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Strategic outcome of competitive advantage from corporate sustainability practices: Institutional theory perspective from an emerging economy

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Abstract

This study examined the use and effectiveness of corporate sustainability practices (CSP) and the subsequent effect on a strategic outcome, competitive advantage. The new institutional sociology (NIS) theoretical framework was applied, informed by three different dimensions of institutional pressures (coercive, mimetic and normative). The study used a survey method and developed a seven-dimensional model utilising the 52 principles provided by the OECD. It used a structural equation modelling in order to test the hypothesised associations between institutional pressures, CSP and competitive advantage to provide an institutional and contextualised perspectives from an emerging economy setting. The study found significant associations between the three types of institutional pressure with specific dimensions of CSP. The findings further revealed that specific CSP dimensions are diversely (positively and negatively) associated with competitive advantage. In line with the tenets of greenwashing, it highlighted the important role of institutional pressures from stakeholders (government, policy and customers) in implementing specific CSP. The findings inform managers, governments, foreign investors and other stakeholders in emerging economies about the influence of the institutional pressure in promoting the use of CSP and the effect of such practices on competitive advantage. From the context of an emerging economy, the study provides a unique empirical insight into the NIS perspective in promoting CSP and the subsequent impact on the strategic outcome, competitive advantage.

KEYWORDS

competitive advantage, corporate sustainability practices, emerging economy, measurement model, new institutional sociology, strategic outcome

Abbreviations: CA, competitive advantage; CP, coercive pressure; CSP, corporate sustainability practices; EMS, environmental management systems; GRI, Global Reporting Initiatives; ILO, International Labour Organization; ITO, International Trade Organization; MP, mimetic pressure; NIS, the New Institutional Sociology; NP, normative pressure; OECD, the Organisation of Economic Cooperation and Development; RMGs, readymade garments; TDM, tailored design method; UN, United Nations; WB, World Bank.

1 | INTRODUCTION

The use of corporate sustainability practices (CSP) has emerged as a pressure mechanism from organisations including society,

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governments, consumers and suppliers through ethical behaviour and exhibiting greater transparency in business (Orazalin, 2020; Rizkallah & Martínez, 2011) and is an inescapable priority of organisations around the globe (Porter & Kramer, 2006). However, it is evident in the literature that CSP varies across countries, industries and organisations (Cuganesan et al., 2010). For example, according to a KPMG (2017) survey on CSP, 93% of G250 organisations incorporate CSP information in their disclosures. The use of CSP varies with 83%, 78%, 77% and 52% of organisations from America, Asia Pacific, Europe and the Middle East and Africa, respectively, disclosing information on corporate social responsibility (CSR)¹ use (KPMG, 2017). The nature and degree of the pressure exerted on organisations by diverse groups may explain the variation in CSP (Pedersen & Gwozdz, 2014; Phan & Baird, 2015; Shnayder et al., 2016). Consequently, this study examines the influence of coercive, mimetic and normative institutional pressures on CSP.

The empirical examination of the influence of institutional pressures on CSP is considered because the use of CSP is a useful tool in responding to the changing demand of stakeholders with the pressure exerted on organisations prompting them to adopt CSP (Beddewela & Fairbrass, 2016; Cubilla-Montilla et al., 2020; Tolmie et al., 2020). Specifically, researchers suggest that a certain level of pressure from stakeholders such as customers, suppliers, governments and non-government organisations will compel organisations to adopt CSP to meet economic, environmental and social demands (Pedersen & Gwozdz, 2014; Phan & Baird, 2015; Shnayder et al., 2016). Shnayder et al. (2016) concluded that legislation, normative obligations and institutions are powerful drivers of CSP. For instance, the mining industry in Africa is under external pressure from civil society, financial markets and private and public regulations to adopt a CSP agenda in its core business (Mzembe & Meaton, 2014). Similarly, Albareda et al. (2008) refer to the role of government in compelling European organisations to adopt CSP to maintain diverse relationships between business and social organisations.

Second, such analysis is pertinent due to the unique legal systems, socio-economic conditions, cultural and institutional settings in emerging countries (Momin & Parker, 2013; Muttakin & Khan, 2014; Raithatha & Shaw, 2019) and the fact that CSP is generally inhibited by the profit imperatives of organisational owners (Belal & Cooper, 2011; Belal et al., 2015). Therefore, this study empirically examines the influence of institutional pressures on CSP, using new institutional sociology (NIS) specifically coercive, mimetic and normative pressures (DiMaggio & Powell, 1983). Organisations are coerced to seek legitimacy by obeying the requirements and norms expected by the wider society. Organisations are also confronted with mimetic pressure, that is, the pressure to follow industry best practices, and maintain a competitive position. Industry professionals and experts influence organisations in a normative way through their valuable analysis of the current and future markets and opinions on standard business practices. Hence, the pressure from governments, industry regulators, professional bodies, industry experts and leaders form a robust pressure

group that leads organisations to adopt CSP (Mzembe & Meaton, 2014). Accordingly, this study aims to empirically examine the influence of these institutional pressures on the use of CSP and therefore contributes to the contingency literature, including Cubilla-Montilla et al.'s (2020) study, which analysed the impact of institutional pressures on a dimension of CSP (the environmental dimension) and Tolmie et al.'s (2020) study on the influence of institutional pressures on multinational enterprises' CSP, both of which provided a pragmatic insight into the role of institutional isomorphism in determining and enhancing the extent of CSP in various dimensions.

In addition, the study empirically examines the impact of CSP on competitive advantage. This analysis is important for a number of reasons. First, the use of CSP in business activities may be an actionable tool to achieve a competitive advantage over rivals, a strategic objective of organisations (Du et al., 2011). Corporate officials have realised the importance of CSP use as a means of strengthening an organisation's competitive position in industry (Du et al., 2011). Likewise, Porter and Kramer (2006) highlighted the strategic implications of CSP in business, in particular, through achieving competitive advantage. Second, the extant literature on multidisciplinary fields, especially strategic management and marketing, theoretically conceptualises the use of CSP as a value-creating activity that leads organisations to generate superior business returns and strengthen their competitive position in industry (Du et al., 2011; McWilliams et al., 2006; McWilliams & Siegel, 2011; Porter & Kramer, 2006). While the extant literature has paid attention to the financial impact of CSP use (Kumar et al., 2022; Nwoba et al., 2021), empirical evidence on the strategic benefit (gaining competitive advantage) of CSP use is relatively sparse (McWilliams & Siegel, 2011), and thus, it is still a matter of ongoing debate (Gao et al., 2019). Therefore, this study aims to empirically examine the impact of CSP on competitive advantage.

There is evidence of the growing importance of CSP in Asian emerging economies (Waworuntu et al., 2014). Bangladesh was chosen as a suitable context as CSP is also prevalent in organisations from emerging economies. Bangladesh has a number of export-oriented industries, including readymade garments (RMGs), which is one of the largest RMG exporter countries in the world. Bangladesh has trade relations with many countries across the world, including the United States, Germany, the United Kingdom, France and the Netherlands, which provides a motivation for Bangladesh to adopt international principles of CSP. These principles embed diverse issues relating to employees, customers, suppliers, competitors, investors, people, environment, governments, multinational organisations and local culture.

The study followed the quantitative research approach to collect data employing a survey questionnaire, which is appropriate to measure the variables and analyse (Creswell, 2014; van der Stede et al., 2006; Van der, Young, & Chen, 2005; Sekaran, 2003) the hypothesised relationships. Given criticism has been levelled at past measures of CSP, for only partially addressing and/or incongruent measures of CSP (Gjølberg, 2009; Jackson & Apostolou, 2010; Lozano et al., 2008), the study develops a new comprehensive measure of CSP use based on the 52 principles provided by the

¹CSP encompasses CSR.

Organisation of Economic Co-operation and Development (OECD, 2011). This new measure is expected to provide an improved insight into CSP from an emerging country economy, Bangladesh. The wide support for the 52 principles of CSP use, both by OECD member and non-member countries across the globe, further reinforces the relevance of this new measure of CSP in Bangladesh.

While the literature refers to the sparse use of CSP in emerging economies (Belal et al., 2015; Phiri et al., 2018), our findings reveal that the extent of CSP in the sample Bangladeshi organisations is actually high in respect to five of the seven dimensions (all except 'accountability to external stakeholders' and 'environmental, occupational, and public health and safety'). This finding is a result of the increasing pressure imposed on organisations in Bangladesh to adopt CSP by international buyers and investors. The findings highlight the impact of the three institutional pressures in exacerbating the use of specific dimensions of CSP. For example, normative pressures exhibited a significant positive effect on the accountability to external stakeholders. The interaction analysis reveals that this effect is amplified when normative pressures are combined with mimetic pressures. Further, mimetic pressures exhibited a significant positive effect on the use of the other six dimensions of CSP indicating that the use of the majority of CSP practices is influenced by the need to secure legitimacy through imitating others and adopting best practices. Finally, coercive pressures exhibited a significant positive effect on the 'environmental, occupational, and public health and safety' and 'disclosure of information' dimensions of CSP.

The study contributes to the literature by developing a new measure of CSP with the resulting seven-dimensional model providing practitioners and researchers with a new insight into its relationship with institutional pressures and competitive advantage, as depicted in Figure 1. The model assists in resolving the ambiguity concerning the extent of CSP (Amini et al., 2018; Gjølborg, 2009; Jackson & Apostolakou, 2010; Landrum & Ohsowski, 2018), and it is recommended that practitioners and future researchers use it to assess the extent of CSP, especially in emerging countries. This study also provides an interesting insight into the nature of coercive pressures in emerging economies, with our measure of coercive pressures emphasising the compliance with the CSP requirements of local and international customers and suppliers, multinational organisations and non-government organisations, as opposed to government and/or regulatory requirements. Finally, it extends the contingency literature examining the effect of the CSP on a specific organisational strategic outcome, competitive advantage.

The paper proceeds as follows. The next section reviews the relevant literature on CSP, presents theoretical elements of NIS and develops the hypotheses. Section 3 presents the research method. The empirical results, validity and robustness tests are presented in Section 4 with the discussion being presented in Section 5. Section 6 concludes the study and includes a discussion of the limitations and areas for future research.

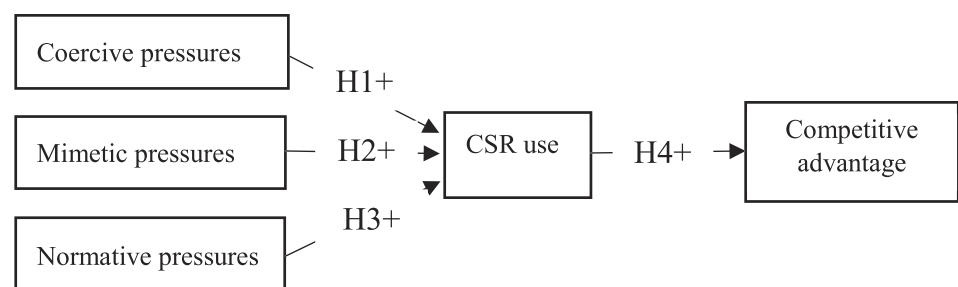
2 | LITERATURE REVIEW

2.1 | CSP in emerging economies

Developed economies are traditionally influenced by the government and regulatory bodies with governments one of the most influential stakeholders due to their formulation of diverse policies relating to corporate socially responsible behaviour (Abreu, 2009). For example, the 56 principles of socially responsible behaviour that we rely on to develop our new measure of CSP were formulated by the 42 OECD member countries' governments (OECD, 2011) who are expected to comply with such guidelines. The regulatory frameworks of various sources also prompt developed economy organisations to adopt CSP. For example, the financial regulatory frameworks relating to disclosing information have forced Canadian financial organisations to adopt CSP (Rizkallah & Martínez, 2011).

However, CSP is almost absent or limited in emerging economies such as Bangladesh (Azim et al., 2009; Belal & Cooper, 2011; KPMG, 2017; Naeem & Welford, 2009; Phiri et al., 2018; Ullah & Rahman, 2015), with a distinct lack of government-driven initiatives and a lack of legal requirements and regulatory guidelines aimed towards pressuring organisations to adopt CSP (Belal & Cooper, 2011; Dissanayake et al., 2021; Islam & Dellaportas, 2011; Jamali, 2008; Kuasirikun, 2005; Lodhia, 2003; Teoh & Thong, 1984). Therefore, it is envisaged that the coercive pressures to employ CSP in emerging economies are more likely to be attributed to the expectations of their customers (local and international) and business associates including local and international suppliers, multinational companies and non-government organisations. For instance, international customers and suppliers are expected to place pressure on emerging economy organisations to comply with their own CSP expectations and their regulations. In particular, customers are increasingly aware of the ethical implications of organisational behaviour (Park & Ghauri, 2015) and are more attracted to those organisations that engage in proactive CSP

FIGURE 1 The proposed analytical framework regarding the association between institutional pressures, CSR use and competitive advantage



(Park & Cave, 2018). Customers may also boycott brands and switch from organisations that do not adopt CSP to those who exhibit positive CSP (Du et al., 2010). For example, there was significant community backlash when knowledge of Nike's abusive labour practices in Vietnam (1991–1998) came to light (Nisen, 2013), and this had a detrimental effect on Nike's corporate image, sales revenue and growth, thereby forcing both Nike and its emerging economy business associates to adopt comprehensive and rigorous CSP initiatives. Consequently, as consumers' reactions impact organisational profitability and growth (Park & Ghauri, 2015), consumers are considered to be a primary determinant of CSP, as local and multinational organisations seek legitimacy to secure survival (Khalifa & Davison, 2006; Park et al., 2014).

2.2 | Institutional isomorphism

The theoretical framework applied to this study is the NIS, informed by the isomorphic dimension of institutional perspectives and relationships. The NIS adopts a broader, multidimensional approach for focusing on issues of external (macros) and internal (micro) organisational contexts (DiMaggio & Powell, 1991; Greenwood & Hinings, 1996; Scott, 1995). The main focus of NIS is the organisational field level, where institutional actors interact (Greenwood & Hinings, 1996; Scott, 1995). Thus, NIS allows for an extensive examination of key institutional relationships and their pressure on organisational practices (DiMaggio & Powell, 1991; Greenwood & Hinings, 1996; Scott, 1995).

The NIS has contributed significantly to 'the understanding of the relationship between organisational structures and the wider social environment in which organisations are situated' (Hussain & Hoque, 2002, 164). The NIS maintains that organisational behaviour is driven by the forces within society as organisations seek legitimacy by complying with the rules, regulations, procedures and values of society. DiMaggio and Powell (1983) argue that the institutions from an organisation's environment shape organisational systems, structures and strategies, and hence, the behaviour of organisations is shaped by the forces within the wider society. They refer to an isomorphism here as 'a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions' (DiMaggio & Powell, 1983, 149), identifying three such process or mechanisms through which institutional isomorphism occurs: coercive, mimetic and normative isomorphism. These mechanisms or pressures (i.e., coercive, mimetic and normative) compel and/or inspire organisations to adopt suitable policies, systems and procedures, including CSP. A review of the literature highlights the growing popularity of studying the institutional isomorphism in the sustainability accounting literature, the CSP literature in particular (Beddewela & Fairbrass, 2016; Gao et al., 2019; Oware & Mallikarjunappa, 2020; Tolmie et al., 2020). For instance, Tran and Beddewela (2020) conducted a study from the institutional theory perspective to understand the variations in the firms' disclosure of corporate sustainability

activities across six countries in the Southeast Asian region. Similarly, this study uses this isomorphism of the institutional theory to better understand the pressures for CSP in a developing country context, Bangladesh.

2.2.1 | Coercive pressure

Coercive isomorphism is the response to the 'formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which the organisation functions' (Carungu et al., 2020; DiMaggio & Powell, 1983, 150). Asiri et al. (2020) found that coercive pressures from different formal and informal sources including governments, local communities, media and customers strongly and positively influence the Middle East and North African firms' environmental management accounting practices. Beddewela and Fairbrass (2016, 506) claim that coercive isomorphism occurs when 'organisations are required to adopt different practices [such as CSP] as the result of imposition by a more powerful authority, such as a national government'. For example, state regulations concerning social development significantly influenced Paladin's CSP agenda in the mining industry of Malawi (Mzembe & Meaton, 2014). Similarly, institutional stakeholders such as social responsible pension funds positively influence the enhancement of firms' environmental practices through demanding more sustainable development (Alda, 2019).

It is argued that coercive pressures derive from both formal and informal sources and compel organisations (DiMaggio & Powell, 1983) to introduce CSP practices, although the nature of the coercive pressures influencing the extent of CSP is expected to differ between developed and emerging economies. Emerging economy organisations are also influenced by non-government organisations (Park & Ghauri, 2015) such as the United Nations, the International Labour Organization (ILO) and the World Bank that encourage organisations to conduct business ethically and in a socially responsible manner. For example, both the ILO and the United Nations Global Compact played a role in determining Eastern Produce Malawi's CSP agenda (Mzembe et al., 2016). Similarly, CSP in emerging economies such as Pakistan is largely driven by the external forces including foreign buyers (Carungu et al., 2020).

Therefore, the nature of the coercive pressures expected to influence CSP in emerging economies is unique, driven by compliance with the CSP expectations of local and international customers, multinational organisations and their home countries' CSP regulations, local and international suppliers, outside directors (support specialists) (Ramón-Llorens et al., 2019) and non-government organisations. It is expected that such pressures will exhibit a positive effect on the extent of CSP.

H1. The extent to which coercive pressures influence organisations is positively associated with the extent of CSP.

2.2.2 | Mimetic pressure

Mimetic isomorphism occurs when organisations 'model themselves on other organisations' (DiMaggio & Powell, 1983, 151) to secure legitimacy. Specifically, organisations adopt contemporary practices, such as environmental management systems (EMS), environmental management accounting and CSP, to conform with the practices of other organisations, thereby legitimising their own activities (Latif et al., 2020; Scapens, 1994; Yang & Kang, 2020). In developed economies, mimetic pressure stems from the pressure to mimic industry leaders' behaviour in an uncertain and ambiguous industry environment (Carungu et al., 2020; DiMaggio & Powell, 1983; Yang & Kang, 2020). In line with this, based on a data set collected from 212 US manufacturing firms, Yang and Kang (2020) found that mimetic pressures are a driving factor for the implementation of EMSs. Accordingly, researchers allude to the pressure to adopt CSP due to organisational perceptions of the importance of imitating the CSP of competitors (Khalifa & Davison, 2006). In particular, where there is intense competition and industry leaders' behaviour is characterised by CSP, other organisations may imitate the leaders' behaviour (i.e., best practices) to maintain their existing market share and gain competitive advantage. In such circumstances, following the CSP of domestic and/or multinational competitors may be a useful tool for multinational organisations to boost their compatibility with the local business environment and to minimise environmental uncertainties and ambiguity (Park & Cave, 2018; Park & Ghauri, 2015). For example, the CSP activities of leading European MNEs led to Nike being more proactive and becoming a pioneer in America (Zadek, 2004).

While the adoption of CSP in emerging economies may similarly be directed towards enhancing market share and competitive advantage, it is expected that the pressure to mimic or copy the CSP of other organisations will primarily be driven by the pressure to mimic the CSP exploits of their business associates, that is, international buyers and suppliers. Specifically, as multinational organisations increasingly conduct businesses in emerging economies, it is expected that they impose their CSP expectations on emerging economy organisations (Muttakin et al., 2018). Hence, emerging economy organisations are influenced by the CSP behaviour of multinational organisations, imitating their practices to ensure survival and to strengthen their competitive position. In particular, the pressure to mimic business associates' CSP exploits is expected to be exacerbated following media reports concerning the human rights atrocities in emerging economies, for example, Nike's abusive labour practices in Vietnam, and reports of industrial accidents resulting in deaths.²

H2. The extent to which mimetic pressures influence organisations is positively associated with the extent of use of CSP.

2.2.3 | Normative pressure

Normative isomorphism is associated with professionalisation (Carungu et al., 2020; DiMaggio & Powell, 1983) and relates to the pressure to conform with specified professional bodies' values and rules (Asiri et al., 2020; Burns, 2000; Carungu et al., 2020). Researchers allude that such pressure is useful to drive organisations towards adopting changes including the pressure from professional accountants, institutions, associations and/or bodies for voluntary or mandatory nonfinancial corporate reporting and/or corporate social responsibility reporting (Carungu et al., 2020; Mahmood et al., 2019). Such pressures are expected to be more prominent in developed economies, where employees have higher knowledge and training in respect to CSP and professional bodies, and trade associations advocate the merits and importance of engaging in those practices. Hence, in developed economies, it is likely that organisations will respond to the changes suggested by professional institutions and bodies (Campbell, 2006) and utilise their employees' knowledge and expertise to commit to adopting CSP. For example, organisations that are operating under the packaged food industry comply with the criteria set by the local and international certifying institutions including the International Organization for Standardization, the European Union regulations on the advertisement of junk food to children and the Global Reporting Initiatives (GRI) (Shnayder et al., 2016). These institutions encourage organisations to use CSP, addressing the various aspects of conducting socially responsive business practices in their certifying criteria. Similarly, Carungu et al. (2020) concluded that CSP in Pakistan is largely driven by international professional associations and standard-setting organisations.

Normative pressures can also arise from internal sources such as managers and employees (Khalifa & Davison, 2006; Park & Ghauri, 2015). For instance, while managers primarily determine organisational policies and practices relating to business and employee codes of conduct, organisational control systems, labour treatments, trade unions and the work environment (Mishra & Suar, 2010), they also influence organisations to undertake CSP driven business activities, behaviour and decisions (Linnenluecke et al., 2009; Park et al., 2014; Park & Ghauri, 2015). For instance, following allegations of abusive labour practices (Nisen, 2013; Zadek, 2004), senior managers within Nike established a CSP department, resulting in Nike becoming one of the leading CSP organisations (Newell, 2015). Researchers have also found evidence of the influence of managers in enhancing CSP (Xie & Zhu, 2020). For instance, Tseng et al. (2018, 1334) found that 'top management support and manager attitude and behaviour are the drivers of corporate sustainability performance improvement'.

While such normative pressures may be more prominent in developed economy organisations, they are still expected to facilitate CSP in emerging economy organisations through assisting organisations to formulate 'shared beliefs regarding responsible corporate behaviour by creating common definitions of socially responsible actions' (Zamir & Saeed, 2020, 6; Latif et al., 2020). In particular, the pressure exerted by the leaders of foreign investors and multinational supplier

²For example, the previously mentioned Bangladeshi Rana Plaza and Tazreen Fashions Ltd disasters, which resulted in the deaths of 1080 and 112 people, respectively.

and/or buyer organisations is expected to motivate and/or obligate organisations to use CSP (Bitzer & Glasbergen, 2010; Campbell, 2006; Pedersen & Gwozd, 2014; Shnayder et al., 2016). Similarly, international bodies such as the OECD, through establishing guidelines in relation to the provision of responsible business practices, the WB, UN, ILO and ITO (Gjølberg, 2009; Idowu et al., 2013; Preuss, 2020) also exert normative pressure on emerging economy organisations to enhance their use of CSP. Furthermore, a review of the literature highlights the importance of having a suitable corporate governance mechanism, in particular, unaffiliated female board directors, to enhance CSP disclosure practices in both family and nonfamily firms (Biswas et al., 2021; Zaman et al., 2020).

H3. The extent to which normative pressures influence organisations is positively associated with the extent of use of CSP.

2.3 | The effect of CSP on competitive advantage

An organisation enjoys competitive advantage when it has superior success over its current and potential rivals (Schilke, 2014) with Porter's (1985) *Theory of Competitive Advantage* maintaining that competitive advantage can be achieved through cost leadership and/or product differentiation. First, the use of CSP may be a source of enhancing resource usefulness/efficiency and, hence, provide a good opportunity for cost reductions (Harms et al., 2013). For instance, researchers argue that CSP can place an organisation in a better position to manage low-cost financial capital (Houque et al., 2020), attract better human resources and minimise the costs associated with non-compliance (Hoejmoose et al., 2013). Second, CSP and their attributes can be a popular source of product differentiation, which enables organisations to charge a premium price for specific attributes of products (McWilliams et al., 2006).

Furthermore, Nyuur et al. (2019) maintain that CSPs assist organisations in strengthening their competitive position (Du et al., 2011) through sustaining their legitimacy in society. Specifically, in line with legitimacy theory, CSP practices enable organisations to achieve legitimacy and trust with their stakeholders who in return 'reward the firm in terms of improved productivity, employee satisfaction and engagement, consumer loyalty, and other beneficial outcomes that maximize its corporate image and competitiveness' (Nyuur et al., 2019, 553).

Previous studies report a positive association between the use of CSP (social and environmental dimensions) in the organisational supply chain with competitive advantage in terms of generating higher revenue than nonperforming CSP organisations or less socially responsible competitors (Mzembe et al., 2016). Further, in line with the resource-based theory framework, Hart (1995) suggested that organisations use CSP to build and shape their resources and capabilities with the ultimate aim of achieving sustainable competitive advantage over rivals. McWilliams and Siegel (2011) analysed the use of CSP from the strategic point of view and treated CSP as a value-creating activity (Husted & Allen, 2007), which leads organisations to

achieve and sustain competitive advantage. Similarly, organisational internal people would like to create strategic outcomes such as competitive advantage by using CSP (Bhuiyan et al., 2020; Boubakary & Moskolai, 2016; Wang et al., 2017). While the above discussion theoretically highlights the positive association between CSP and competitive advantage, empirical evidence of the association is sparse, and thus, it is still a matter of ongoing debate (Gao et al., 2019). Therefore, we hypothesise that CSP is positively associated with organisational competitive advantage.

H4. The extent of CSP is positively associated with competitive advantage.

3 | METHOD

3.1 | Sampling technique

The study followed the quantitative research approach and collected data employing a survey questionnaire.³ The study targeted middle and higher level managers employed in both local and multinational enterprises across various industries in Bangladesh. Respondents were identified using the Dun & Bradstreet Hoovers database (One Source Information Services, 2016) with one respondent selected from each organisation on the basis of whether they (i) had a designation such as CEO, CFO, General Manager or similar title. This is because in Bangladeshi organisations, there is less likely to be a separate department dedicated to dealing with corporate sustainability-related policies and activities, and thus, the corporate sustainability-related policymaking and implementation is under the discretion of top-level executives, and (ii) were employed in organisations that had more than or equal to 50 full time employees. Applying these criteria, we obtained a sample of 522 suitable respondents; however, 62 of these were non-contactable, and hence, we had a final sample of 460 organisations who were distributed the questionnaire in English.⁴

The survey instruments (information letter, reply post card,⁵ survey questionnaire and self-addressed return envelope) were distributed to the sample of 460 Bangladeshi organisations. A total of 206 questionnaires (44.8%) were returned, 148 from the initial distribution and a further 58 from the follow-up, which was conducted 4 weeks after the initial distribution. Five of these were incomplete leaving a total of 201 (43.7%) usable responses. Researchers claim that a sample of more than 200 is adequate for covariance-based structural equation modelling (SEM) (Biswas et al., 2021; Loehlin, 2004; Sultan et al., 2021), while a sample size that is more than 10 times the number of arrowheads pointed towards any latent variable is adequate for any covariance-based SEM study (Pituch &

³The research was reviewed and approved by the Human Research Ethics Committee of the institution where it was conducted.

⁴Due to the colonisation of the country English is widely spoken throughout Bangladesh.

⁵The reply post cards enabled respondents to indicate that they had completed the questionnaire without placing numbers on the questionnaires, thereby ensuring the confidentiality and anonymity of responses.

Stevens, 2016). In our study, there is a maximum of 14 arrowheads (parameters) pointed towards a latent variable indicating that our sample size of 201 exceeded the minimum sample size of 140 (i.e., 10

TABLE 1 A summary of response rates and respondents and their organisations demographics statistics

Panel A: Respondents' organisations profile (n = 201)		
Industry type	No. of organisations	Percentage
Manufacturing	140	69.65
Service	57	28.36
Both	4	1.99
Total	201	100.00
Organisation type	No. of organisations	Percentage
Domestic	176	87.60
Multinational	25	12.40
Total	201	100.00
Organisation size (number of employees)	No. of organisations	Percentage
50–249	71	35.30
250–499	26	12.90
500–999	21	10.40
1,000 and above	48	23.90
Missing	35	17.40
Total	201	100.00
Panel B: Respondents' demographic statistics (n = 201)		
Designation	No. of employees	Percentage
Director/chief executive officer	46	22.89
Chief financial officer	13	6.47
General Manager or similar titles	87	43.28
Senior executive	20	9.95
Other	16	7.96
Details not disclosed	19	9.45
Service tenure at the current position (in yrs.)	No. of respondents	Percentage
1–5	109	54.20
6–10	68	33.83
11–15	15	7.50
Above 15	9	4.50
The highest level of education	No. of respondents	Percentage
Bachelor	5	2.50
Master	147	73.10
CA/CPA/FCPA/CIMA/CMA	16	8.00
Ph.D.	3	1.50
Others	30	14.90
Total	201	100.00
Gender	No. of respondents	Percentage
Male	196	97.50
Female	5	2.50
Total	201	100.00

times 14 parameters) required for this study. Moreover, the response rate of 43.7% is acceptable as it is consistent with the recent SEM-based studies within the field of institutional pressures and sustainability (Asiri et al., 2020; Latan et al., 2018; Latif et al., 2020; Yang & Kang, 2020). Hence, our sample size of 201 (43.7% response rate) is adequate and acceptable for this covariance-based SEM study.

As reported in Table 1 (Panel A), the majority of organisations [140 (69.65%)] were from the manufacturing industry, while 57 (28.36%) were from the service industry.⁶ A total of 176 (87.6%) organisations were domestic, and 25 (12.43%) were multinational.

Panel B of Table 1 shows that the majority of the respondents [87 (43.28%)] were General Managers or similarly titled managers, 46 (22.89%) were Directors or CEOs, 13 (6.47%) were CFOs, 20 (9.95%) were Senior Executives and 16 (7.96%) respondents identified as other types of senior level managers. The remaining respondents [19 (9.45%)] did not mention their title.

3.2 | Response and nonresponse bias

This study employed a number of techniques to reduce the likelihood of response and nonresponse bias problems. First, the questionnaire was designed in line with Dillman's (2011) tailored design method (TDM), which provides detailed guidance on how to write questions, design the questionnaire and distribution procedures. Second, the lead author personally delivered the questionnaire to the respondents and personally returned to collect the completed questionnaire and the reply post cards to enhance the likelihood that the targeted respondents had actually completed the questionnaire. Third, an information letter along with the other survey instruments were distributed to the respondents to assure them that their names would remain unidentified, and their information would be kept private and confidential (Uddin et al., 2019). Finally, a pilot survey experiment was conducted among two academic experts and three industry professionals from the selected organisations, and the questionnaire was subsequently revised following their observations to ensure that the questionnaire was easy to read, comprehend and understandable.

Following the recommendations of Podsakoff et al. (2003, 2012), Armstrong and Overton (1977) and Roberts (1999), this study also examined Harman's one (single)-factor test and independent sample t-test using SPSS (version 25). The exploratory factor analysis (EFA) statistics showed that the first factor explains a maximum of 31.67% of the total variance, which is less than 50% of the total variance in this study, thereby indicating that nonresponse bias was not a concern in this study. The independent sample t-test was conducted to determine unequal variances between the initial responses of 148 organisations and follow-up responses of 53 organisations. The t-test statistics indicated no significant differences ($p > 0.05$) between the responses of initial and follow-up respondents, thereby again indicating that nonresponse bias was not a concern.

⁶The other four organisations classified themselves as both manufacturing and service industries.

3.3 | Common method bias

Following the recommendations of Podsakoff et al. (2003), we employed a number of presurvey and post-survey techniques to reduce the likelihood of common method bias. In respect to the presurvey techniques, we reviewed the extant literature extensively to identify established and validated scales to measure our variables. We also ensured that the questionnaire items were unambiguous and succinct and used different scale formats and anchors across the questionnaire. Furthermore, the anonymity of responses and the fact that we obtained a full range of responses for the variables also ensured that social desirability bias was less likely to be of concern in the study (Singleton & Straits, 2018).

Finally, as a post-survey technique to check common method bias issues, we estimated two alternative models. First, as stated earlier, Harman's (1967) one (single)-factor test was conducted (Podsakoff et al., 2003). The (EFA) results revealed that no one factor explained more than or equal to 50% (31.67%) of the total variance, thereby indicating the absence of common method variance. Second, multicollinearity issues were investigated, with the collinearity statistics showing that the variance inflation factor (VIF) scores of any predictive variable ranged from 1.88 to 3.62, and the tolerance scores ranged from 0.227 to 0.530, thereby meeting the minimum threshold levels of no more than 4 and no less than 0.2, respectively (Hair et al., 2010; Ringle et al., 2015; Salmerón Gómez et al., 2016; Tabachnick & Fidell, 2007). Hence, multicollinearity issues were not likely to be a concern among the exogenous variables in this study. Therefore, given the measures taken to develop the questionnaire and the results of Harman's (1967) test and multicollinearity statistics, we conclude that the effects of common method bias are negligible in this study.

3.4 | Variable measurement

3.4.1 | Coercive pressure

Following a literature review, an 11-item measure was developed to measure coercive pressure (DiMaggio & Powell, 1983; Liu et al., 2010; Munir & Baird, 2016). The respondents were asked to indicate the extent to which specific pressures influenced organisations to use CSR⁷ over the last 2 years on a 5-point Likert scale with anchors of 1 'Not at all' and 5 'To a great extent' (see Appendix A). The goodness-of-fit indices (base model) of the confirmatory factor analysis (CFA) were CMIN/DF = 5.505, GFI = 0.810, AGFI = 0.716 and CFI = 0.762, which indicates a poor model fit (Hair et al., 2010).⁸ Therefore, five items (International Financial Reporting Standards and International Auditing Standards; industry regulations; government regulations; media pressures; and international groups) with less than a 0.5 standard regression weight were deleted (Hair et al., 2010). The goodness-of-fit indices of the revised six-item model were CMIN/

DF = 1.632, GFI = 0.987, AGFI = 0.944 and CFI = 0.994, and thus, the model fitted the dataset well (see Appendix A for all constructs). The reliability score ($\alpha = 0.870$) of the scale exceeded the minimum cut-off of 0.7 (Nunnally & Bernstein, 1994).

3.4.2 | Mimetic pressure

Mimetic pressure was measured using five items extracted from the review of the literature (Liu et al., 2010; Munir & Baird, 2016; Phan & Baird, 2015). Respondents were asked to indicate the extent to which each factor influenced organisations to use CSR on a 5-point Likert scale ranging from 1 'Not at all' to 5 'To a great extent'. The goodness-of-fit indices indicate a good model fit (CMIN/DF = 1.417; GFI = 0.994; AGFI = 0.959; CFI = 0.997). The Cronbach's alpha (α) score of this scale was 0.830.

3.4.3 | Normative pressure

Following the review of the literature (DiMaggio & Powell, 1983; Munir & Baird, 2016), a six-item measure of normative pressure was developed. A 5-point Likert scale from 1 'Not at all' to 5 'To a great extent' was used to indicate the extent to which each factor influenced organisations to use CSR. This measure was tested and validated with the CFA resulting in a good model fit (CMIN/DF = 1.532; GFI = 0.985; AGFI = 0.948; CFI = 0.996). The reliability score of the scale ($\alpha = 0.916$) was well above the minimum cut-off of 0.7.

3.4.4 | Competitive advantage

We incorporated Schilke's (2014, 188) six-item measure of competitive advantage (see Appendix A). An additional item, (superior sales growth) was considered, as it is a reliable financial indicator of measuring organisational competitive position (He & Wong, 2004). Respondents were required to rate the competitive advantage of their organisations in respect to each of the seven items over the last 12 months on a 5-point Likert scale with anchors of 1 *Strongly disagree* and 5 *Strongly agree*. The CFA revealed a poor fit (CMIN/DF = 5.137; GFI = 0.911; AGFI = 0.821; CFI = 0.902; RMSEA = 0.144), and hence, one item ('we gain a strategic advantage over our competitors') with a factor loading (0.431) of less than 0.5 was deleted. The revised model resulted in a good fit with a Cronbach's, 1951 alpha score (α) of 0.859.

3.4.5 | Financial performance (control variable)

A three-item measure of financial performance was adapted from Kaynak and Kara (2004) with respondents required to indicate the extent to which they agreed that profit goals, sales goals and return on investment goals had been achieved on a 5-point Likert scale

⁷The term 'CSP' encompasses 'CSR'.

⁸The recommended threshold scores for the assessment of good SEM model fit to the data set are CMIN/DF < 5.0, GFI > 0.90, AGFI > 0.80, CFI > 0.90 (Hair et al., 2010).

TABLE 2 Descriptive statistics including the inter-construct correlations

VARIABLES	i	ii	iii	iv	v	vi	vii
Inter-correlations							
i. Coercive pressure	1						
ii. Mimetic pressure	0.691**	1					
iii. Normative pressure	0.704**	0.742**	1				
iv. Accountability to external stakeholders	0.369**	0.479**	0.553**	1			
v. Environmental, occupational, and public health and safety	0.621**	0.713**	0.603**	0.546**	1		
vi. Human rights	0.468**	0.602**	0.420**	0.494**	0.785**	1	
vii. Consumer rights	0.376**	0.547**	0.344**	0.458**	0.682**	0.716**	1
viii. Disclosure of information	0.390**	0.428**	0.396**	0.448**	0.637**	0.648**	0.532**
ix. Compliance with science, technology, and competition requirements	0.378**	0.499**	0.351**	0.530**	0.636**	0.661**	0.617**
x. Eliminating illegal activities	0.420**	0.555**	0.331**	0.424**	0.663**	0.654**	0.706**
xi. Competitive advantage	0.160*	0.134	-0.036	-0.132	0.082	0.089	0.220**
xii. Financial Performance	-0.032	0.063	-0.112	-0.111	0.042	0.062	0.183**
xiii. Organisation size (in terms of number of employees)	-0.012	0.029	0.013	-0.031	0.068	0.044	0.012
Descriptive statistics							
Mean	3.786	3.927	3.774	3.758	3.97	4.149	4.179
Standard deviation	0.722	0.623	0.819	0.589	0.661	0.627	0.625
Theoretical range	5-Jan	5-Jan	5-Jan	5-Jan	5-Jan	5-Jan	5-Jan
Minimum	1	1.8	1.17	2.14	1.55	2	2.5
Maximum	5	5	5	4.93	5	5	5
Cronbach alpha	0.87	0.83	0.916	0.839	0.924	0.894	0.849

*Correlations are significant at the level of 0.05 (two-tailed test).

**Correlations are significant at the level of 0.01 (two-tailed test).

TABLE 2 (Continued)

VARIABLES	viii	ix	x	xi	xii	xiii
Inter-correlations						
i. Coercive pressure						
ii. Mimetic pressure						
iii. Normative pressure						
iv. Accountability to external stakeholders						
v. Environmental, occupational, and public health and safety						
vi. Human rights						
vii. Consumer rights						
viii. Disclosure of information	1					
ix. Compliance with science, technology, and competition requirements	0.510**	1				
x. Eliminating illegal activities	0.415**	0.637**	1			
xi. Competitive advantage	0.087	-0.012	0.225**	1		
xii. Financial Performance	0	0.231**	0.026	0.532**	1	
xiii. Organisation size (in terms of number of employees)	0.072	0.012	0.074	-0.011	0.06	1
Descriptive statistics						
Mean	4.023	4.118	4.112	3.408	3.43	2468
Standard deviation	0.805	0.675	0.545	0.624	0.81	12882
Theoretical range	5-Jan	5-Jan	5-Jan	5-Jan	5-Jan	NA
Minimum	1	2	2.67	2	1	50
Maximum	5	5	5	5	5	10000
Cronbach alpha	0.805	0.796	0.794	0.859	0.892	NA

*Correlations are significant at the level of 0.05 (two-tailed test).

**Correlations are significant at the level of 0.01 (two-tailed test).

FIGURE 2 A proposed seven-dimensional model of CSR use



ranging from 1 *Strongly disagree* to 5 *Strongly agree*. The Cronbach's (1951) alpha score (α) of the scale is 0.892.

4 | RESULTS

4.1 | The measure of CSP

A 56-item measure of CSP was developed to assess the extent of use based on the OECD, 2011 guidelines for responsible business (OECD, 2011). Respondents were required to rate the extent to which each item reflected current practices in their organisations on a 5-point Likert scale ranging from 1 'Not at all' to 5 'To a great extent'. An EFA (varimax rotation) resulted in 10 unidimensional factors having eigenvalues greater than 1, explaining 67.82% of the total variance. Following the recommendation of Pallant (2011), two individual dimensions which only had one item loading on them were removed from the analysis resulting in eight interpretable dimensions. Finally, as the nature of the items loading on two of the eight dimensions was deemed to be highly similar, the study considered them as one factor. The remaining seven dimensions were labelled as follows: (i) accountability to external stakeholders; (ii) environmental, occupational and public health and safety; (iii) human rights; (iv) consumer rights; (v) disclosure of information; (vi) compliance with science, technology and competition requirements; and (vii) eliminating illegal activities.

The CFA model goodness-of-fit indices for all of the dimensions, except the 'disclosure of information' dimension, revealed a good

model fit (see Appendix A for all dimensions). In respect to the 'disclosure of information' dimension, we could not determine the goodness of fit as there were only three items. However, the factor loadings were more than 0.7, and the reliability score (Cronbach's (1951) alpha, α) of this dimension was above the minimum cut-off of 0.7 (0.805) (see Table 2). The Cronbach's (1951) alpha scores of the other six dimensions ranged from 0.794 to 0.924. Accordingly, the study proposes the seven-dimensional model of CSP adoption (see Figure 2).

4.2 | Descriptive statistics

Descriptive statistics including the inter-construct correlations are provided in Table 2. The Cronbach's (1951) alpha scores all exceed the minimum threshold (0.7) recommended by Nunnally and Bernstein (1994). In addition, as the estimated factor loadings (pattern coefficient) of all of the constructs are more than twice the S.E., and their t -values ($t > 2$) are significant at the level of 0.01 (see Appendix A), convergent validity is supported (Anderson & Gerbing, 1988). Finally, as the Cronbach's (1951) alpha scores for each scale exceed their correlations with other scales (see Table 2), the discriminant validity of the scales is assured.

The descriptive statistics reveal a moderate level⁹ of all three institutional pressures with a stronger emphasis on mimetic pressures (mean = 3.927), followed by coercive (mean = 3.786) and normative

⁹Mean scores between 3 and 4 are considered moderate. Mean scores above 4 are considered high and those below 3 are considered to be low.

pressures (mean = 3.774). With the exception of the 'accountability to external stakeholders' and 'environmental, occupational and public health and safety' CSP dimensions (means = 3.758 and 3.970, respectively), the extent of CSP was high. Finally, the level of competitive advantage was moderate (mean = 3.408) with no significant differences across industry (manufacturing or service) or the type of organisation (domestic or multinational).

4.3 | SEM (base model)

SEM employing AMOS was used and followed the two-step (CFA and then Path analysis) analytical procedures recommended by Hair et al. (2010). SEM provides a flexible framework for analysing complex institutional relationships among multiple actors. An initial model was constructed with the variables of the field of interest (see Table 3 Model A). Following Anderson and Gerbing (1988), the initial model was revised by eliminating insignificant paths. The goodness-of-fit indices for the revised model indicated a good model fit (see Model B in Table 3).

4.3.1 | The association between institutional pressures and CSP

Model B in Table 3 shows that coercive pressures are significantly positively associated with two of the seven CSP dimensions ('environmental, occupational, and public health and safety' and 'disclosure of information'). Thus, Hypothesis 1 is partially supported. In addition, there is strong support for Hypothesis 2 with mimetic pressures found to be significantly positively associated with all of the dimensions of CSP except the 'accountability to external stakeholders' dimension.¹⁰ Finally, a significant positive association between normative pressures and the 'accountability to external stakeholders' CSP dimension was found. However, no association was found between normative pressures with the other CSP dimensions. Hence, Hypothesis 3 is partially supported.

4.3.2 | The association between CSP and competitive advantage

The results provided in Model B of Table 3 indicate that both 'consumer rights' and 'eliminating illegal activities' are positively significantly associated with competitive advantage, thereby providing support for Hypothesis 4. However, while Hypothesis 4 proposes a

positive relationship, the 'accountability to external stakeholders' and 'compliance with science, technology, and competition requirements' dimensions of CSP were found to be significantly negatively associated with competitive advantage.

4.4 | Additional validity tests and endogeneity check of the base SEM results

We conducted three additional validity tests (with control variables, linking additional paths to the base model and linear regression) to assess the robustness of the base structural model's results (Model B in Table 3).

4.4.1 | Validity test and endogeneity check of SEM results using control variables, two-stage least square regression with instrumental variable and linear regression

As a review of the literature indicates that the use of CSP is more likely to be practiced among larger and financially sound organisations and its use varies across different types of organisations, we controlled for these two variables (i.e., organisational size and financial performance) in the base SEM, to control for the endogeneity concern and to test the validity of the base SEM results (see Figure 3) (Appuhami, 2019; Chenhall & Moers, 2007; Hall, 2008). As reported in Model C in Table 3, the SEM results for the model including the two control variables indicate that the significant path coefficients for the hypothesised relationships remain the same as in the base SEM model (Model B), thereby indicating that the endogeneity issue is less likely to be a concern in this study. The results also indicate that organisational size does not exhibit a significant association with any of the dimensions of CSP or competitive advantage, while financial performance is only significantly associated with two of the seven dimensions of CSP.

In addition, this study included an instrumental variable 'organisation type: domestic, multinational and both' and tested endogeneity via the two-stage least squares regression technique. The results of the two-stage least squares regression provided no evidence of the significant influence of the instrumental variable on the study's dependent variable: competitive advantage. Hence, these additional validity tests, with control and instrumental variables, support the validity of the base SEM results reported in Model B of Table 3.

4.4.2 | Validity test of SEM results considering additional paths in the base model

We constructed an alternative model, which also considered the direct paths between the three types of institutional pressures with competitive advantage (see dotted lines in Figure 4). Model A in Table 4 considers all paths, and Model B is the final model after

¹⁰While mimetic pressures were not directly associated with the 'accountability to external stakeholders' dimension of CSP use, an exploratory analysis found that the interaction between mimetic and normative pressures was significantly positively associated with the 'accountability to external stakeholders' dimension of CSP use. Hence, mimetic pressures can exacerbate the positive effect of normative pressures on the 'accountability to external stakeholders' dimension of CSP use.

NB: As no other interactions between the institutional pressures exhibited a significant positive effect on any of the dimensions of CSP use, these results are not presented.

TABLE 3 Results of the SEM

Description of paths	Model A (base model)		Model B (base model)		Model C (with control variables)	
	Path coefficient (initial model)	p (sig.)	Path coefficient (revised model)	p (sig.)	Path coefficient (revised model)	p (sig.)
CP → D1	-0.106	0.229	NA	NA	NA	NA
CP → D2	0.220	0.002**	0.213	0.000**	0.213	0.000**
CP → D3	0.143	0.090	NA	NA	NA	NA
CP → D4	0.057	0.524	NA	NA	NA	NA
CP → D5	0.137	0.150	0.161	0.030*	0.176	0.018*
CP → D6	0.094	0.309	NA	NA	NA	NA
CP → D7	0.160	0.065	NA	NA	NA	NA
MP → D1	0.194	0.037*	NA	NA	NA	NA
MP → D2	0.508	0.000**	0.573	0.000**	0.570	0.000**
MP → D3	0.593	0.000**	0.605	0.000**	0.601	0.000**
MP → D4	0.627	0.000**	0.545	0.000**	0.531	0.000**
MP → D5	0.247	0.014*	0.303	0.000**	0.288	0.000**
MP → D6	0.496	0.000**	0.487	0.000**	0.486	0.000**
MP → D7	0.627	0.000**	0.543	0.000**	0.526	0.000**
NP → D1	0.483	0.000**	0.557	0.000**	0.550	0.000**
NP → D2	0.071	0.358	NA	NA	NA	NA
NP → D3	-0.121	0.184	NA	NA	NA	NA
NP → D4	-0.162	0.090	NA	NA	NA	NA
NP → D5	0.117	0.254	NA	NA	NA	NA
NP → D6	-0.083	0.402	NA	NA	NA	NA
NP → D7	-0.246	0.009**	NA	NA	NA	NA
D1 → CA	-0.256	0.000**	-0.257	0.000**	-0.258	0.000**
D2 → CA	-0.042	0.595	NA	NA	NA	NA
D3 → CA	-0.104	0.259	NA	NA	NA	NA
D4 → CA	0.273	0.000**	0.269	0.004**	0.266	0.004**
D5 → CA	0.114	0.079	NA	NA	NA	NA
D6 → CA	-0.219	0.002**	-0.220	0.013*	-0.219	0.013*
D7 → CA	0.304	0.000**	0.281	0.002**	0.286	0.002**
OrgS → D1					-0.035	0.552
OrgS → D2					0.056	0.246
OrgS → D3					0.027	0.633
OrgS → D4					-0.012	0.838
OrgS → D5					0.066	0.302
OrgS → D6					0.000	0.998
OrgS → D7					0.048	0.411
OrgS → CA					-0.041	0.527
FP → D1					-0.049	0.410
FP → D2					0.011	0.825
FP → D3					0.025	0.654
FP → D4					0.157	0.007**
FP → D5					0.010	0.877
FP → D6					-0.030	0.625
FP → D7					0.198	0.000**
Goodness-of-fit indices	CMIN/DF = 22.457		CMIN/DF = 2.737		CMIN/DF = 2.737	
	CFI = 0.640		CFI = 0.977		CFI = 0.948	
	GFI = 0.552		GFI = 0.959		GFI = 0.939	
	AGFI = -0.232		AGFI = 0.857		AGFI = 0.722	
	RMSEA = 0.328		RMSEA = 0.093		RMSEA = 0.140	
	SRMR = 0.171		SRMR = 0.047		SRMR = 0.058	

Note: NA under Model B and C refers to the absence of coefficient of the path, which was deleted in order to get the revised model.

Abbreviations: CA, competitive advantage; CP, coercive pressure; D1, accountability to external stakeholders; D2, environmental, occupational and public health and safety; D3, human rights; D4, consumer rights; D5, disclosure of information; D6, compliance with science, technology and competition requirements; D7, eliminating illegal activities; FP, financial performance; MP, mimetic pressure; NP, normative pressure; OrgS, organisation size (in terms of number of employees).

*Statistically significant at the level of 0.05 (two-tailed).

**Statistically significant at the level of 0.01 (two-tailed).

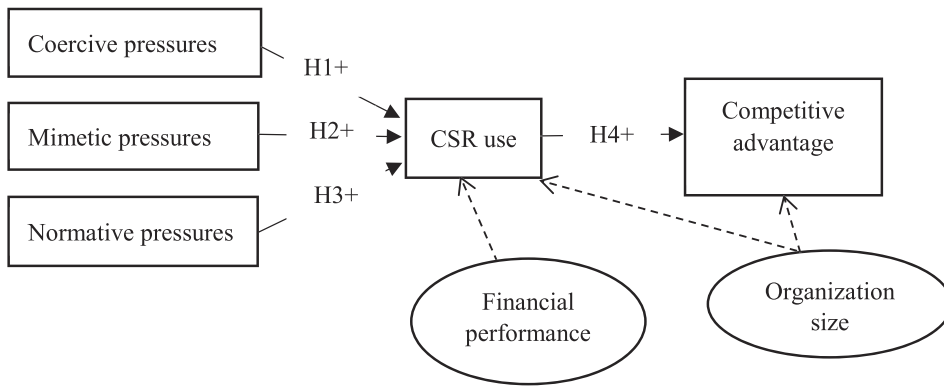


FIGURE 3 The adjusted analytical framework regarding the association between institutional pressures, CSR use and competitive advantage controlling for organisational size and financial performance

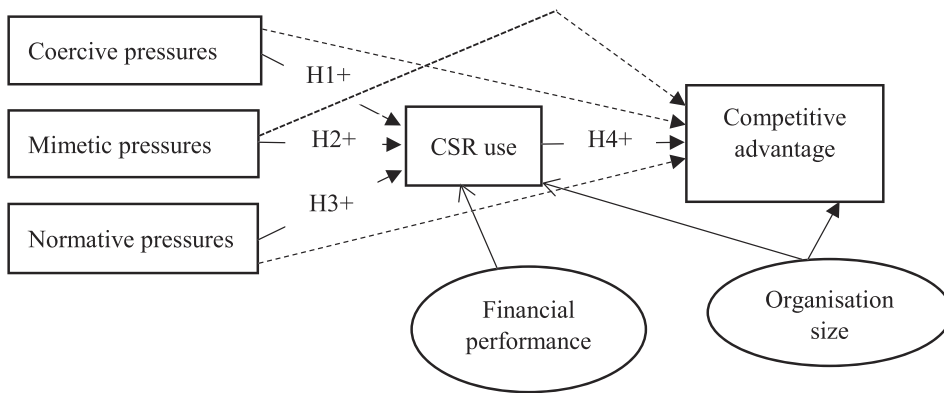


FIGURE 4 The final analytical framework considering the association between institutional pressures, CSR use and competitive advantage NB: Dotted lines indicate additional relationships for testing model robustness

deleting the insignificant paths. As reported in Model B in Table 4, the results of the alternative model in respect to the hypothesised relationships are consistent with those reported in Model B in Table 3, thereby providing further support for the validity of the results.

4.4.3 | Validity test of SEM results with the help of linear regression analysis

We conducted linear regression analysis between the study's dependent and independent variables (see Table 5) to test the robustness of our SEM results. The linear regression analysis provided similar results found in the SEM model (see Table 4) and thus indicates the robustness of our SEM results.

In summary, as the results from the base SEM (see Model B in Table 3) are consistent with the results found in these three additional validity test models (see Tables 4 and 5), the robustness of the base structural model's results is established.

5 | DISCUSSION

In contrast to prior research (Belal et al., 2015; Phiri et al., 2018), our findings reveal that the extent of CSP in the sample Bangladeshi organisations is actually high in respect to five of these seven dimensions

(all except 'accountability to external stakeholders' and 'environmental, occupational, and public health and safety'). This finding is attributed to the increasing pressure imposed on organisations in Bangladesh to adopt CSP by international buyers and investors. The findings also contribute to the contingency-based literature on CSP by providing an empirical insight into the influence of DiMaggio and Powell's (1983) three institutional factors (coercive, mimetic and normative) on the extent of CSP in our Bangladeshi sample.

The findings highlight the importance of each of the three institutional pressures in exacerbating the use of specific dimensions of CSP. For instance, normative pressures exhibit a significant positive effect on the extent of use of the least frequently used CSP, 'accountability to external stakeholders' with the additional interaction analysis revealing that this effect is amplified when normative pressures are combined with mimetic pressures. In addition, mimetic pressures exhibit a significant positive effect on the use of the other six dimensions of CSP (i.e., all except 'accountability to external stakeholders') indicating that the use of the majority of CSP practices is influenced by the need to secure legitimacy through imitating others and adopting best practices. The findings confirm Cubilla-Montilla et al.'s (2020) findings, that is, mimetic institutional pressures influence organisations to disseminate the environmental information and advance the relevant literature with evidence of the positive influence of mimetic pressures in promoting CSP in various aspects including human rights and customer rights. The findings also extend Tolmie et al.'s (2020)

TABLE 4 Results of the alternative SEM with additional connections between CP, MP and NP with CA

Description of paths	Model A		Model B	
	Path coefficient (PC) (initial model)	<i>p</i> (sig.)	Path coefficient (PC) (revised model)	<i>p</i> (sig.)
CP → D1	NA	NA	NA	NA
CP → D2	0.213	0.000**	0.213	0.000**
CP → D3	NA	NA	NA	NA
CP → D4	NA	NA	NA	NA
CP → D5	0.161	0.030*	0.161	0.030*
CP → D6	NA	NA	NA	NA
CP → D7	NA	NA	NA	NA
MP → D1	NA	NA	NA	NA
MP → D2	0.573	0.000**	0.573	0.000**
MP → D3	0.605	0.000**	0.605	0.000**
MP → D4	0.545	0.000**	0.545	0.000**
MP → D5	0.303	0.000**	0.303	0.000**
MP → D6	0.487	0.000**	0.487	0.000**
MP → D7	0.543	0.000**	0.543	0.000**
NP → D1	0.557	0.000**	0.557	0.000**
NP → D2	NA	NA	NA	NA
NP → D3	NA	NA	NA	NA
NP → D4	NA	NA	NA	NA
NP → D5	NA	NA	NA	NA
NP → D6	NA	NA	NA	NA
NP → D7	NA	NA	NA	NA
D1 → CA	-0.213	0.012*	-0.287	0.000**
D2 → CA	NA	NA	NA	NA
D3 → CA	NA	NA	NA	NA
D4 → CA	0.244	0.009**	0.259	0.005**
D5 → CA	NA	NA	NA	NA
D6 → CA	-0.250	0.005**	-0.232	0.008**
D7 → CA	0.213	0.022**	0.245	0.008**
CP → CA	0.239	0.013*	0.153	0.036*
MP → CA	0.128	0.265	NA	NA
NP → CA	-0.248	0.029*	NA	NA
	CMIN/DF = 2.694		CMIN/DF = 2.648	
Goodness-of-fit indices	CFI = 0.981		CFI = 0.979	
	GFI = 0.965		GFI = 0.961	
	AGFI = 0.856		AGFI = 0.858	
	RMSEA = 0.092		RMSEA = 0.091	
	SRMR = 0.043		SRMR = 0.045	

Note: NA under Model B refers to the absence of coefficient of the path, which was deleted in order to get the revised model.

Abbreviations: CP, coercive pressure; MP, mimetic pressure; NP, normative pressure.

*Statistically significant at the level of 0.05 (two-tailed).

**Statistically significant at the level of 0.01 (two-tailed).

and Beddewela and Fairbrass's (2016) studies, which were limited to the influence of institutional pressures on multinational enterprises' CSP, by providing evidence of the influence of institutional pressures on both domestic and multinational enterprises. Finally, coercive

pressures exhibited a significant positive effect on the 'environmental, occupational, and public health and safety' and 'the disclosure of information' dimensions of CSP, indicating that the use of such practices is driven by the need to conform and secure legitimacy.

Independent variables	Dependent variable	Beta	t-Values	p-Values
CSP dimension 1	Competitive advantage	-0.265	-3.225	0.001**
CSP dimension 2	Competitive advantage	-0.043	-0.358	0.720
CSP dimension 3	Competitive advantage	-0.085	-0.692	0.490
CSP dimension 4	Competitive advantage	0.283	2.627	0.009**
CSP dimension 5	Competitive advantage	0.123	1.342	0.181
CSP dimension 6	Competitive advantage	-0.227	-2.299	0.023*
CSP dimension 7	Competitive advantage	0.316	3.026	0.003**
IP: Coercive pressure	Competitive advantage	0.160	2.289	0.023*
IP: Mimetic pressure	Competitive advantage	0.134	1.903	0.058
IP: Normative pressure	Competitive advantage	-0.036	-0.508	0.612

*Statistically significant at the level of 0.05 (two-tailed).

**Statistically significant at the level of 0.01 (two-tailed).

TABLE 5 Results of the linear regression between institutional pressures (IP), CSP dimensions and competitive advantage

Our analysis provides an interesting insight into the nature of coercive pressures in emerging economies, with our measure of coercive pressures emphasising the compliance with the CSP requirements of local and international customers and suppliers, multinational organisations and non-government organisations, as opposed to government and/or regulatory requirements. Hence, coercive pressures in emerging economies can be attributed to the need to comply with their business associates' CSP requirements. The fact that multinational organisations experienced significantly higher coercive pressure (compared to domestic organisations) reinforces this claim, given such organisations experience greater pressure to adopt CSP from their international parent organisation.

Overall, the findings highlight the significant and unique influence of institutional pressures in enhancing the extent of CSP in emerging economies and thereby extend the relevant literature (see Beddewela & Fairbrass, 2016; Oware & Mallikarjunappa, 2020; Tolmie et al., 2020). Such findings are generalisable to other emerging countries such as Sri Lanka, South Africa, Indonesia, Thailand, Malaysia, Vietnam and Nepal, which possess similar characteristics to Bangladesh including inadequate laws and regulations, a high level of corruption and socially unaware customer groups (Beddewela & Fairbrass, 2016; Momin & Parker, 2013; Muttakin & Khan, 2014; Raithatha & Shaw, 2019).

In respect to coercive pressures, our analysis highlights the important role of business associates in encouraging and/or pressuring their emerging economy business associates to adopt CSP to a greater extent. At the same time, our findings reinforce the premise that governments and regulations have a limited role in driving emerging economy organisations to adopt CSP (Belal & Cooper, 2011; Islam & Dellaportas, 2011). This suggests that there is an avenue for governments and policymakers to play a more prominent role in exerting pressure on organisations to increase their use of CSP. This is particularly pertinent given, with the exception of a few instances of mandatory reporting,¹¹ CSP reporting is generally voluntary, especially in emerging countries, and hence, there is ample room for governments

and policymakers to stipulate both the requirement to disclose such information and to provide guidelines in respect to exactly what CSP should be undertaken.

The findings extend the contingency literature examining the effect of the use of CSP on a specific organisational strategic outcome, competitive advantage. Specifically, while the extant literature theoretically highlights the importance of CSP in gaining competitive advantage (Du et al., 2011; McWilliams et al., 2006; McWilliams & Siegel, 2011), amidst calls for future research (Husted & Allen, 2007), our study contributes to the sparse empirical research on the effect of CSP on this organisational strategic outcome.

The findings provide further insight into the reluctance of organisations to employ CSP, despite the positive association found between two specific dimensions ('consumer rights' and 'eliminating illegal activities') and competitive advantage. However, it was found that two other dimensions ('the accountability to external stakeholders' and 'the compliance with science, technology, and competition requirements') exhibited a negative association with competitive advantage. Such findings may serve to explain the reluctance of emerging economy organisations to employ CSP.

The findings inform managers, governments, foreign investors and other stakeholders in emerging economy organisations of the role of IPs in promoting the use of CSP and the effect of such practices on competitive advantage. In line with the tenets of greenwashing, it highlights the important role of government and/or policymakers in implementing specific rules and/or regulations, which mandate both the requirement to disclose and the principles of CSP reporting. From the context of an emerging economy, the study provides a unique empirical insight into the institutional perspective in promoting CSP and the subsequent impact of CSP.

6 | CONCLUSION

The study provides an empirical insight into the extent of use of CSP in an emerging economy, Bangladesh, contributing to the literature through our development of a new comprehensive model to measure

¹¹For example, in Australia, there are the requirements to employ the (GRI) guidelines in Australian companies' sustainability reports (Parliament of Australia, 2010) and guidelines in respect to greenhouse gas emission disclosures (NGER Act, 2007).

the extent of CSP (see Figure 2). This model was developed based on the 56 principles of socially responsible business provided by the OECD (OECD, 2011) and enables practitioners and researchers to observe the extent of CSP in respect to the identified seven dimensions of CSP. Hence, the model assists in resolving the ambiguity concerning the extent of CSP (Gjølberg, 2009; Jackson & Apostolakou, 2010).

Our findings highlight the unique nature of and the important role of institutional pressures in influencing the use of CSP in emerging countries and provide an empirical insight into the effect of the use of CSP on competitive advantage. In particular, the findings reinforce the importance of coercive, mimetic and normative pressures in enhancing the use of CSP in emerging country organisations, thereby informing managers of the mechanisms influencing their focus on CSP and facilitating a greater focus on such practices for the purpose of satisfying the CSP expectations of various stakeholders including international buyers and suppliers, MNEs and NGOs. These findings are expected to be generalisable to other emerging countries, which possess a similar institutional environment as Bangladesh (i.e., corruption, lack of law enforcement and less socially aware customers).

7 | LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

This study is subject to the usual limitations concerning the survey method including survey selection bias and the inability to determine causal relationships (Luft & Shields, 2014). However, to control the sample selection bias, we surveyed all the organisations found in the D&B Hoovers database based on the selection criteria mentioned earlier in Section 3.1. Further, there is a risk that nonperforming CSP organisations may be unwilling to respond as the survey instrument focuses on specific aspects of CSP (Pedersen & Gwozdz, 2014; Weaver et al., 1999). Nevertheless, we followed Dillman's (2011) total design method to improve response rate to an acceptable level. To neutralise the bias of unwillingness to respond, the contents of the survey instrument were also designed and phrased in a generic manner (Pedersen & Gwozdz, 2014).

Academic researchers and practitioners can use the model that we developed to assess the extent of CSP in other emerging countries such as India, Indonesia, South Africa, Thailand and Nepal, Malaysia and Sri Lanka. In addition, future research may generate further insights into the research phenomenon by (i) using stratified random sampling that can be closely monitored to ensure proper representation to validate the model in other counties (Jiang et al., 2020); (ii) obtaining information from multiple-informants' reports to measure and validate the constructs and findings; (iii) following a mixed method of data collection (i.e., combination of interview, survey and archival or longitudinal data); (iv) considering a broader context from multiple nationalities and hence obtaining a larger sample size; and (v) assessing the impact of CSP on organisational performance.

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CONFLICTS OF INTEREST

We (the authors) declare that we do not have any conflict (financial or nonfinancial) of interest.

ETHICS STATEMENT

The study has been approved by the Macquarie Business School Human Research Ethics Sub Committee with the reference number 5201701014 (please, contact if needed via fbe-ethics@mq.edu.au or 98504826) and has been performed in accordance with the National Statement on Ethical conduct in Human Research 2007.

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APPENDIX A: QUESTIONNAIRE ITEMS AND CFA STATISTICS

The items retained after confirmatory factor analysis are shown below. The parameter 1 (one) was assigned as fixed on one item of each construct/scale in AMOS which had the highest standardized estimate and hence no t-value as well as the value of S. E. Is shown in the model.

Variables and items	Factor loading	t-value	S.E.	Cronbach's alpha
1. Institutional pressures:				0.870
1.1 Coercive				
Compliance with local customers' CSR requirements	0.785***	12.491	0.080	
Compliance with foreign customers' CSR requirements	0.703***	10.717	0.075	
Compliance with multinational organisations' CSR requirements	0.707***	10.927	0.079	
Compliance with local and international suppliers' CSR requirements	0.855***	NA	NA	
Compliance with non-government organisations' CSR requirements	0.697***	10.459	0.085	
Compliance with foreign government CSR regulations	0.668***	9.680	0.096	
Goodness of fit: CMIN/DF = 1.632; CFI = 0.994; GFI = 0.987; AGFI = 0.944; RMSEA = 0.056				
1.2. Mimetic				0.830
Competition in the industry	0.729***	6.650	0.125	
Awareness of best practices in the industry	0.624***	6.198	0.109	
Domestic competitors' CSR strategy	0.731***	NS	NA	
Multinational competitors' CSR strategy	0.739***	8.746	0.097	
Legitimising our activities	0.599***	6.853	0.093	
Goodness of fit: CMIN/DF = 1.417; CFI = 0.997; GFI = 0.994; AGFI = 0.959; RMSEA = 0.046				0.916
1.3 Normative				
The growing awareness of CSR practices amongst employees	0.676***	10.533	0.056	
The expertise of staff in CSR practices	0.759***	13.683	0.057	
CSR education and training provided to staff	0.861***	16.374	0.059	
Recommendations from professional bodies and experts	0.888***	NA	NA	
Recommendations from trade associations	0.803***	15.137	0.061	
The focus on CSR in the organisational vision, mission, and strategic plans	0.847***	15.844	0.060	
Goodness of fit: CMIN/DF = 1.532; CFI = 0.996; GFI = 0.985; AGFI = 0.948; RMSEA = 0.052				

Variables and items	Factor loading	t-value	S.E.	Cronbach's alpha
2. Corporate sustainability				0.839
2.1 Accountability to external stakeholders				
Our company:				
discloses sufficient information on the remuneration of board members and key executives (either individually or in aggregate) for investors.	0.617***	8.428	0.098	
follows high quality standards of accounting including financial and non-financial disclosures.	0.663***	9.052	0.077	
provides the best possible wages, benefits and conditions of work within the framework of government policies and our economic position.	0.576***	7.832	0.068	
employs local workers and provides training in co-operation with worker representatives and, where suitable, relevant governmental authorities.	0.672***	9.184	0.071	
Our company provides notice of collective lay-offs or dismissals to the workers' representative prior to the final decision being taken.	0.647***	8.779	0.101	
does not influence the workers' representative unfairly in bona-fide negotiations or hinder the exercise of a right to organise.	0.611***	8.315	0.111	
contributes to the development of environmentally meaningful and economically efficient public policy to enhance environmental awareness.	0.714***	9.767	0.081	
offers, gives or accepts undue financial, non-monetary or other advantage to/from public officials or the employees of business partners.	-0.621***	-8.448	0.116	
does not engage/omit/represent any practices that are deceptive, misleading, fraudulent or unfair.	0.595***	8.104	0.103	
co-operates fully with public authorities to prevent and combat marketing which is deceptive and/or impacts the environment.	0.565***	7.662	0.076	
considers the needs of vulnerable and disadvantaged consumers and the specific challenges that e-commerce may pose for consumers.	0.764***	10.445	0.086	
permits the transfer and rapid diffusion of technologies and know-how with due regard to the protection of intellectual property rights.	0.599***	8.163	0.070	
uses/transfers intellectual property rights/technology in a long term sustainable manner.	0.727***	9.886	0.082	

(Continues)



Variables and items	Factor loading	t-value	S.E.	Cronbach's alpha
develops ties with local universities, public research institutions and participates in joint research projects with local industry or industry associations.	0.717***	NA	NA	
Goodness of fit: CMIN/DF = 1.819; CFI = 0.954; GFI = 0.923; AGFI = 0.883; RMSEA = 0.064				
2.2 Environmental, occupational, and public health and safety				
Our company:				0.924
provides workers' representatives the necessary information for effective collective agreements, meaningful negotiations on conditions of employment and obtaining a true and fair view of performance of the entity or company as a whole.	0.753***	NA	NA	
takes adequate steps to ensure compliance with occupational health and safety requirements.	0.602***	8.539	0.070	
has established an environmental management system for the collection, monitoring, evaluation and verification of adequate and timely information regarding the environmental, health, and safety impact of activities.	0.724***	10.464	0.078	
provides the public and workers with adequate, measurable, verifiable and timely information on the potential environment, health and safety impact of our activities.	0.749***	10.877	0.078	
communicates and consults in a timely manner with the community directly affected by its environmental, health and safety policies and executes these policies.	0.750***	10.895	0.076	
assesses and addresses the foreseeable environmental, health and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle.	0.790***	11.547	0.081	
is aware of the scientific and technical understanding of the risks of serious damage to the environment, human health and safety.	0.703***	10.124	0.074	
maintains contingency plans for preventing, mitigating and controlling serious environmental and health damage in respect to operations.	0.806***	11.824	0.082	
continually seeks to improve its environmental performance.	0.745***	10.817	0.072	
provides adequate education and training to workers in environmental health and safety matters.	0.751***	10.916	0.082	
co-operates with investigating competition authorities by providing responses as promptly and completely as practicable following requests for information.	0.589***	8.343	0.073	

Variables and items	Factor loading	t-value	S.E.	Cronbach's alpha
Goodness of fit: CMIN/DF = 1.488; CFI = 0.985; GFI = 0.954; AGFI = 0.918; RMSEA = 0.049				
2.3 Human rights				
Our company:				0.894
respects international human rights obligations, and laws and regulations of the countries in which we operate.	0.692***	NA	NA	
avoids causing or contributing to adverse human rights impacts and addresses such impacts when they occur.	0.674***	8.783	0.114	
seeks ways to prevent or mitigate adverse human rights impacts that are directly linked to our business operations, products or services.	0.807***	10.362	0.136	
provides for or co-operates through legitimate processes in the remediation of adverse human rights impacts.	0.763***	9.850	0.138	
respects the right of workers to establish or join trade unions and representative organisations of their own choice.	0.685***	8.922	0.159	
contributes to the effective abolition of child labour, and takes immediate and effective action.	0.637***	8.326	0.108	
contributes and takes adequate steps to the elimination of all forms of forced or compulsory labour.	0.603***	7.913	0.139	
complies with the principle of equal opportunity of employment or occupation.	0.618***	8.099	0.120	
enables authorised representatives of the workers to negotiate in collective bargaining or labour-management relations issues.	0.652***	8.514	8.514	
has developed/adopted adequate internal controls, ethics and compliance programs or measures for preventing and detecting bribery.	0.681***	8.866	0.138	
Goodness of fit: CMIN/DF = 2.088; CFI = 0.960; GFI = 0.938; AGFI = 0.893; RMSEA = 0.074				
2.4 Consumer rights				
Our company				0.849
has a policy commitment to respect human rights.	0.593***	NA	NA	
takes adequate measures to minimize the likelihood of bribery.	0.759***	8.088	0.185	
goods/services meet legal standards for consumer health and safety.	0.852***	8.612	0.159	
provides accurate, verifiable and clear information that is sufficient to enable consumers to make informed decisions.	0.740***	7.961	0.185	

(Continues)



Variables and items	Factor loading	t-value	S.E.	Cronbach's alpha
provides consumers dispute resolution services without unnecessary cost or burden.	0.611***	6.973	0.175	
respects consumer privacy and ensures the security of personal data that we collect, store, process or disseminate.	0.649***	7.283	0.144	
Goodness of fit: CMIN/DF = 1.203; CFI = 0.996; GFI = 0.982; AGFI = 0.959; RMSEA = 0.032				
2.5 Disclosure of information				
Our company:				0.805
discloses timely and accurate information on all corporate material matters, including the financial situation, performance, ownership and governance of the company.	0.774***	-	-	
discloses information on related party transactions (transactions with subcontractors, suppliers or joint venture partners) and material foreseeable risk factors.	0.769***	-	-	
discloses information on non-financial, social, environmental and risk management activities.	0.745***	-	-	
2.6 Compliance with science, technology, & competition requirements				
Our company:				0.796
Our activities are compatible with the science and technology policies and plans of the country.	0.601***	7.031	0.090	
Our company employs local personnel to perform science and technological development work.	0.583***	6.853	0.098	
Our company complies with all applicable competition laws and regulations.	0.681***	7.784	0.093	
Our company refrains from carrying out anti-competitive agreements among competitors.	0.864***	NA	NA	
Goodness of fit: CMIN/DF = 3.383; CFI = 0.990; GFI = 0.992; AGFI = 0.917; RMSEA = 0.109				
2.7 Eliminating illegal activities				
Our company:				0.794
promotes employee awareness of and compliance with company policies and management control mechanisms against	0.632***	6.796	0.130	
regularly promotes employee awareness of and trains senior management in relation to the importance of compliance with competition laws and regulations.	0.427***	4.286	0.131	
complies with both the letter and spirit of the tax laws and regulations of the countries in which our company operates.	0.560***	8.852	0.090	

Variables and items	Factor loading	t-value	S.E.	Cronbach's alpha
provides the relevant authorities with timely information for the purpose of the correct determination of taxes.	0.760 ***	7.787	0.125	
pays our tax liabilities in a timely manner.	0.721 ***	NA	NA	
boards adopt tax risk management strategies to ensure that the financial, regulatory and reputational risks associated with taxation are fully identified and evaluated.	0.631 ***	7.180	0.133	
Goodness of fit: CMIN/DF = 1.770; CFI = 0.994; GFI = 0.991; AGFI = 0.937; RMSEA = 0.062				
3. Competitive Advantage				
We have a large market share.	0.580 ***	8.838	0.079	
We are more successful than our major competitors.	0.540 ***	8.109	0.059	
We gain a strategic advantage over our competitors.*	-	-	-	
Our earnings before interest and taxes is continuously above industry average.	0.718 ***	9.463	0.070	
Our return on investment is continuously above industry average.	0.806 ***	13.732	0.062	
Our return on sales is continuously above industry average.	0.771 ***	12.882	0.064	
Our sales growth rate is continuously above industry average.	0.891 ***	NA	NA	
Goodness of fit: CMIN/DF = 1.682; CFI = 0.990; GFI = 0.979; AGFI = 0.945; RMSEA = 0.058				

* Deleted due to the loading factor less than 0.5 (0.431).

*** Factor loadings statistically significant at the level of 0.01.