

MEDIATING EFFECT OF FIRMS' SOCIAL RESPONSIBILITY ON THE RELATIONSHIPS BETWEEN INDIVIDUAL'S ALTRUSTIC PERSONALITY, ETHICAL SENSITIVITY AND SUSTAINABLE BEHAVIOR

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Abstract

The aim of this study is to investigate the relationships between altruistic personality characteristics and ethical sensitivity of the individuals with their attitudes toward firms' social responsible behaviors and their own sustainable behavior toward environment. The study conducted on 116 business administration first year students by asking them to fill out a questionnaire. The study reveals two results. First, participants' altruistic personality and ethical sensitivity are related to their attitude toward firms' social responsibilities. In other words, linear regression analysis found that more altruistic and ethically sensitive individuals prefer the firms that have social responsibility projects when they make buying decisions. Secondly, according to the multiple regression analysis result, participants' attitudes toward socially responsible firms mediate the relationship between their ethical sensitivity and sustainable behavior toward environment.

The study results are interpreted and implications of them are discussed.

Key Words: Altruistic Personality, Ethical Sensitivity, Sustainable Behavior, Social Responsibility.

JEL Code: D64, D23, M14

Introduction

The number of companies involved in environmental protection projects has increased due to growing public concern for the environment. As people become aware of the environmental problems they want to make something to save their environment. Some study results revealed that consumers' decisions are affected by the companies' social responsibility policies.

Social responsibility projects might have an important role in influencing consumption patterns of individuals as one of the informal training is learning from others. Then, those companies become a role model for the consumers to protect their environment. For example, Walt Disney company uses biodiesel made with cooking oil from the resort hotels to run its trains in Disneyland. Yves Rocher emphasizes its commitment to protecting environment and has been working toward improving individual eco-conscience by creating environmental education programs.

Although it is asserted that societies reject the companies that do not try to meet increasingly pronounced social and environmental needs, not every member of the societies seem to be attracted by the social responsibility projects. Therefore, one of the aims of this study is to investigate the characteristics of the individuals who are sensible to those companies when making decisions to buy their products or work for. As individuals who are others centered might be more interested in those companies, individuals' altruistic characteristic and ethical sensitivity are decided to be examined for their relationship with the individuals' sensitivity toward socially responsible companies. Second aim of this study is to understand whether being sensitive toward socially responsible companies mediates the relationship between altruism on ethical sensitivity and sustainable behavior of those individuals toward environment.

1. Altruistic Personality, Ethical Sensitivity, Sustainable Behavior, Social Responsibility and Hypotheses

The meaning of altruism has long attracted the interest of social science researchers. Batson, defined altruism as "a motivational state with the ultimate goal of increasing another's welfare" (Batson and Shaw, 1991: 6). According to Bar-Tal, "altruistic behavior (a) must benefit another person, (b) must be performed voluntarily, (c) must be performed intentionally, (d) the benefit must be the goal by itself, and (e) must be performed without expecting any external reward" (Piliavin and Charng, 1990: 30).

Ethical sensitivity has been recognized as a critical factor in ethical decision making. Bebeau et al. (1985) define ethical sensitivity as the "perception that something one might do or is doing can affect the welfare of someone else either directly or indirectly" (Lepper, 2005: 205). Sparks and Hunt defined ethical sensitivity as "the ability of a person to identify the ethical content of a given situation". Ethical sensitivity is an essential factor in fair decision

making, and is influenced by the environment within which a decision is made in addition to personal variables (Sidani et al., 2008: 212).

European Union defined social responsibility as integrating companies social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis.

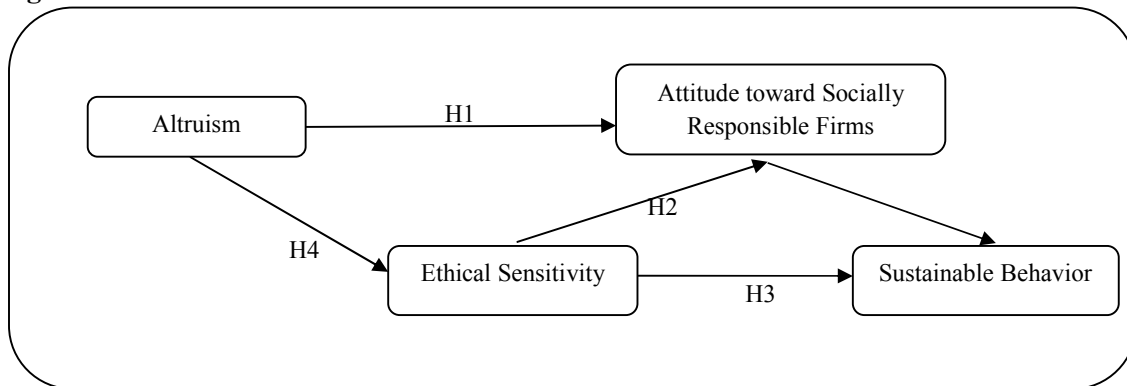
Friedman argued that social responsibility is fundamentally subversive and for profit making only. However the basic idea behind social responsibility is that a corporation should be responsible for more than simply making a profit and be aware of social values and take part in improving the social environment on top of its economic functions, which is termed a broader view of social responsibility perceiving companies with a much broader set of obligations (Tsai et.al, 2012).

According to Lantos (2002) there are three types of social responsibility; *Ethical Social Responsibility* is mandatory and goes beyond fulfilling a firm's economic and legal obligations, to avoid harm or social injuries, even if the business might not appear to benefit from this. *Altruistic Social Responsibility* is equivalent to Carroll's philanthropic responsibilities and involves contributing to the good of various societal stakeholders, even if this sacrifices part of the business' profitability. On the other hand, *Strategic Social Responsibility* involves caring corporate community service activities that accomplish strategic business goals.

Sustainable behavior in this paper is considered positive dispositions toward practicing, in daily life, actions that demonstrate care for the environment and the needs of present and future generations like recycling (Zain et.al, 2012). One more group of psychological variables considers sustainable behaviors, the set of actions aimed at protecting the socio-physical resources of this planet. Although "sustainable behavior" is, in practical terms, synonymous with "pro-environmental behavior," the latter has been used to emphasize efforts to protect the natural environment, while the former specifies actions aimed at protecting both the natural and the human (social) environments (Fonllem et al., 2013: 712). According to Kollmuss and Agyeman (2002: 240) 'pro-environmental behavior' consciously seeks to minimize the negative impact of one's actions on the natural and built world (e.g. minimizing resource and energy consumption, using non-toxic substances, reducing waste production).

In the literature there are limited studies which include relationship between altruism, ethical sensitivity and social responsibility. Straughan and Roberts, found that altruism has a significant role toward environmental social responsibility. Altruism, a concern for the welfare of others, is the sole which inhibits willingness to incur extra costs associated with environmentalism (Straughan and Roberts, 1999). However, earlier findings of Roberts asserted no link between altruism and social responsibility. Arlow's (1991) study found a relationship between students' personal characteristics and their evaluations of business ethics and social responsibility. That was supported by Vlachos's (2009) results, too. There are few empirical studies concerning ethics and social responsibility of small and medium sized companies. This situation is related to firm's owner characteristics. Recent research of Sen and Bhattachar (2001) found a positive relationship between a company's social responsibility actions and consumers' attitudes toward that company and its products (Sen and Bhattachar, 2001).

Fig. 1: The research model



According to some researches there is a relationship between altruism and social responsibility (Straughan and Roberts, 1999; Arlow's, 1991; Vlachos, 2009) whereas earlier findings of Roberts (1996) found no link between altruism and social responsibility. Therefore, H1 is hypothesized to investigate this relationship:

Hypothesis 1: There is a relationship between altruistic personality and social responsibility.

Although no survey was conducted to understand the relationship between ethical sensitivity of individuals and their attitude toward socially responsible firms, Fülöp et al. (1999) found that the owners' ethical sensitivity of small and medium sized firms affect the firms' social

responsibility projects. On the other hand, Sen and Bhattachar (2001) asserted a positive relationship between a firms' social responsibility actions and consumers' attitudes toward that firm and its products. Thus, H2 is hypothesized to examine this relationship:

Hypothesis 2: There is a relationship between ethical sensitivity and social responsibility.

Ethical sensitivity is the individual's awareness to the ethically questionable situations that occurs by some experiences in time. Nowadays many environmental problems increase the awareness of its sustainability. Therefore, those ethically sensitive individuals are expected to be alert about the environmental problems and try to their best to solve them to protect it. It is assumed that ethically sensitive individuals will learn how to sustain the environment from those social responsible projects and behave accordingly. Therefore, H3 is formulated as bellow.

Hypothesis 3: Individuals' attitude toward socially responsible firms mediates the relationship between those individuals' ethical sensitivity and their environmental sustainable behavior.

Altruism can be described as social behavior that is unselfishly motivated to benefit others it is expected that individuals who have altruistic personality show ethical sensitive behavior and they will be interested in environmentally sustainable behavior. Therefore, hypothesize 4 is formulated to understand the relationship between ethical sensitivity and environmental sustainable behavior via altruism.

Hypothesis 4: Individuals' altruistic personality mediates the relationship between those individuals' ethical sensitivity and their environmental sustainable behavior.

2. Method

2.1. Aim of the study

This study aims to investigate the relationships between altruistic personality characteristics and ethical sensitivity of the individuals with their sensitivity toward firms' social responsibility behaviors and their own sustainable behavior toward environment.

2.2. Measures

This study firstly assesses the individuals' altruistic personality by using Rushton, Chrisjohn, and Fekken (1981)'s "Self-Report Altruism Scale". The scale contains sixteen items. A

Likert-type scale enables the respondents to evaluate each item by providing five alternatives, scoring from 1 (never) to 5 (very often). The higher scores indicate the altruistic personality. Secondly the study includes Miller's (2011) "Sustainable Behavior Inducement" survey to measure sustainable behavior and the instrument contains seven items. A five point Likert-type scale evaluates the responses ranging from 1 (strongly disagree) to 5 (strongly agree). Karahan's (2006) survey was used to measure "Social Responsibility" and it contains five items. A five point Likert-type scale evaluates the responses ranging from 1 (strongly disagree) to 5 (strongly agree). The scenarios used in the questionnaire were based on the 20 scenarios developed by Dawson (1997). In the questionnaire, a Likert-type scale was supplied for the respondents to show their reactions to the situation in the scenarios. This scale provided five alternatives, scoring from 1 (strongly unfavorable) to 5 (strongly favorable), and higher scores were accepted as the perception of more ethical behavior.

The Cronbach Alpha coefficients for the scales used in this study are as follows:

- Altruistic Personality ($\alpha= 0,80$),
- Sustainable Behavior ($\alpha=0,55$),
- Social Responsibility ($\alpha=0,58$),
- Ethical Sensitivity ($\alpha= 0,70$),

2.3. Sample

This research aims to investigate the relationships between altruistic personality characteristics and ethical sensitivity of the individuals with their sensitivity toward firms' social responsibility behaviors and their own sustainable behavior toward environment. In this respect, this study attempts to reach 130 business administration first year students by asking them to fill out a questionnaire in Hacettepe University in Ankara, Turkey. It was aimed to reach 130 students, but only 116 students responded to the questionnaires with the return rate of 89%.

3. Results

The analysis starts with the correlations statistics in order to provide an overall picture of the model. Table 1 illustrates the strong correlations between altruism and social responsibility variables. Table 2 includes correlations between sustainable behavior, ethical sensitivity and social responsibility. The results show that there is a positive relationship between ethical sensitivity and sustainable behavior. The outcome of the study shows that a strong significant

relationship between social responsibility and sustainable behavior. Also there is a relationship between social responsibility and ethical sensitivity.

Table 1. Correlations between altruism and social responsibility

| | M | SD | 1 | 2 |
|--------------------------|------|-----|---------|------|
| 1. Altruism | 2.82 | .52 | 1.00 | |
| 2. Social Responsibility | 3.48 | .43 | 0.003** | 1.00 |

**Correlation is significant at the 0.01 level (2-tailed). P<0.01

Table 2. Correlations between sustainable behavior, ethical sensitivity and social responsibility

| | M | SD | 1 | 2 | 3 |
|-------------------------|------|-----|---------|--------|------|
| 1.Sustainable Behavior | 3.38 | .58 | 1.00 | | |
| 2.Ethical Sensitivity | 2.02 | .46 | 0.041* | 1.00 | |
| 3.Social Responsibility | 3.79 | .63 | 0.000** | 0.047* | 1.00 |

*Correlation is significant at the 0.05 level (2-tailed). P<0.05

**Correlation is significant at the 0.01 level (2-tailed). P<0.01

Table 3. Results of the linear regression analysis for altruism (DV = social responsibility)

| | Beta | t | p | R | R ² | F |
|----------|------|-------|------|-------|----------------|-------|
| Altruism | .276 | 3.062 | .003 | 0.276 | 0.076 | 9.373 |

Linear regression analysis tests the first hypothesis identifying the relationship between altruistic personality and social responsibility. It is found that there is a significant relationship. Participants' altruistic personality are related to their sensitivity toward firms' social responsibilities. As a result H1 is accepted.

Table 4. Results of the linear regression analysis for ethical sensitivity (DV = social responsibility)

| | Beta | t | p | R | R ² | F |
|---------------------|-------|--------|-------|-------|----------------|-------|
| Ethical Sensitivity | -.185 | -2.010 | 0.047 | 0.185 | 0.034 | 4.039 |

Linear regression analysis indicates a significant relationship between ethical sensitivity and social responsibility. Therefore H2 is supported for this relationship.

Table 5. Regression analysis for mediating effects of social responsibility

| Dependent Variable | Independent Variable | Beta | t | p | R | R ² | F |
|----------------------|----------------------|--------|--------|-------|-------|----------------|-------|
| Sustainable Behavior | Ethical Sensitivity | -0.190 | -2.065 | 0.041 | 0.190 | 0.036 | 4.265 |

| | | | | | | | |
|-----------------------|-----------------------|--------|--------|-------|-------|-------|--------|
| Social Responsibility | Ethical Sensitivity | -0.185 | -2.010 | 0.047 | 0.185 | 0.034 | 4.039 |
| Sustainable Behavior | Social Responsibility | 0.523 | 6.556 | 0.000 | 0.523 | 0.274 | 42.988 |
| Sustainable Behavior | Social Responsibility | 0.523 | 6.556 | 0.000 | 0.523 | 0.274 | 42.988 |
| | Ethical Sensitivity | -0.096 | -1.189 | 0.237 | 0.532 | 0.283 | 22.279 |

The study follows the procedure suggested by Baron and Kenny (1986) to test H3 that social responsibility would mediate the relationship between ethical sensitivity and sustainable behavior. Ethical sensitivity is first regressed on sustainable behavior, the model is significant. Secondly, ethical sensitivity is then regressed on social responsibility, the model is significant. Finally, sustainable behavior is regressed on ethical sensitivity and social responsibility and this model is significant too. Thus, all the three conditions of mediation are satisfied. In the third regression the relationship between ethical sensitivity and sustainable behavior is not significant. Therefore, social responsibility fully mediated the effect of ethical sensitivity on sustainable behavior. H3 is supported. The results are shown in Table 5.

Table 6. Results of the linear regression analysis for altruism (DV: altruism)

| | Beta | t | p | R | R ² | F |
|---------------------|-------|-------|-------|-------|----------------|-------|
| Ethical sensitivity | 0.011 | 0.122 | 0.903 | 0.011 | 0.000 | 0.015 |

As can be seen in the table 6, there isn't significant relationship between altruism and ethical sensitivity. Therefore, H4 was not accepted.

Conclusion

This study suggests that altruistic characteristics and ethical sensitivity play an important role in students' assessment of social responsibility.

Researchers have given much attention to the possibility of genetically based individual differences in human altruism. On the other hand, some findings revealed that socialization processes have an impact in developing individuals' ethical sensitivity. Social processes are formed by interactions with individuals and their parents, teachers. In addition to religious and cultural backgrounds have an impact on ethical sensitivity of individuals. In this respect, business ethics education becomes more crucial. If education is successful, students will show more interest in social responsibility projects and their sustainable behavior will increase.

This paper is also found that firms' social responsibility projects have an educational role on sustainability of individuals' behavior. As a result, altruistic and ethically sensitive individuals show more interest in social responsibility projects, take care of their environment and pay more attention to its sustainability.

This result suggests that it is better if firms could be involved in more social responsibility projects and advertise them to attract individuals' attention and create awareness for individuals.

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