research that examines its antecedents and outcomes. Personality traits of leaders such as agreeableness and conscientiousness (Walumbwa & Schaubroeck, 2009) and moral identity (Mayer et al., 2012) are found to be positively related to ethical leadership. Moreover, ethical leadership can lead to employees’ citizenship behaviors (Piccolo et al., 2010) and other positive outcomes such as job satisfaction and helping behaviors (Avey, Wernsing, & Palanski, 2012; Kacmar, Andrews, Harris, & Tepper, 2013). Researchers have recently paid attention to the moderating effects of ethical leadership. For example, Philipp and Lopez (2013) argued that ethical leadership moderates the relationships between psychological contracts and organizational outcomes such as commitment and citizenship behavior. Liu, Loi, and Lam (2013) demonstrated that ethical leadership moderates the relationship between exemplification and in-role performance rating, but not between exemplification and extra-role performance rating.

CSR shares value congruence with ethical leadership. CSR refers to the sum of “economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (Carroll & Buchholtz, 2003: 36). The definition implies that organizations have ethical and philanthropic responsibilities to stakeholders as well as their obligations to perform well economically and comply with the law. Hence, CSR embraces a wide range of citizenship behaviors, such as being environmentally friendly, ensuring employee welfare benefits, protecting shareholder rights, and engaging in those types of public activities that are deemed worthy and legitimate according to the organization’s legal and ethical standards. These socially responsible behaviors influence a wide range of stakeholder groups (employees, customers, suppliers, non-governmental organizations, etc.) and have typically been seen as discretionary in terms of promoting social interest. Overall, CSR reveals the way a company balances its economic, social, and environmental objectives while addressing stakeholder expectations and enhancing shareholder value.

In an effort to meet stakeholder expectation, ethical leaders will try to improve their environmental, social, and ethical performance. An assessment of stakeholder perceptions toward CSR may influence business leaders’ response to CSR initiatives (Morsing & Schultz, 2006). Researchers have provided empirical support for the impact of ethical leaders on their followers’ perceptions in the stakeholder view of CSR (Groves & LaRocca, 2011). Vitell et al. (Vitell & Paolillo, 2004; Vitell, Paolillo, & Thomas, 2003) suggested that organizations can positively influence their employees’ perceptions of CSR by developing and enhancing a clear set of ethical values and policies. Furthermore, other researchers (e.g., Puffer & McCarthy, 2008; Schaubroeck et al., 2012) extend this argument by proposing that a company’s social responsibility must rest on an organizational culture that is grounded on ethical values. In this case, a firm’s ethical behavior reflects the values and beliefs espoused by the leader. This notion is relevant to the work of Mendonca (2001), who argued that such leaders are likely to be guided by altruistic moral principles that involve a direct concern for others, even when this requires acts that demand personal sacrifice or inconvenience. Ethical leaders therefore may address the interests and expectations of all stakeholders through integrating CSR into core business activities. We thus expect a positive relationship between ethical leadership and CSR.

Hypothesis 1 Ethical leadership is positively related to CSR.

CSR and firm reputation

Fombrun (1996: 72) defined firm reputation as "a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals." According to Fombrun (1996), firm reputation consists of four key characteristics: credibility, reliability, responsibility, and trustworthiness. In particular, the term reputation denotes a summative representation of stakeholders' judgments of the firm over time (Fombrun & Shanley, 1990). As a "social approval asset" (Pfarrer, Pollock, & Rindova, 2010) that signals stakeholders' perception of a firm's ability to create value relative to its competitors, reputation can be used as a strategic or investment tool in response to stakeholders' expectations to project a favorable corporate image (Jones, 2005; McWilliams et al., 2006). In this light, reputation is largely derived from the collective recognition of a firm's ability to fulfill the interests of its stakeholders over time.

There is a prevailing consensus that CSR activities can be translated directly into organizational reputation. Research provides support for the positive association between CSR activities and corporate reputation (e.g., Fombrun & Shanley, 1990; Lai et al., 2010; Stanaland, Lwin, & Murphy, 2011). Firms with a strong CSR are likely to gain trust from different stakeholders because this offers an indicator of good-quality management. From the customer perspective, researchers have found that customer perception of a firm's CSR activities is positively related to their evaluation of its reputation (Lai et al., 2010; Stanaland et al., 2011). From the employee perspective, employees' perception of their organizations' CSR is linked to their level of organizational commitment, which enhances their ratings of their firms' reputation (Stawiski, Deal, & Gentry, 2010). Based on the theoretical and empirical research on corporate socially responsible behaviors and firm reputation, we propose the following hypothesis:

Hypothesis 2 CSR is positively related to firm reputation.

Firm reputation and performance

Hall (1993: 616) viewed a firm's reputation as the most important intangible asset contributing to its performance because it is the "product of years of demonstrated superior competence, and is a fragile resource; it takes time to create, it cannot be bought, and it can be damaged easily." Because it can generate trustworthiness, reliability, and responsibility from key stakeholder groups through the development of appropriate caring relationships with them, corporate reputation positively affects firm performance. Indeed, there are a number of empirical studies that support this view (Fombrun & Shanley, 1990; Rindova, Williamson, Petkova, & Sever, 2005; Roberts & Dowling, 2002). For example, Rindova et al. (2005) demonstrated that a firm's reputation for quality and its general prominence (that is, the collective awareness and recognition of an organization over time in the industry) has a distinct effect on performance. Greenwood, Li, Prakash, and Deephouse (2005) also showed that corporate reputation is positively related to the performance of professional service firms because it serves as a social signal to clients to help them strategically position themselves in the market.

From customers' perspective, Walsh, Mitchell, Jackson, and Beatty (2009) argued that a reputable company who aims to provide quality products or services to earn the trust of its customers, can grow positive word of mouth, build customer loyalty, and maximize profits. A more recent study by Boyd, Bergh, and Ketchen (2010) also supports the view that a favorable reputation has a positive performance impact. In the workplace, corporate reputation can help entice and retain employees who are more productive and motivated in their job, which in turn enhances firm performance. Overall, firm reputation enhances the satisfaction and loyalty of investors (Pfarrer et al., 2010), employees, customers (Highhouse, Brooks, & Gregarus, 2009), and other stakeholders. We thus propose the following hypothesis:

Hypothesis 3 Firm reputation is positively related to firm performance.

Moderating role of ethical leadership

As discussed above, ethical leadership promotes CSR, which further contributes to firm reputation. We argue that the effect of CSR on firm reputation is contingent upon ethical leadership, which provides an ethical organizational climate. Specifically, ethical leaders frequently communicate ethical values to their followers, set clear and consistent ethical standards, reward ethical behavior, and punish unethical behavior (Brown & Treviño, 2006). Further, ethical leadership can safeguard a company's reputation and credibility by emphasizing ethical decision making, and strengthening stakeholder relationships.

Under strongly ethical leadership, firms engaging in CSR practices tend to build trust-based relationship with their stakeholders. Whether or not the CSR activities are effective depends on the extent to which leaders demonstrate their sincerity towards the CSR. In other words, strong ethical leaders must be prepared to make a personal involvement to ensure long-term commitment to CSR activities. More importantly, we argue that CSR is positively related to firm reputation only when leaders display strong ethical leadership. It is because they implement CSR with consistency and determination, backed up by promises with solid action, which will ultimately create sustainable value for both shareholders and stakeholders over time. If CSR and weak ethical leadership coexist in an organization, their contradictions can become a destructive force. CSR is not a "quick fix" project. When leaders have low or no intention to invest in CSR, any attempts to embark in CSR programs for their companies will be seen as greenwashing or questionable activities in the public eye. Thus, we propose:

Hypothesis 4 Ethical leadership moderates the relationship between CSR and firm reputation such that perceived CSR positively affects firm reputation when leaders display strong but not weak ethical display strong, but not weak, ethical leadership.

We posit that ethical leadership positively affects CSR, which further positively affects firm reputation, and that ethical leadership moderates the relationship between CSR and firm reputation. Based on these hypotheses, it is logical to predict that strong ethical leadership will have an indirect effect on firm reputation through CSR. However, it will have no indirect effect on firm reputation when leaders display weak ethical leadership.

We further predict that firm reputation mediates the relationship between CSR and firm performance. CSR is viewed as the guarantor to ensure stakeholder satisfaction and the distribution of value to all stakeholders. CSR thereby enables firms to improve reputation with, and gain support from, a broad range of stakeholders. Firm reputation is rooted in the aggregated assessments of the firm's stakeholders. Support from the stakeholders, such as consumers (to buy/recommend/say positive things), media (to promote products and services), and shareholders (to invest), will lead to superior firm performance. Researchers argue that CSR initiatives can create reputational advantages such as building trust, securing financing from new projects, and new market opportunities (Fombrun, Gardberg, & Barnett, 2000; Porter & van der Linde, 1995). CSR thus generates indirect economic benefits through developing a favorable firm reputation.

To this point, we contend that ethical leaders should enhance firm reputation as a result of companies investing more in CSR programs and adopting more CSR practices, which should further positively influence performance. Accordingly, leaders with weak ethical leadership will not enhance firm reputation even if they implement more CSR initiatives (as seen, e.g., in the case of Enron scandal), which can bring negative impact on firm performance in the long run. In other words, when leaders display strong ethical leadership, an increase in CSR will be associated with an increase in performance due to the enhancement of reputation. When leaders display weak ethical leadership, an increase in CSR will not be associated with a performance increment because reputation will be unaffected. Thus, the following hypotheses are presented:

Hypothesis 5 Ethical leadership moderates its indirect effect on firm reputation through CSR. Specifically, the indirect effect holds when leaders display strong, but not weak, ethical leadership.

Hypothesis 6 Ethical leadership moderates the indirect effect of CSR on firm performance through firm reputation. Specifically, the indirect effect holds when leaders display strong, but not weak, ethical leadership.

Methods

Sample and data collection

We selected our sample from tourism firms in three cities (Guangzhou, Shenzhen, and Zhuhai) in Guangdong Province, China. The three cities have the most thriving tourism industry. The tourism industry has a broader social responsibility for the public good, due to its impact on economies, societies, cultures, and environments (de Grosbois, 2012; Hall & Brown, 2006; Henderson, 2007), and for the sustainability of the industry itself (Bramwell & Lane, 1993; Müller, 1994). With the increasing awareness of the need for ethical and sustainable practices (e.g., the green hotel movement, the reduction of energy consumption, and charitable donations) in the Chinese tourism industry, Chinese tourism companies are beginning to incorporate CSR in their strategic plans as an essential element for long-term sustainability. This means that strategic CSR practices are emerging in the Chinese tourism industry. Researchers thus are increasingly interested in CSR within this industry from different angles and multiple perspectives (Gu, Ryan, Bin, & Wei, 2013).

We collected data in two major tourism sectors: hotels and travel agencies. To encourage a higher response rate, we pretested the questionnaires with top executives in 10 selected tourism companies to determine whether the questions were realistic, understandable, and generalizable in the Chinese context. Their comments and suggestions were incorporated into the final instruments. We gained access to the participating firms in the three cities through a combination of personal contacts and a snowballing technique that used the contacts of contacts. This approach is particularly effective and useful in China, where personal networks (or *guanxi*) significantly facilitate company access (Sun, Aryee, & Law, 2007). To minimize the potential impact of common method bias, we collected data from two different sources at two different points in time. In Round 1 of data collection, we distributed the surveys on CSR and general managers' ethical leadership to vice-general managers. These are top-level executives who are familiar with the leadership styles of general managers. In Round 2 (1 month later), we distributed the surveys on firm reputation and performance to general managers. General managers handle functions such as personnel, finance, and sales and marketing, and take responsibility for the company's overall performance. Hence, they are in a position to provide an overall assessment of the firm's performance and reputation. The project coordinators were fully informed about the questionnaire-distribution procedures in both rounds of data collection.

In Round 1, we sent the first batch of questionnaires to one project coordinator who was responsible for contacting the general secretary of the Zhuhai Tourism Association, which is in charge of more than 100 local star-rated hotels and travel agencies. The general secretary then distributed the questionnaires to the vice-general managers of those hotels and agencies when they were gathered in one place for the association conference. Some of the managers completed and returned the questionnaires on the spot, whereas others took them home to fill out and then returned the completed surveys by fax. We sent the second batch to the vice-general managers of tourism companies in Guangzhou and Shenzhen through coordinators, each of whom was responsible for 10–15 organizations. After 2 weeks, one of the authors contacted the general secretary in charge of the Zhuhai survey and the coordinators in charge of the Guangzhou and Shenzhen surveys to remind them to return the questionnaires that had been completed by the vice-general managers. For the data collection in Round 2, we followed the same procedures as described in Round 1. In total, we distributed questionnaires to 390 companies.

From the 780 questionnaires sent to 390 tourism companies, a total of 416 completed surveys from 208 companies were returned, giving a response rate of 53 %. After incomplete questionnaires were excluded, data from 199 companies constituted the sample for this study. Of these 199 companies, 64.8 % had been in existence for more than 10 years, 57.1 % had fewer than 100 employees, and 65.7 % were privately or collectively owned.

Measures

Two independent bilingual professors translated the entire survey from English into Chinese and then back-translated it into English to ensure equivalence of meaning (Brislin, 1980). All scales adopted the 5-point Likert-type response format. We asked respondents to choose an answer that best represented their beliefs and attitudes.

Corporate social responsibility We used the 13-item scale developed by Singhapakdi, Vitell, Rallapalli, and Kraft (1996) to measure the perceptions of top management toward CSR (ranging from 1 = totally disagree, to 5 = totally agree; sample items include "Social responsibility and profitability can be compatible," "Being ethical and socially responsible is the most important thing a firm can do," and "Business has a social responsibility beyond making a profit"). The scale has been widely validated and used in the management literature and has been shown to have sound psychometric properties (see, e.g., Etheredge, 1999; Shafer, Fukukawa, & Lee, 2007). The scale's alpha reliability in this study was .71.

Ethical leadership We used the 15-item scale developed by Resick et al. (2006) to measure general manager's ethical leadership (such as "Trust," "Communicative," and "Morale Booster"). Resick et al.'s (2006) scale has been validated across 31 different societies including China and used in various studies (Martin, Resick, Keating, & Dickson, 2009). We asked the vice-general managers to indicate to what extent they agreed (ranging from 1 = totally disagree, to 5 = totally agree) with each statement regarding their immediate supervisors (general managers). The scale's alpha reliability in this study was .96.

Firm reputation We used the well-known *Fortune* criteria to measure firm reputation. The 8-item scale (ranging from 1 = very poor, to 5 = very good) includes innovativeness, quality of management, value as a long-term investment, community and environmental responsibility, ability to attract and retain talented people, quality of products and services, financial soundness, and the wise use of corporate assets. This kind of published ranking measures the reputation of corporations among particular stakeholder groups, such as business leaders (Wry, Deephouse, & McNamara, 2006). Academics often use the *Fortune* survey in testing links between firm reputation and other financial or strategic variables, such as CSR (Chun, 2005). From the list of the "World's Most Admired Companies" issued annually by *Fortune* magazine, we can see that *Fortune* started merging both US and non-US companies to create a global ranking a few years ago. Indeed, the *Fortune* items appear to be applicable to the Chinese context. The scale's alpha reliability in this study was .91.

Firm performance We operationalized firm performance using accounting measures, including return on investment (ROI), return on equity (ROE), return on sales (ROS), and growth in sales in the same year as the action measure. The measures (ranging from 1 =

within last 20 %, to 5 = within first 20 %) were derived from questions asking respondents to assess firm performance relative to the performance of industry competitors. Research has shown that measures of perceived firm performance are positively correlated with objective measures of firm performance (Dollinger & Golden, 1992; Powell, 1992). We used accounting measures in this study because they are regarded as a standard means of assessing relative financial performance, and are more widely acceptable and less likely to produce ambiguity than other measures (Aupperle et al., 1985; Chow, Teo, & Chew, 2013; Wang, Jiang, Yuan, & Yi, 2013). The scale's alpha reliability in this study was .91.

Control variables To rule out alternative explanations for our findings, we controlled for three variables; the age of the organization, its size, and ownership type. Studies show that age and size (Kanter, 1984; Pinchot, 1985), and ownership type (Law, Tse, & Zhou, 2003) may influence performance. For the selection of our control variables, we followed the approach of other studies conducted in emerging markets, such as China, India, Indonesia, and Mexico (e.g., Mishra & Suar, 2010; Muller & Kolk, 2009; Rahmawati & Dianita, 2011; Wang, Qiu, & Kong, 2011). We calculated age as the number of years between the establishment of the firm and the date the survey was completed. We defined size by the number of employees. We classified ownership into four types; state-owned, privately or collectively owned, joint venture, and totally foreign owned.

Data analysis

We used bootstrap analysis (Efron & Tibshirani, 1993) to test for a conditional indirect effect (MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002). Bootstrapping is used mainly because the usual Sobel's test is based on normality assumption of the indirect effects (i.e., a x b). This assumption is tenuous because the distribution of a product is non-normal, even when the variables constituting the product are normally distributed (Anderson, 1984). Bootstrapping is a nonparametric method based on resampling with replacement which is done many times, such as 1,000. From each of these samples the indirect effect is computed and a sampling distribution can be empirically generated. If the 95 % confidence interval excluded 0, the indirect effect being tested was declared statistically significant (Efron & Tibshirani, 1993). Following procedures suggested by Shrout and Bolger (2002), we bootstrapped 5,000 samples and used the bootstrap estimates to construct bias-corrected confidence intervals for all significance tests reported in this study.

We tested for the chain moderated mediation model by estimating three sets of equations:

$$\mathrm{M1} = \mathrm{a}_0 + \mathrm{a}_1\mathrm{X} + \mathrm{r}_1 \tag{1}$$

$$\mathrm{Y1(M2)} = \mathrm{b}_0 + \mathrm{b}_1\mathrm{X} + \mathrm{b}_2\mathrm{M1} + \mathrm{b}_3\mathrm{XM1} + \mathrm{r}_2 \tag{2}$$

$$\mathrm{Y2} = \mathrm{c}_0 + \mathrm{c}_1\mathrm{M1} + \mathrm{c}_2\mathrm{M2} + \mathrm{r}_3 \tag{3}$$

Using Eqs. 1 and 2, we tested whether ethical leadership (X) functions as a moderator of the path from CSR (M1) to firm reputation (Y1) as well as an independent variable. The strength of an indirect effect may depend on the level of CSR (H5). Using Eqs. 2 and 3, we tested whether the indirect effect of CSR (M1) on firm performance (Y2) via firm reputation (M2) is contingent upon ethical leadership (X) (H6). Thought it was not in our hypotheses, we further tested overall conditional indirect effect of ethical leadership. Specifically, we tested whether ethical leadership moderated its indirect effect on firm performance sequentially through CSR and reputation. We reported the result after the test of six hypotheses.

Results

Table 1 presents the results of the descriptive statistics, correlations, and scale reliabilities for the variables in this study. As can be seen from the table, ethical leadership was positively related to CSR (r = .55, p < .01). CSR was positively related to firm reputation (r = .35, p < .01), but not to firm performance (r = .11, n.s.). Firm reputation was positively related to firm performance (r = .52, p < .01).

Table 2 presents the regression results of the test of the direct and chain moderated mediation effects. As shown in Model 1, ethical leadership was positively related to CSR (b = .34, se. = .04, p < .001). Thus, H1 is supported. In Model 2, however, CSR was only marginally related to firm reputation (b = .19, se. = .12, p < .10). Thus, H2 is rejected. In Model 3, firm reputation was positively related to firm performance (b = .76, se. = .09, p < .001). Thus, H3 is supported. In Model 2, the interaction term of ethical leadership and CSR was significantly related to firm reputation (b = .39, se. = .13, p < .01). When ethical leadership was weak, CSR was not related to firm reputation (b = −.08, se. = .13, n.s.). When ethical leadership was strong, CSR was positively related to firm reputation (b = .47, se. = .16, p < .001). Thus, H4 is supported. To further examine whether the form of the interaction term conformed

Table 1 Descriptive statistics, correlations, and reliabilities

Variables	Mean	s.d.	1	2	3	4	5	6	7
1. Year (phase 1)	10.04	5.97	–						
2. Size (phase 1)	2.07	.49	.43**						
3. Ownership type (phase 1)	1.98	.68	−.08	−.01					
4. Ethical leadership (phase 1)	3.90	.71	.01	.23**	−.03	(.96)			
5. CSR (phase 1)	3.71	.46	.09	.25**	.10	.55**	(.71)		
6. Firm reputation (phase 2)	3.74	.70	.06	.15*	.02	.52**	.35**	(.91)	
7. Firm performance (phase 2)	3.41	.89	.16*	.08	.07	.15*	.11	.52**	(.91)

Reliability coefficients (alpha) are on the diagonal

N = 199

Size takes on the log value

CSR Corporate social responsibility

*p < .05, **p < .01

Table 2 Regression results of chain moderated mediation

Variables	Model 1 CSR (phase 1)				Model 2 Firm reputation (phase 2)				Model 3 Firm performance (phase 2)			
	b	se.	*t*	*p*	*b*	se.	*t*	*p*	*b*	se.	*t*	*p*
Year (phase 1)	.01	.01	.79	.431	.01	.01	.77	.444	.02	.01	2.19	.030
Size (phase 1)	.10	.06	1.53	.127	.02	.10	.19	.846	−.05	.13	−.41	.680
Own (phase 1)	.08	.04	2.09	.038	.03	.06	.45	.650	.09	.08	1.13	.260
Ethical leadership (phase 1)	.34	.04	8.80	.000	.42	.07	5.73	.000	−.16	.10	−1.52	.129
CSR (phase 1)					.19	.12	1.68	.095	−.08	.15	−.52	.601
Ethical leadership × CSR					.39	.13	3.01	.003	.00	.17	.01	.991
Firm reputation (phase 2)									.76	.09	8.15	.000

N = 199

Size takes on the log value; Unstandardized regression coefficients are reported

CSR Corporate social responsibility

to the hypothesized pattern, we followed Aiken and West (1991) in plotting simple slopes at one standard deviation above and below the mean of ethical leadership. Figure 2 depicts the plot of this significant interaction term. In support of H4, under strong ethical leadership, CSR was positively related to firm reputation, while under weak ethical leadership, the two were not related.

Given the significant interaction effect reported above, we further tested H5 (the indirect effect of ethical leadership on firm reputation via CSR) and H6 (the indirect effect of CSR on firm performance via firm reputation) by estimating the conditional indirect effects at low and high values of ethical leadership. Table 3(1) displays these effects on firm reputation. As can be seen, at low levels of ethical leadership, there was no indirect effect on firm reputation via CSR ($b = -.03$, se. = .05, 95 % CI [−.117, .065]). However, at a high level of ethical leadership, there was a significant indirect effect on firm reputation via CSR ($b = .16$, se. = .06, 95 % CI [.050, .295]). Thus, we can observe the indirect and positive effect of ethical leadership on firm reputation through CSR when such leadership was strong but not when it was weak. H5 is thus supported.

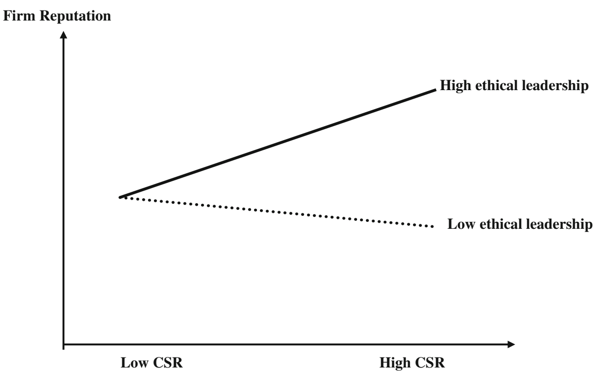


Fig. 2 Interactive effect of ethical leadership and CSR on firm reputation

Table 3 Results of conditional indirect effects

Conditional indirect effects at low and high ethical leadership				
(1)				
	b_1	se.	z	*p*
Low ethical leadership	−.03	.05	−.55	.58
High ethical leadership	.16	.06	2.58	.01
(2)				
	b_2	se.	z	*p*
Low ethical leadership	−.06	.10	−.56	.57
High ethical leadership	.36	.14	2.48	.01

b_1 = Indirect effect of ethical leadership on firm reputation via CSR

b_2 = Indirect effect of CSR on firm performance via firm reputation

Table 3(2) shows the conditional indirect effect on firm performance. As shown, at a low level of ethical leadership, there was no indirect effect on firm reputation via CSR (*b* = −.06, se. = .10, 95 % CI [−.260, .142]). However, at a high level, there was a significant indirect effect on firm reputation via CSR (*b* = .36, se. = .14, 95 % CI [.100, .664]). Thus, we can observe the indirect and positive effect of CSR on firm performance through firm reputation when ethical leadership was strong but not when it was weak. H6 is thus supported Figures 3 and 4 depict the plot of the conditional indirect effects, with an accompanying 95% confidence band, in support of H5 and H6.

The result of overall conditional indirect effect suggested that the indirect effect of ethical leadership did not moderate its indirect effect on firm performance through CSR and firm reputation when leaders displayed strong, but not weak ethical leadership.

Discussion

This study examined the antecedents and outcomes of CSR, and the moderating role of ethical leadership. Specifically, the results show that (1) ethical leadership moderates its indirect effect on firm reputation via CSR. We observed such an indirect

Fig. 3 Region of significance of conditional indirect effect of ethical leadership on firm reputation via CSR versus the moderator (ethical leadership)

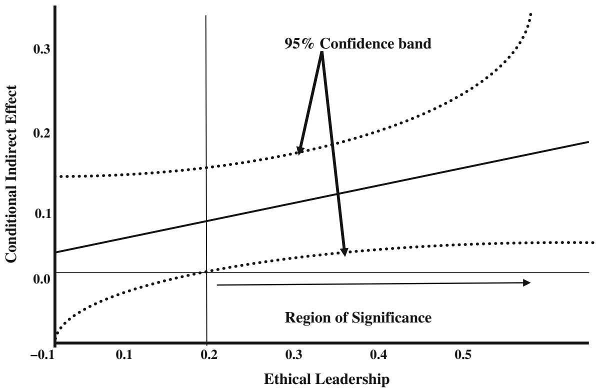
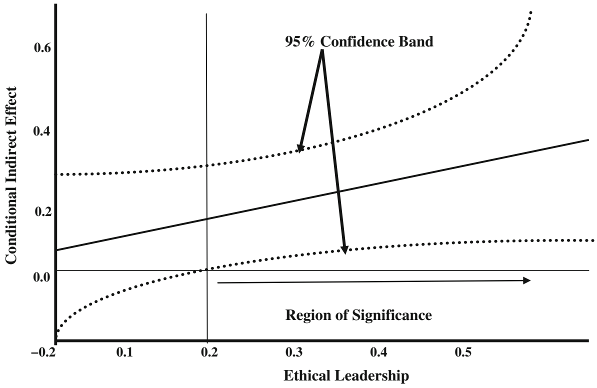


Fig. 4 Region of significance of conditional indirect effect of CSR on firm performance via firm reputation versus the moderator (ethical leadership)



and positive effect when ethical leadership was strong but not when it was weak; and (2) CSR has an indirect effect on firm performance via firm reputation. We observed such an indirect and positive effect when ethical leadership was strong but not when it was weak. Our discussion now addresses the implications of our work for theory, research, and practice.

Theoretical implications

Three theoretical implications are discernible from this study. First, this study empirically examines the impact of ethical leadership on CSR engagement at the firm level. On the one hand, this study responds to the call for exploring the role of leadership in promoting the ideals of CSR (Strand, 2011), advancing the line of research on the role of ethical leadership in determining CSR activities. On the other hand, this study addresses a gap in the ethical leadership literature by examining CSR as a positive outcome of ethical leadership at the firm level (Mayer et al., 2012; Walumbwa et al., 2011). This study serves as foundation for further explorations into the effect of ethical leadership on socially responsible behaviors at the firm level.

Second, this study provides support for the stakeholder theory. According to this approach, when a firm seeks to serve the interests of its shareholders only, its success in doing so is likely to be affected by other stakeholders (such as customers, employees, and suppliers; Foster & Jonker, 2005; Wong, Ormiston, & Tetlock, 2011). Alternatively, it may be said that the interests of shareholders cannot be met without satisfying, to a certain degree, the needs of other stakeholders. The inclusive stakeholder approach makes commercial sense, allowing the firm to maximize shareholder wealth while increasing the total value added (Phillips et al., 2003). Socially responsible top executives must identify the issues faced by various stakeholder groups; seek possible solutions; consider the pros, cons, and tradeoffs that accompany each solution; and finally select and implement a solution that satisfies the interests of multiple stakeholders. Following this perspective, this study extends the current research on the mechanism through which CSR affects firm performance. The inconsistent findings regarding the effect of CSR on firm performance means there is a need for researchers to understand why and how this happens. The results of our study suggest that ethical leadership moderates the indirect effect of CSR on firm performance via firm reputation. CSR has a strong indirect effect on firm performance when leaders display strong ethical leadership, but not when this is weak. The investigation of the mediating role of firm reputation contributes to our understanding of *why* CSR influences firm performance, and also identifies possible mechanisms for *how* it does so. A leadership approach to ethics not only confers the legitimacy and sustainability necessary to achieve business success, but also serves as an effective way to implement socially responsible activities in an organization (Sama & Shoaf, 2008). Indeed, our study is a response to the call for research on CSR and firm performance which moves from exploring bivariate relationships to a more comprehensive understanding of the relationship. This study is one of the first to examine the role of ethical leadership in a model in which CSR influences firm performance.

Third, our findings verify the generalizability of the impact of CSR in a non-Western cultural context. Prior studies in this field have primarily been conducted in the context of Western developed markets, where there are strong institutions and appeal systems that support CSR practices. Studies on CSR and its impact on firm performance have only recently appeared in China (e.g., Chen & Wang, 2011; Wang & Qian, 2011; Ye & Zhang, 2011). Although China still lags behind its Western counterparts in terms of CSR, Chinese firms have made some significant and positive progress in this area in recent years (Tsoi, 2010). This study provides insight into the integration of ethical leadership and CSR, and its implications for performance in Chinese firms.

Practical implications

Our study has implications for managers, particularly in China, in terms of how and where efforts to promote CSR should be concentrated so as to enhance firm performance. Managers in other countries and regions with similar cultural and social norms could use our results to devise a roadmap for the development of their CSR strategies and initiatives (Karam et al., 2013). Specifically, the current study has three practical implications. First, leaders are first and foremost members of their organizations and stakeholder groups. Ethical leaders devote their time and energy to instilling their own ethics and values into the corporate culture. It is crucial for them to tell a compelling and morally rich story, and to bring it to life by making a strong commitment to ethical values and acting as a role model of socially responsible behavior.

Second, the results indicate that strong ethical leadership provides the context within which a company’s CSR practices create a more positive reputation among stakeholders, which ultimately enhances firm performance. As suggested by Drucker (1974), an organization high “in spirit of performance” is one whose leaders possess integrity and serve the common good. Strong ethical leadership is likely to reveal itself in the manner in which leaders refuse to compromise ethical standards in the pursuit of organizational performance. Ethical leaders commit themselves to setting high ethical standards and acting in accordance with them. Consistent with high ethical principles such as honesty, fairness, and trustworthiness, leaders not only take responsibility for their own actions, but also use rewards and punishments appropriately to hold subordinates responsible for their actions (Brown & Treviño, 2006). In the leadership literature, integrity is seen as a fundamental prerequisite (Drucker, 1974; Simons, 2002). The perception that a leader has integrity has been shown to lead to positive effects, such as trust (Simons, 2002) and an ethical organizational culture (Brown & Treviño, 2006). Thus, leaders must realize that they play a critical role in creating, sustaining, or changing all aspects of an ethical working environment and climate. They should serve as role models who have integrity and credibility by engaging in normatively appropriate conduct and making their ethical message salient.

Third, this study has direct practical implications for top managers in Chinese firms. As a fast-growing emerging economy, organization policies in China are increasingly driven by social and environmental concerns. While China is now integrating into world economy, there is a growing demand and pressure to meet international standards of business ethics and socially responsible practices. It is imperative for Chinese firms to strengthen their awareness of CSR and actively meet their social responsibilities. The results of this study indicate that CSR engagement has a positive indirect effect on firm performance. Consequently, improved performance can bring various benefits to the company and the community, such as positive publicity, enhanced staff commitment, and greater satisfaction of customer needs (Sheldon, Knox, & Lowry, 2005). Hence, Chinese managers should exercise their ethical duties and responsibilities by taking stakeholder interests into account, which in the long term will help their organization gain and sustain a competitive advantage.

Limitations and directions for future research

This study has several limitations which provide avenues for future research. First, in examining the impact of CSR on firm performance, this study primarily focuses on the advantages that CSR has brought, but neglect the potential costs of CSR that might decrease firm performance. However, companies can use CSR to produce direct benefits for the bottom line. CSR can be viewed as a form of investment or business strategy to differentiate a corporation and its goods and services. Differentiation will allow the firm to command a premium price or premium market share for its product over the competition. McWilliams and Siegel (2001: 119) purported that "CSR may be a popular means of achieving differentiation, because it allows ethical leaders to simultaneously satisfy personal interests and to achieve product differentiation" which favorably influences firm performance. Ethical leaders may tend to regard CSR in the same way as making business investment decisions, that is, to assess the costs as well as anticipated benefits and related revenues that the business will bring. A systematic approach to CSR investment is therefore likely to yield the most positive results because ethical leaders are likely to make investment decisions which demonstrate the most efficient allocation of resources from the perspective of both the firm and society. Hence, it is possible that the benefits of investing in CSR outweigh the cost in the long run.

Second, since we obtained data on all the variables from high-level managers only, there is a possibility of bias. Data obtained directly from senior managers would clearly be a preferable approach for assessing their attitudes and perceptions toward CSR issues and their leadership orientation with regard to ethical issues. It would be useful for future studies to use multiple types of data from other stakeholder groups, such as employees and customers.

Third, quantitative research such as this does have disadvantages. For example, the categories and theories used, as identified by the researcher, might not fully capture the respondents' understanding, and/or might reflect the views of the researcher instead of the participants or objective measures. Therefore, it would be advantageous for future research to incorporate other approaches. Take firm performance as an example. We used a subjective measure of firm performance. Though subjective firm performance ratings have positive correlations with objective measures (Dess & Robinson, 1984), it would be desirable to replicate our study using the latter.

Take CSR as another example. CSR in this study is treated as a perceptual construct (e.g., measuring "beliefs" statement about doing good for the society), rather than a "behavioral" construct (which measures the actual behavior of the firm). Although researchers recognize the challenge of developing comprehensive CSR measures that can address social performance, there is a tendency to rely on different stakeholders' areas to assess CSR performance in the literature (Carroll, 2000). The argument is "if we do less than this, we should not call it social performance" (Carroll, 2000: 474). Despite the apparent risk of applying CSR as a behavioral construct, stakeholders' views can be a more reliable way of measuring CSR compared to alternative methods. Hence, we stick to the stakeholder theory to measure CSR, as it tends to seek consistency with potentially divergent interests, meeting the discretionary responsibilities imposed on the organizations by the stakeholders. Further, CSR appears to be more of a public relations exercise to appear good in the society. There is a strong, inherent social desirability that can produce spurious relationships and thus hide the true relationships between variables (Ganster, Hennessey & Luthans, 1983). Social desirability constitutes one of potential sources of common method bias (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). To control common method bias, we use different sources for different measures and collect data from two points of time. We tested moderated and moderated indirect effect among variables in this study. Common method bias has been suggested to be less of an issue in moderated regression (Evans, 1985). For these reasons, the results in this study are subjective and not attributable to common method bias.

Finally, this study was restricted to one geographic region in China, which may limit the generalizability of our findings. To enhance their external validity, we encourage similar investigations in other regions or countries. On the other hand, future research design should include samples from multiple countries so that relatively universal boundary conditions/domains can be identified (Liden, 2012).

Conclusion

This study sought to explain why and how CSR enhances firm performance. This study examined the antecedents and outcomes of CSR and the moderating role of ethical leadership. This study highlights ethical leadership as an important determinant of CSR which also has a contingent role in the relationships between CSR, firm reputation, and firm performance. Our study adds value to the CSR literature.

References

Aiken, L. S., & West, S. G. 1991. *Multiple regression: Testing and interpreting interactions*. Newbury Park, CA: Sage.

Anderson, T. W. 1984. *An introduction to multivariate statistical analysis*, 2nd ed. New York: Wiley.

Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. 1985. An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28: 446–463.

Avey, J. B., Wernsing, T. S., & Palanski, M. E. 2012. Exploring the process of ethical leadership: The mediating role of employee voice and psychological ownership. *Journal of Business Ethics*, 107: 21–34.

Balmer, J. M. T. 2009. Corporate marketing: Apocalypse, advent and epiphany. *Management Decision*, 47(4): 544–572.

Bass, B. M., & Steidlmeier, P. 1999. Ethics, character, and authentic transformational leadership behavior. *Leadership Quarterly*, 10(2): 181–217.

Bhattacharya, C. B., Korschun, D., & Sen, S. 2009. Strengthening stakeholder–company relationships through mutually beneficial corporate social responsibility initiatives. *Journal of Business Ethics*, 85: 257–272.

Boyd, B., Bergh, D. D., & Ketchen, D. J., Jr. 2010. Reconsidering the reputation–performance relationship: A resource-based view. *Journal of Management*, 36(3): 588–609.

Bramwell, B., & Lane, B. 1993. Sustainable tourism: An evolving global approach. *Journal of Sustainable Tourism*, 1(1): 1–5.

Brickley, J., Smith, C., & Zimmerman, J. 2002. Business ethics and organizational architecture. SSRN paper no. 250947, Social Science Network Electronic Paper Collection.

Brislin, R. W. 1980. Translation and content analysis of oral and written material. In H. C. Triandis & J. W. Berry (Eds.). *Handbook of cross-cultural psychology*, Vol. 2: 349–444. Boston: Allyn & Bacon.

Bromiley, P., & Marcus, A. 1989. The deterrent to dubious corporate behavior: Profitability, probability, and safety recalls. *Strategic Management Journal*, 10: 233–250.

Brønn, P. S., & Vrioni, A. B. 2001. Corporate social responsibility and cause-related marketing: An overview. *International Journal of Advertising*, 20: 207–222.

Brown, M. E., & Treviño, L. K. 2006. Ethical leadership: A review and future directions. *Leadership Quarterly*, 17: 595–616.

Brown, M. E., Treviño, L. K., & Harrison, D. A. 2005. Ethical leadership: A social learning theory perspective for construct development. *Organizational Behavior and Human Decision Processes*, 97: 117–134.

Carroll, A. B. 2000. Ethical challenges for business in the new millennium: Corporate social responsibility and models of management morality. *Business Ethics Quarterly*, 10(1): 33–42.

Carroll, A. B., & Buchholtz, A. K. 2003. *Business and society: Ethics and stakeholder management*, 5th ed. Mason, OH: Thomson South-Western.

Chen, H. H., & Wang, X. Y. 2011. Corporate social responsibility and corporate financial performance in China: An empirical research from Chinese firms. *Corporate Governance*, 11: 361–370.

Chow, I., Teo, S. T. T., & Chew, I. 2013. HRM systems and firm performance: The mediation role of strategic orientation. *Asia Pacific Journal of Management*, 30(1): 53–72.

Chun, R. 2005. Corporate reputation: Meaning and measurement. *International Journal of Management Reviews*, 7: 91–109.

Clarkson, M. B. E. 1995. A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20: 92–117.

Cockburn, I. A., Henderson, R. M., & Stern, S. 2000. Untangling the origins of competitive advantage. *Strategic Management Journal*, 21: 1123–1145.

de Grosbois, D. 2012. Corporate social responsibility reporting by the global hotel industry: Commitment, initiatives and performance. *International Journal of Hospitality Management*, 31: 896–905.

Dess, G. G., & Robinson, R. B. 1984. Measuring organizational performance in the absence of objective measures: The case of the privately-held firm and conglomerate business unit. *Strategic Management Journal*, 5: 265–273.

Dollinger, M. J., & Golden, P. A. 1992. Interorganizational and collective strategies in small firms: Environmental effects and performance. *Journal of Management*, 18: 695–715.

Donaldson, T., & Preston, L. E. 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20: 65–91.

Drucker, P. F. 1974. *Management: Tasks, responsibilities, practices*. New York: Harper and Row.
Efron, B., & Tibshirani, R. J. 1993. *An introduction to the bootstrap*. New York: Chapman and Hall.
Etheredge, J. M. 1999. The perceived role of ethics and social responsibility: An alternative scale structure. *Journal of Business Ethics*, 18: 51–64.
Evans, M. G. 1985. A monte carlo study of the effects of correlated method variance in moderated multiple regression analysis. *Organizational Behavior and Human Decision Processes*, 36: 305–323.
Fombrun, C. 1996. *Reputation: Realising value from the corporate image*. Cambridge: Harvard Business School Press.
Fombrun, C. J., Gardberg, N. A., & Barnett, M. L. 2000. Opportunity platforms and safety nets: Corporate citizenship and reputational risk. *Business and Society Review*, 105(1): 85–106.
Fombrun, C., & Shanley, M. 1990. What's in a name? Reputation building and corporate strategy. *Academy of Management Journal*, 33: 233–258.
Foster, D., & Jonker, J. 2005. Stakeholder relationships: The dialogue of engagement. *Corporate Governance*, 5: 51–57.
Ganster, D. C., Hennessey, H. W., & Luthans, F. 1983. Social desirability response effects: Three alternative models. *Academy of Management Journal*, 26: 321–331.
Greenwood, R., Li, S. X., Prakash, R., & Deephouse, D. L. 2005. Reputation, diversification, and explanations of performance in professional service firms. *Organization Science*, 16(6): 661–673.
Groves, K. S., & LaRocca, M. A. 2011. An empirical study of leader ethical values, transformational and transactional leadership, and follower attitudes toward corporate social responsibility. *Journal of Business Ethics*, 103: 511–528.
Gu, H. M., Ryan, C., Bin, L., & Wei, G. 2013. Political connections, *guanxi* and adoption of CSR policies in the Chinese hotel industry: Is there a link?. *Tourism Management*, 34: 231–235.
Hall, D., & Brown, F. 2006. *Tourism and welfare: Ethics, responsibility, and sustained well-being*. Wallingford, UK: CABI Publishing.
Hall, R. 1993. A framework linking intangible resources and capabilities to sustainable competitive advantage. *Strategic Management Journal*, 14: 607–618.
Henderson, J. C. 2007. Corporate social responsibility and tourism: Hotel companies in Phuket, Thailand, after the Indian Ocean tsunami. *Hospitality Management*, 26: 228–239.
Highhouse, S., Brooks, M. E., & Gregarus, G. 2009. An organizational impression management perspective on the formation of corporate reputations. *Journal of Management*, 35(6): 1481–1493.
Hooghiemstra, R. 2000. Corporate communication and impression management—New perspectives why companies engage in corporate social reporting. *Journal of Business Ethics*, 27: 55–68.
Jones, R. 2005. Finding sources of brand value: Developing a stakeholder model of brand equity. *Brand Management*, 13(1): 10–32.
Kacmar, K. M., Andrews, M. C., Harris, K. J., & Tepper, B. J. 2013. Ethical leadership and subordinate outcomes: The mediating role of organizational politics and the moderating role of political skill. *Journal of Business Ethics*, 115: 33–44.
Kanter, R. M. 1984. Innovation – The only hope for times ahead?. *Sloan Management Review*, 25: 51–55.
Karam, C. M., Ralston, D. A., Egri, C. P., Butt, A., Srinivasan, N., Fu, P. P., Lee, C. H., et al. 2013. Perceptions of the ethicality of favors at work in Asia: An 11-society assessment. *Asia Pacific Journal of Management*, 30(2): 373–408.
Klein, J., & Dawar, N. 2004. Corporate social responsibility and consumers' attributions and brand evaluations in a product–harm crisis. *International Journal of Research in Marketing*, 21(3): 203–217.
Lai, C. S., Chiu, C. J., Yang, C. F., & Pai, D. C. 2010. The effects of corporate social responsibility on brand performance: The mediating effect of industrial brand equity and corporate reputation. *Journal of Business Ethics*, 95: 457–469.
Law, K. S., Tse, D. K., & Zhou, N. 2003. Does human resource management matter in a transitional economy? China as an example. *Journal of International Business Studies*, 34: 255–265.
Lee, Y. K., Kim, Y. S., Lee, K. H., & Li, D. X. 2012. The impact of CSR on relationship quality and relationship outcomes: A perspective of service employees. *International Journal of Hospitality Management*, 31: 745–756.
Liden, R. C. 2012. Leadership research in Asia: A brief assessment and suggestions for the future. *Asia Pacific Journal of Management*, 29(2): 205–212.
Liu, Y., Loi, R., & Lam, L. W. 2013. Exemplification and supervisor-rated performance: The moderating role of ethical leadership. *International Journal of Selection and Assessment*, 21(2): 145–154.
Luo, X., & Bhattacharya, C. B. 2009. The debate over doing good: Corporate social performance, strategic marketing levers, and firm-idiosyncratic risk. *Journal of Marketing*, 73: 198–213.

Lynch, J., & de Chernatony, L. 2004. The power of emotion: Brand communication in business-to-business markets. *Brand Management*, 11(5): 403–419.

Maak, T. 2007. Responsible leadership, stakeholder engagement, and the emergence of social capital. *Journal of Business Ethics*, 74: 329–343.

Maak, T., & Pless, N. M. 2006. Responsible leadership in a stakeholder society. *Journal of Business Ethics*, 66: 99–115.

MacKinnon, D. P., Lockwood, C. M., Hoffman, J. M., West, S. G., & Sheets, V. 2002. A comparison of methods to test mediation and other intervening variable effects. *Psychological Methods*, 7: 83–104.

Maignan, I., & Ralston, D. 2002. Corporate social responsibility in Europe and the US: Insights from businesses' self-presentations. *Journal of International Business Studies*, 33: 497–514.

Margolis, J. D., & Walsh, J. P. 2003. Misery loves companies: Rethinking social initiatives. *Business Administrative Science Quarterly*, 48: 268–305.

Martin, G. S., Resick, C. J., Keating, M. A., & Dickson, M. W. 2009. Ethical leadership across cultures: A comparative analysis of German and US perspectives. *Business Ethics: A European Review*, 18: 127–144.

Mayer, D. M., Aquino, K., Greenbaum, R. L., & Kuenzi, M. 2012. Who displays ethical leadership and why does it matter? An examination of antecedents and consequences of ethical leadership. *Academy of Management Journal*, 55: 151–171.

McWilliams, A., & Siegel, D. 2001. Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26(1): 117–127.

McWilliams, A., Siegel, D., & Wright, P. M. 2006. Corporate social responsibility: Strategic implications. *Journal of Management Studies*, 43: 1–18.

Mendonca, M. 2001. Preparing for ethical leadership in organizations. *Canadian Journal of Administrative Sciences*, 18(4): 266–276.

Mishra, S., & Suar, D. 2010. Does corporate social responsibility influence firm performance of Indian companies?. *Journal of Business Ethics*, 95: 571–601.

Moon, J. 2001. Business social responsibility: a source of social capital?. *Reason in Practice*, 1(3): 35–45.

Morsing, M., & Schultz, M. 2006. Corporate social responsibility communication: Stakeholder information, response and involvement strategies. *Business Ethics: A European Review*, 15(4): 323–338.

Müller, H. 1994. The thorny path to sustainable tourism development. *Journal of Sustainable Tourism*, 2(3): 131–136.

Muller, A., & Kolk, A. 2009. CSR performance in emerging markets evidence from Mexico. *Journal of Business Ethics*, 85: 325–337.

Okamoto, D. 2009. Social relationship of a firm and the CSP–CFP relationship in Japan: Using artificial neural networks. *Journal of Business Ethics*, 87: 117–132.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. 2003. Corporate social and financial performance: A meta-analysis. *Organization Studies*, 24: 403–441.

O'Shaughnessy, K. C., Gedajlovic, E. R., & Reinmoeller, P. 2007. The influence of firm, industry and network on the corporate social performance of Japanese firms. *Asia Pacific Journal of Management*, 24(3): 283–303.

Pfarrer, M. D., Pollock, T. G., & Rindova, V. P. 2010. A table of two assets: The effects of firm reputation and celebrity on earnings surprises and investors' reactions. *Academy of Management Journal*, 53: 1131–1152.

Philipp, B. L. U., & Lopez, P. D. J. 2013. The moderating role of ethical leadership: Investigating relationships among employee psychological contracts, commitment, and citizenship behavior. *Journal of Leadership & Organizational Studies*, 20(3): 304–315.

Phillips, R., Freeman, E., & Wicks, C. 2003. What stakeholder theory is not. *Business Ethics Quarterly*, 13: 479–502.

Piccolo, R. F., Greenbaum, R., den Hartog, D. N., & Folger, R. 2010. The relationship between ethical leadership and core job characteristics. *Journal of Organizational Behavior*, 31: 259–278.

Pinchot, G., III. 1985. Introducing the "intrapreneur". *IEEE Spectrum*, 22: 74–79.

Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. 2003. Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88: 879–903.

Porter, M. E., & van der Linde, C. 1995. Green and competitive: Ending the stalemate. *Harvard Business Review*, 73(5): 120–134.

Powell, T. C. 1992. Organizational alignment as competitive advantage. *Strategic Management Journal*, 13: 119–134.

Puffer, S. M., & McCarthy, D. J. 2008. Ethical turnarounds and transformational leadership: A global imperative for corporate social responsibility. *Thunderbird International Business Review*, 50: 303–314.

Rahmawati, & Dianita, P. S. 2011. Analysis of the effect of corporate social responsibility on financial performance with earnings management as a moderating variable. *Journal of Modern Accounting and Auditing*, 7(10): 1034–1045.

Reed, A., Aquino, K., & Levy, E. 2007. Moral identity and judgments of charitable behaviors. *Journal of Marketing*, 71(1): 178–193.

Resick, C. J., Hanges, P. J., Dickson, M. W., & Mitchelson, J. K. 2006. A cross-cultural examination of the endorsement of ethical leadership. *Journal of Business Ethics*, 63: 345–359.

Reynolds, S. J., & Ceranic, T. L. 2007. The effects of moral judgment and moral identity on moral behavior: An empirical examination of the moral individual. *Journal of Applied Psychology*, 92: 1610–1624.

Rindova, V. P., Williamson, I. O., Petkova, A. P., & Sever, J. M. 2005. Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation. *Academy of Management Journal*, 48: 1033–1049.

Roberts, P. W., & Dowling, G. R. 2002. Corporate reputation and sustained superior financial performance. *Strategic Management Journal*, 23: 1077–1093.

Sama, L. M., & Shoaf, V. 2008. Ethical leadership for the professions: Fostering a moral community. *Journal of Business Ethics*, 78: 39–46.

Schaubroeck, J., Hannah, S., Avolio, B., Kozlowski, S., Lord, R., Trevino, L., Dimotakis, N., & Peng, C. 2012. Embedding ethical leadership within and across organizational levels. *Academy of Management Journal*, 55(5): 1053–1078.

Sen, S., Bhattacharya, C. B., & Korschun, D. 2006. The role of corporate social responsibility in strengthening multiple stakeholder relationships: A field experiment. *Journal of the Academy of Marketing Science*, 34(2): 158–166.

Shafer, W. E., Fukukawa, K., & Lee, G. M. 2007. Values and the perceived importance of ethics and social responsibility: The US versus China. *Journal of Business Ethics*, 70: 265–284.

Sheldon, P., Knox, J., & Lowry, K. 2005. Sustainable tourism in mass destinations: The case of Hawaii. *Tourism Review International*, 9(1): 47–59.

Shrout, P. E., & Bolger, N. 2002. Mediation in experimental and nonexperimental studies: New procedures and recommendations. *Psychological Methods*, 7(4): 422–445.

Simons, T. 2002. Behavioral integrity: The perceived alignment between managers' words and deeds as a research focus. *Organization Science*, 13: 18–35.

Singhapakdi, A., Vitell, S. J., Rallapalli, K. C., & Kraft, K. L. 1996. The perceived role of ethics and social responsibility: A scale development. *Journal of Business Ethics*, 15: 1131–1140.

Smith, W., & Higgins, M. 2000. Cause related marketing: Ethics and the ecstatic. *Business and Society*, 39(3): 304–322.

Stanaland, A. J. S., Lwin, M. O., & Murphy, P. E. 2011. Consumer perceptions of the antecedents and consequences of corporate social responsibility. *Journal of Business Ethics*, 102: 47–55.

Stawiski, S., Deal, J. J., & Gentry, W. 2010. *Employee perceptions of corporate social responsibility: The implications for your organization*. Greensboro, NC: Quick View Leadership Series, Center for Creative Leadership.

Strand, R. 2011. Exploring the role of leadership in corporate social responsibility: A review. *Journal of Leadership, Accountability and Ethics*, 8(4): 84–96.

Sun, L. Y., Aryee, S., & Law, K. S. 2007. High-performance human resource practices, citizenship behavior, and organizational performance: A relational perspective. *Academy of Management Journal*, 50: 558–577.

Teoh, S. H., Welch, I., & Wazzan, C. P. 1999. The effect of socially activist investment policies on the financial markets: Evidence from the South African boycott. *Journal of Business*, 72: 35–89.

Tsoi, J. 2010. Stakeholders' perceptions and future scenarios to improve corporate social responsibility in Hong Kong and mainland China. *Journal of Business Ethics*, 91: 391–404.

Varadarajan, P. R., & Menon, A. 1988. Cause-related marketing: A coalignment of marketing strategy and corporate philanthropy. *Journal of Marketing*, 52(3): 58–74.

Vitell, S. J., & Paolillo, J. G. P. 2004. Cultural study of the antecedents of the perceived role of ethics and social responsibility. *Business Ethics: A European Review*, 13(2/3): 185–200.

Vitell, S. J., Paolillo, J. G. P., & Thomas, J. L. 2003. The perceived role of ethics and social responsibility: A study of marketing professionals. *Business Ethics Quarterly*, 13(1): 63–86.

Vlachos, P. A., Tsamakos, A., Vrechopoulos, A. P., & Avramidis, P. K. 2009. Corporate social responsibility: Attributions, loyalty, and the mediating role of trust. *Journal of the Academy of Marketing Science*, 37: 170–180.

Waldman, D. A., Siegel, D. S., & Javidan, M. 2006. Components of CEO transformational leadership and corporate social responsibility. *Journal of Management Studies*, 43(8): 1703–1725.

Waller, D. S., & Lanis, R. 2009. Corporate social responsibility (CSR) disclosure of advertising agencies. *Journal of Advertising*, 38(1): 109–121.

Walsh, G., Mitchell, V. W., Jackson, P. R., & Beatty, S. E. 2009. Examining the antecedents and consequences of corporate reputation: A customer perspective. *British Journal of Management*, 20: 187–203.

Walumbwa, F. O., Mayer, D. M., Wang, P., Wang, H., Workman, K., & Christensen, A. L. 2011. Linking ethical leadership to employee performance: The roles of leader-member exchange, self-efficacy, and organizational identification. *Organizational Behavior and Human Decision Processes*, 115: 204–213.

Walumbwa, F. O., & Schaubroeck, J. 2009. Leader personality traits and employee voice behavior: Mediating roles of ethical leadership and work group psychological safety. *Journal of Applied Psychology*, 94: 1275–1286.

Wang, G., Jiang, X., Yuan, C.-H., & Yi, Y.-Q. 2013. Managerial ties and firm performance in an emerging economy: Tests of the mediating and moderating effects. *Asia Pacific Journal of Management*, 30(2): 537–559.

Wang, H. L., & Qian, C. L. 2011. Corporate philanthropy and corporate financial performance: The roles of stakeholder response and political access. *Academy of Management Journal*, 54: 1159–1181.

Wang, M., Qiu, C., & Kong, D. 2011. Corporate social responsibility, investor behaviors, and stock market returns: Evidence from a natural experiment in China. *Journal of Business Ethics*, 101: 127–141.

Wong, E. M., Ormiston, M. E., & Tetlock, P. E. 2011. The effects of top management team integrative complexity and decentralized decision making on corporate social performance. *Academy of Management Journal*, 54: 1207–1228.

Worcester, R. 2009. Reflections on corporate reputation. *Management Decision*, 47(4): 573–589.

Wright, P., & Ferris, S. 1997. Agency conflict and corporate strategy: The effect of divestment on corporate value. *Strategic Management Journal*, 18: 77–83.

Wry, T., Deephouse, D. L., & McNamara, G. 2006. Substantive and evaluative media reputations among and within cognitive strategic groups. *Corporate Reputation Review*, 9: 225–242.

Ye, K. T., & Zhang, R. 2011. Do lenders value corporate social responsibility? Evidence from China. *Journal of Business Ethics*, 104: 197–206.

Zairi, M., & Peters, J. 2002. The impact of social responsibility on business performance. *Managerial Auditing Journal*, 17(4): 174–178.

Yan Zhu (PhD, Macau University of Science and Technology) is an associate professor of management at Beijing Normal University, Zhuhai. Prior to her current academic career, she worked as a senior manager in education, consulting and training. Her management experience includes managing college accounts, human resources and marketing programs. Her current research interests are organizational behavior, leadership, strategic HRM, and business ethics.

Li-Yun Sun (PhD, Hong Kong Baptist University) is a professor of management at Macau University of Science and Technology, Macau. His research interests include strategic HRM, leadership, mentoring, and employee creativity.

Alicia Leung (PhD, University of Lancaster, UK) is an associate professor of management at the Hong Kong Baptist University. She is active in researching and writing materials about Asian organizations and management issues. Her research interests include workplace incivility, business ethics, corporate social responsibility, and strategic management in the Asian context.