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External Pressures, Managerial Motive and Corporate Sustainability Strategy: Evidence from a Developing Economy

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ABSTRACT

Based on social-system theories, our study analyzes the (i) influence of institutional and external stakeholder pressure on the adoption of corporate sustainability strategy and (ii) role of managerial motive in mediating the influence of external pressures on the adoption of corporate sustainability strategy. A questionnaire was developed to collect data from listed companies in Sri Lanka, and the data were analyzed using the covariance-based structural equation modeling technique. The results showed that the adoption of corporate sustainability strategy is positively influenced by external stakeholder pressures, whereas institutional pressures had no significant impact. The managerial motive was found to mediate institutional pressures, but it was not to mediate external stakeholder pressure on adopting corporate sustainability strategy. This is the first study from Sri Lanka to investigate the interplay between external forces and managers' internal motivations concerning adopting corporate sustainability strategy. External stakeholders and the institutional environment can call upon organizations to embrace a sustainability agenda in economies where adopting sustainability is purely voluntary. Managers may absorb the external pressures on sustainability and drive organizations to engage in sustainability initiatives.

Keywords: Corporate sustainability strategy; institutional pressures; external stakeholder pressures; managerial motive; structural equation modelling

Introduction

Corporate sustainability is a relatively new phenomenon, and corporations worldwide increasingly embrace sustainability-related initiatives to show responsiveness to growing sustainability pressures. Siegel (2009) suggests that implementing corporate sustainability initiatives is important for organizations to achieve strategic goals, and the growing body of corporate sustainability literature suggests that a business case for sustainability exists. The concept of corporate sustainability requires organizations to embed sustainability dimensions (economic, environment, social) into business strategy and operations (Dhanda & Shrotryia 2021). However, firms adopting corporate sustainability initiatives challenge the classical economic doctrine of profit maximization (DesJardins 1998). The proponents of the classical view argue that the firm's social responsibility is to increase profits (Friedman 1970), despite the growing trend of environmental-social pressures for nearly 30 years (Sherwin 2004). Contradicting the business goal of making a profit by traditional means, Bartolacci et al. (2020) report that most studies investigating the sustainability-financial performance link confirm a positive relationship. Regulatory initiatives, such as China's Green Credit Policy, have been implemented to limit credit facilities and charge higher interest rates to polluting industries (Weber 2017). A business's intention to gain a competitive advantage by integrating sustainability into the business strategy and operations provides the basis for the business case for sustainability. Whether corporations are primarily driven by competitive advantage to adopt corporate sustainability is underexplored. Alternatively, scholars argue that pressures on businesses to adopt sustainability initiatives are mounting and failing to respond to such pressure may cause negative consequences (Cantele & Zantene 2018; Wijethilake & Ekanayake 2018). Moreover, Lozano (2015) state that sustainability has become a prerequisite for conducting business.

Corporate sustainability is growing in acceptance and application among corporations in developing economies. The Global Corporate Sustainability Report (GCSR) 2013 asserts that organizations hailing from developed and developing economies are equally endorsing the United Nations Global Compact (UNGC) (United Nations Global Compact Office 2013). The Carbon Disclosure Project (CDP) reported a significant improvement in the green reporting quality in emerging economies in 2009 compared to previous years (OECD 2010). Although the above instances ratify that corporate sustainability initiatives are becoming popular among developing economy firms, they do not provide insight into the actual state of implementation. Baskin (2006) compared companies' corporate responsibility behaviour from emerging markets and OECD countries and found that corporate responsibility behaviour was less embedded in emerging market companies' business strategies. The KPMG Corporate Responsibility survey documents that corporate responsibility reporting has become standard

practice for large and mid-size companies worldwide, although most fail to recognize climate change as a financial risk (KPMG 2017). It is alleged that resource shortages constrain firms in developing economies and, hence fall behind the firms from developed economies in pursuing corporate sustainability initiatives (Luo et al. 2013). It is apparent that there are discrepancies in the implementation of corporate sustainability initiatives between organizations in developed and developing economies, and it is likely that the adoption of corporate sustainability initiatives in developing economy firms is at an embryonic level.

A review of the corporate sustainability literature from developing economies indicates that researchers have mainly shown interest in large emerging economies (Delai & Takahashi 2013; Fifka & Pobizhan 2014; Maubane et al. 2014; Sangle 2010; Zhang et al. 2014). Scholars' interest in pursuing corporate sustainability research in emerging economies is supported by the fact that these are among the leading economies globally in terms of GDP, energy consumption, greenhouse gas emissions, and population (International Energy Agency 2020; The World Bank 2022). Besides, recent institutional developments in emerging economies such as the introduction of a corporate sustainability index in Brazil (International Finance Corporation), a social responsibility index in the Shanghai Stock Exchange in China, and the CSR regulation in India (Ministry of Corporate Affairs 2014) are also likely to motivate researchers to undertake corporate sustainability research relating to these economies.

However, some studies related to corporate sustainability have emerged from other developing economies in Asia (see Farooq et al. 2014; Hoque & Clarke 2013; Massoud et al. 2010; Rettab et al. 2009; Saleh et al. 2011; Setthasakko 2007; Ngyuen et al. 2021) and Latin America (see Rivera 2004; Vazquez-Brust et al. 2010; Lopes et al. 2017). Most of these corporate sustainability studies from developing economies are exploratory. It has also been claimed that corporate sustainability initiatives in developing economies are mainly philanthropy-driven because of socio-economic needs and cultural beliefs (top 2014). Low per capita GHG emissions, low-income population, and inequality are a few features of developing economies' socio-economic landscape, and these issues may be context-specific. Moreover, corporate sustainability is a voluntary act for companies in developing economies, and they have no statutory requirement to implement or report such initiatives. It has also been reported that the institutional mechanism in developing economies is weak compared to advanced economies (Kemp 2001; Peres et al. 2018). In the absence of statutory enforcement in a fragile institutional setting, external pressures and internal motivations are likely to play an important role in influencing firms to implement corporate sustainability initiatives. This may result in significant differences between companies embarking on corporate sustainability and cause heterogeneity in practice. Thus, there is the need to investigate how organizations in developing economies other than emerging economies respond to sustainability pressures and how internal dynamics within organizations facilitate the adoption of corporate sustainability strategy. The purpose of this paper is two-fold. First, to examine the influence of institutional and external stakeholder pressure on adopting corporate sustainability strategy. Second, to determine whether managerial motive mediates the influence of external pressures on the adoption of corporate sustainability strategy.

The research context of the study is Sri Lanka. As an island nation, Sri Lanka's population density is far greater than countries with similar population sizes, like Australia and Malaysia. The world bank recognizes Sri Lanka as a lower-middle-income country. Historically Sri Lanka has been an agrarian society. Sustainability has been part of the lifestyle of the rural folk in Sri Lanka. To a large extent, Buddhism has influenced a view toward a sustainable society. Buddhist teachings and its doctrine have instilled the value of the environment among its people from ancient times. Sri Lanka's ancient irrigation system developed by various kings over a period of thousand years is evidence of its appreciation of social and environmental sustainability. Sri Lanka's ancient settlement systems had been identified as 'Wewai-Dagabai, Gamai-Pansalai', which refers to a hydraulic civilization (Seneviratna 1987). Also, Sri Lanka is among the top biological hotspots globally (United Nations Environment Programme 2014).

In recent years, Sri Lanka's climate risk ranking jumped from 98 in 2015 to 6 in 2018 (Eckstein et al. 2019). However, Sri Lanka was not among the ten most affected countries by extreme weather in 2019 and was ranked 23rd on the long-term Climate Risk Index that assesses the impact of extreme weather from 2000-2019 (Eckstein et al. 2021). Consequently, Sri Lanka is among the top countries most impacted by climate-related challenges. Ever-increasing social and environmental-related challenges and issues encountered in Sri Lanka continue to gain public and media attention (Sriyananda 2015). Local and multinational entities in Sri Lanka have come under severe condemnation, public dissent and negative publicity on social media for mismanaging social and environment-related issues (see Samath 2015). Law enforcement officials in Sri Lanka had to temporarily shut down, file lawsuits, and fine and shift plant locations of businesses polluting the environment or violating social-environment regulations (Perera 2013).

This paper makes several contributions to the literature on corporate sustainability. The study's main contribution is the empirical contribution to corporate sustainability literature by testing a conceptual model that examines the interplay between external pressures and internal driver on the adoption of corporate sustainability strategy in a developing economy. The second contribution is that a survey was carried out to collect primary data for testing the proposed model

and the relationships. Collecting primary data on firm-level sustainability initiatives provides insights into the actual state of implementation. It has been asserted that empirical testing of sustainable business initiatives in a developing economy is necessary to comprehend how it works in practice (Likoko & Kini 2017). Learning about the feasibility and practicability of implementing sustainability in developing countries has been claimed to be very important (Ngan et al. 2019) since there is a paucity of research on how managers and practitioners engage in sustainability in developing economies (Oriade et al. 2021). The third contribution of the study is empirical evidence on theoretical lenses applied in this study. Although opinions on the applicability of western-centric theories in developing-economy contexts differ, Hafsi and Farashahi (2005) suggest that scholars should look for more widely applicable theories than their universality. They further claim that scientific knowledge is ubiquitous and that developing and emerging economies are part of normal scientific development.

This paper is organized as follows. Section 2 discusses the theoretical underpinnings relevant to this study. Section 3 offers to discuss the conceptual framework and the hypotheses. The methodology of this paper is presented in section 4. Subsequently, the results and findings are presented in section 5. The last section concludes the article by briefly discussing the findings, implications, limitations, and scope for future research.

Theoretical Background

The following sections discuss the theoretical frameworks applied in this study. The theories discussed below are part of the socio-organizational approach and belong to systems theory. Corporate sustainability is viewed as a systems concept, and scholars advocate a systems approach for integrating sustainability within businesses (Azapagic 2003; Gray 2010). Moreover, a multi-theoretical approach also aids in overcoming the critiques and problems associated with single theory or mono-theoretical approaches and integrating complementary perspectives.

INSTITUTIONAL THEORY

The institutional theory explains how organizational decisions and practices are affected by external forces. Institutional theory is grounded on the notion that organizations are affected by their environment (Scott 2003) and postulates that institutional forces influence organizations to become isomorphic (Dimaggio & Powell 1983). Isomorphism is explained as organizations in the same or similar industries having similar structures and practices (Dimaggio & Powell 1983). Thus, the institutional theory posits that homogeneity among organizations results from prevailing societal pressures and is a prerequisite for its survival and legitimacy (Dimaggio & Powell 1983; Heugens & Lander 2009).

STAKEHOLDER THEORY

Studies applying the stakeholder theory in corporate sustainability research report that stakeholder pressures are among the main external factors affecting firms' embracing corporate sustainability initiatives (Garcés-Ayerbe et al. 2012). Stakeholder theory can be applied to identify sustainability issues specific to each stakeholder to improve organizational responsiveness and stakeholder-management relationship (Cespedes-Lorente et al. 2003; Sharma & Vredenburg 1998). Although stakeholder theory's origin is rooted in a normative perspective, which emphasizes organizations' moral duty or obligation towards stakeholders (Donaldson & Preston 1995; Jones 1995), stakeholder-sustainability discourse in the business-society literature addresses the instrumental aspects of the stakeholder-sustainability relationship. Accordingly, it can be stated that engaging with stakeholders to embed corporate sustainability aspects into organizations may enhance the business case for sustainability and supports some scholars' opinion that stakeholder theory is organization-centred (Mitchell et al. 1997; Gray et al. 1996).

LEGITIMACY THEORY

Legitimacy theory is based on the conception that there is a contract between the organization and society (Deegan 2002; Haddock-Fraser & Tourelle 2010). Legitimacy theory explicates that organizations seek the right to exist and operate by conforming to society's expectations. By conforming to societal expectations, organizations focus on establishing congruence between organizational behaviour and society's norms to enhance their legitimacy claim (Dowling & Pfeffer 1975). Legitimacy is a status conferred upon organizations by stakeholders outside the organization (Dimaggio & Powell 1983; Milne & Patten 2002), and legitimation is the process of seeking legitimacy (Pfeffer & Salancik 1978).

Organizations are likely to seek legitimacy or engage in legitimation when there is a disparity between perceived organizational conduct and societal expectations (Long & Driscoll 2008). A legitimacy gap may be caused by the availability of new information about an organization (Milne & Patten 2002) or changes in societal expectations (Sethi 1979). As a result, legitimation inevitably becomes an important task for organizational members, and they may pursue to extend, maintain or defend the legitimacy status of an organization (Ashforth & Gibbs 1990; Suchman 1995). The instrumental approach to legitimation considers legitimacy as a resource extracted from the environment (Pfeffer & Salancik 1978) and is less influenced by external forces (Long & Driscoll 2008). Alternatively, the institutional approach to legitimation views legitimacy as a set of beliefs endorsed by external institutions (Suchman 1995) and underlines that organizations derive legitimacy by adhering to external pressures. The main distinction between the two approaches is that the strategic approach is based on the

view that the managers control the legitimation process, and the institutional approach considers the society governs that legitimacy and its constituents and access to resources is the result of the legitimacy status of the firm (Suchman 1995).

Conceptual Framework And Hypotheses

A conceptual model that can be empirically tested was constructed based on theoretical lenses and literature gaps discussed in the prior sections. The proposed model strives to apprehend the impact of external, task and intra-organizational environmental elements on corporate sustainability strategy (see Figure 1). The suggested model, therefore, explores the effect of institutional pressure (IP), external stakeholder pressure (ST), and managerial motive (MM) on the adoption of corporate sustainability strategy (CSS). The paths originating from institutional pressure and external stakeholder pressure to the adoption of corporate sustainability strategy are drawn from institutional and stakeholder theories. Moreover, these paths indicate a direct influence on the dependent variable. The conceptual model also shows that institutional and external stakeholder pressure directly impacts managerial motive, which directly influences the adoption of corporate sustainability strategy. Accordingly, the managerial motive is mediating in the constructed model derived from the legitimacy view. Hence, the proposed model envisages that institutional and external stakeholder pressure, directly and indirectly, affects the adoption of corporate sustainability strategy.

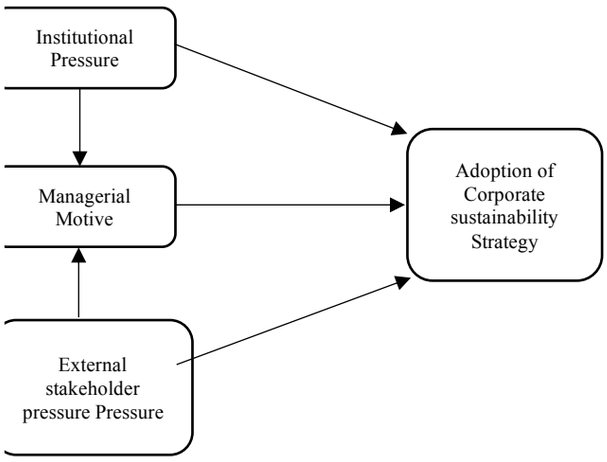

FIGURE 1. Conceptual model

INSTITUTIONAL PRESSURES

Institutional theorists claim that institutional pressures cause adoption behaviour or practice diffusion (Dimaggio & Powell 1983; Greenwood & Hinings 1996; Tolbert & Zucker 1983). Empirical studies investigating the link between institutional pressures and corporate sustainability initiatives predict a positive association because the organizational effort to comply with regulations, norms and standards and competitive forces stimulates corporate sustainability strategy adoption (Kalyar et al. 2019). Khanna et al. (2009), using a sample of S & P 500 companies, found that regulatory pressure positively affected pollution prevention techniques. Similarly, Doran and Ryan (2016) also found that existing regulation is a significant and positive driver of eco-innovation among a sample of Irish firms responding to the Irish Community Innovation Survey. Furthermore, Zailani et al. (2012) claim that the eco-design and environmental performance of ISO 14001 firms in Malaysia were affected by regulation. Zhu et al. (2013) examined the impact of domestic and international institutional pressures on environmental management systems using a manufacturing company sample. Their study revealed that domestic and international institutional pressures positively affected pro-environmental behaviour. Sangle (2010) also reported that institutional pressures drive companies to adopt proactive environmental strategies in India. Studies have also shown that MNCs are influenced by institutional pressures to engage in CSR activities and strategies (Bondy et al. 2012; Beddewela & Fairbrass 2016). Studies by Li (2014) and Singh et al. (2014) in emerging Asian economies also endorse the view that there is a strong link between institutional pressures and pro-sustainability behaviour. The theoretical rationale and empirical findings above suggest a positive link between institutional pressures and corporate sustainability strategy. Hence, the below hypothesis is proposed.

H_1 Institutional pressure positively influences the adoption of corporate sustainability strategy.

EXTERNAL STAKEHOLDER PRESSURE

External stakeholders are commonly perceived as secondary stakeholders or less important as they do not control organizations' critical resources (Sharma & Henriques 2005). Extant literature classifies local communities, the media, environmental organizations (ENGO), and external agencies (trade and industry associations) as external stakeholders. However, stakeholders' pressure has been recognized as an important determinant of pro-sustainability behaviour in the social-environmental responsibility literature (Buysse & Verbeke 2003). Moreover, engaging stakeholders in integrating sustainability features into business strategy enhances an organization's legitimacy and reputation (Hart 1995). Empirical studies also affirm that external stakeholder pressure positively affects corporate sustainability initiatives. Yu and Choi (2016), examining the effect of stakeholder pressure on CSR adoption among Chinese companies, found that external stakeholders had a positive effect.

Similarly, two studies from South Korea that explored the influence of specific stakeholders on MNE subsidiaries' CSR activities found that the local community had a partial influence, and NGOs had the most significant effect on CSR activities (Park et al. 2014; Park & Ghauri 2015). In contrast, a study conducted in Switzerland found that external stakeholders comprising media, NGOs, and activities had no impact on CSR implementation by large and medium-sized companies (Helmig et al. 2016). In essence, the effect of stakeholder pressure on organizations to adopt corporate sustainability strategy largely depends on how managers construe stakeholders and the stakeholder-organization relationship. In principle, corporate sustainability is a stakeholder-based approach and managing the organization-stakeholder relationship is vital for accomplishing organizational objectives (Donaldson & Preston 1995; Freeman et al. 2004; Gibson 2012). Given the above reasoning, the following hypothesis is proposed.

H_2 External stakeholder pressure positively influences the adoption of corporate sustainability strategy.

MANAGERIAL MOTIVE

Senior management of companies is responsible for strategic decisions like adopting corporate sustainability strategy. The management team's role in adopting corporate sustainability is essential on two counts. First, there is ambiguity about the concept of business sustainability because finding a balance between economic and sustainability goals is difficult. The top management's involvement could provide clear guidance and direction for the rest of the organization and eliminate any ambiguity in aligning business and sustainability goals. Second, integrating sustainability into business strategy may cause organizations to shift towards a sustainable business model. This may require the managers to make decisions and allocate resources to drive business sustainability initiatives. Moreover, integrating sustainability into the existing organizational processes may lead to organizational transformation, which cannot be achieved without understanding the management's role. Thus, understanding the motives or intentions that drive the management team to adopt corporate sustainability initiatives is important.

Integrating corporate sustainability aspects into business strategy is a strategic initiative. Sarkis et al. (2010) argue that top management's role is central to adopting and implementing corporate sustainability initiatives. Accordingly, top management commitment has received significant attention in the business sustainability literature (Berry & Rondinelli 1998; Colwell & Joshi 2013). Although top management involvement is considered a predictor of pro-sustainability behaviour, it is argued that various motives guide top management's commitment and decision to embrace corporate sustainability initiatives. Notably, these motives are why top management in organizations would consider adopting corporate sustainability strategy. Managerial intention or motive is the underlying belief of the top management. We identified three distinct motives that drive an organization's management to engage in corporate sustainability initiatives from previous literature. First, the legitimacy motive is the belief that adopting pro-sustainability initiatives enhances organizational legitimacy (Bronn & Vidaver-Cohen 2009; Walker et al. 2014). According to Bansal and Roth (2000), the legitimacy motive focuses on compliance with regulations and institutional norms. The second motive is the strategic motive, which implies that adopting corporate sustainability strategy could create a competitive advantage and improve financial performance (Bansal & Roth 2000; Walker et al. 2014; Bronn & Vidaver-Cohen 2009). Organizations driven by the strategic motive to adopt socially responsible behaviour had more CSR activities and better financial performance (Isaksson et al. 2014). Value motive is the third motive. This motive exemplifies that adopting corporate sustainability strategy is the right thing to do (Maignan & Ralston 2002), and it stems from the idea that organizations have a moral obligation toward society (Bronn & Vidaver-Cohen 2009). Organizational members may embrace the above value by embedding sustainability into organizational culture, which may influence the managers to genuinely seek to improve organizations' sustainability performance (González-Benito & González-Benito 2005).

Maignan and Ralston (2002) compared the motives guiding organizations in the U.S., U.K., Netherland, and France to accept CSR. Their study revealed that managerial motives driving CSR differ across contexts, and multiple motives are likely to exist simultaneously. Furthermore, Uecker-Mercado and Walker (2012) claim that managerial motive has been central in enacting policies, strategies, and practices that govern pro-sustainability behaviour. Similarly, Bansal and Roth

(2000) emphasize that motives lead to a higher degree of ecological responsiveness in organizations. The following hypothesis is proposed considering the above arguments.

H_3 Managerial motive positively influences the adoption of corporate sustainability strategy.

Senior management of an organization formulate strategies, and goals, implement strategic decisions and provide future directions. Similarly, the top management, including the senior managers and CEO, has to play a pivotal role in identifying and mitigating the pressure emerging from the external environment. Fineman and Clarke (1996) claim that managers are the mediators of stakeholder influences. Managers may consider developing strategic initiatives to mitigate current and future threats in response to external forces calling businesses to implement corporate sustainability initiatives (Plaza-Úbeda et al. 2009). External pressures comprising institutional and stakeholder pressures will likely shape managers' motives for adopting corporate sustainability initiatives. Bansal and Roth (2000) highlight that different motives drive environmental responsibility in organizations, and their antecedents and outcomes are unknown and need to be explored. Yang and Rivers (2009) also provide empirical support that external pressures influence an organization's sustainability-related attitude and practices. In this sense, it can be argued that a dynamic interplay exists between external and internal drivers and actions (Hawn & Ioannu 2016). Managerial motive represents an internal driver that interplays with institutional and external stakeholder pressures derived from institutional and stakeholder theory to influence the adoption of corporate sustainability strategy in organizations. Based on the above reasoning, the following mediating hypotheses are proposed.

H_4 Managerial motive mediates the relationship between institutional pressure and the adoption of corporate sustainability strategy.

H_5 Managerial motive mediates the relationship between external stakeholder pressure and adoption of corporate sustainability strategy.

Methodology

SAMPLE

The population of this study was the large companies implementing corporate sustainability initiatives in Sri Lanka. The lack of financial and other information for large companies other than those listed in the public domain is a major obstacle in developing a sampling frame comprising large companies in Sri Lanka. The directory of listed companies available on the Colombo Stock Exchange (CSE) website for all users was deemed appropriate and accessible because all the listed companies in the CSE would have a minimum stated capital of Sri Lankan Rs. 100 million at the time of listing. (Colombo Stock Exchange 2014). More importantly, we could determine whether the listed companies are pursuing corporate sustainability initiatives from their annual reports and corporate websites.

Furthermore, limiting the study sample to listed firms in Sri Lanka allows us to control the firm size effect by research design. The number of listed companies in the CSE has been less than 300 in the last decade. The lowest number of listed companies in the CSE was 241 in 2010, and the highest number of listed firms was 297 in 2018 (Colombo Stock Exchange 2019). Annual reports, corporate websites and corporate news of listed companies were searched to choose the companies that embraced corporate sustainability. 196 companies were found to have adopted some form or type of corporate sustainability.

It was decided to approach all 196 companies that were engaged in corporate sustainability initiatives for data collection since the accessible population of the study was less than 300 ($N < 300$), and the companies involved in corporate sustainability were less than 200 ($N < 200$). The decision to concentrate on the chosen listed entities was also influenced by; (1) a minimum of 100 observations is essential for data analysis, that is, if the distribution assumptions and other requirements associated with the analytical techniques are met (Hair et al. 2010): (2) the mean response rate for survey according to Baruch and Holtom (2008) is 48% and according to Shih and Xitao Fan (2008) is 45%: (3) most companies in Sri Lanka are situated either in the Colombo district or in neighbouring districts, which is within the western province region. This increases the accessibility to the selected firms and controls various costs associated with administering a questionnaire.

DATA COLLECTION

A questionnaire was developed based on priori literature to collect primary data to test the hypothesized model. Recommendations of Churchill (1979) were considered when preparing the questionnaire. The target respondent or the key informant was a manager or executive level employee knowledgeable about their company's corporate sustainability activities. The use of questionnaires to collect perceptual data from organizational members has been accepted in strategy and management research (Faulkner 2002). Also, perceptual measures have been encouraged in the absence of objective measures in the strategy and performance literature (Dess & Robinson 1984; Hult et al. 2008). Likewise, corporate sustainability studies have mainly dependent upon the manager's self-perceptions to assess the adoption of corporate sustainability initiatives in organizations.

After developing the questionnaire, it was shared with academics, a CEO, and managers to obtain feedback. As an additional step, the questionnaire was also shared

with business and management postgraduate students in Sri Lankan universities. These students are working professionals who could provide feedback to improve the questionnaire based on their understanding of corporate sustainability initiatives in their respective organizations. After gathering suggestions from the above participants, the revised questionnaire was reviewed by distributing it among the potential respondents representing the selected firms in the population. The smaller study population and restrictions on recruiting the same participants for the main survey limited the organizational participants (n = 20). We received suggestions and feedback to identify complex or confusing wordings and questions and reduce the questionnaire's overall length. We adhered to research ethics guidelines during the questionnaire design and data collection and ensured confidentiality and non-identifiability of participating firms and respondents. The questionnaire was distributed by visiting the participating firms and inviting a key informant to participate in this study.

VARIABLE OPERATIONALIZATION

Institutional pressure was measured with 8 items on a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree). The items were adapted from Colwell and Joshi (2013), Jalaludin et al. (2011), Walker et al. (2014), and Zhu et al. (2013). We used 7 items to measure external stakeholder pressure. The items were adapted from Buysse and Verbeke (2003), Cordano et al. (2010), and Ramanathan et al. (2014). The construct was measured on a Likert-type scale of 1 (very low) to 7 (very high). Managerial motive comprised 3 items adapted from Bansal and Roth (2000), Bronn and Vidaver-Cohen (2009), and Maignan and Ralston (2002). The construct was measured on a Likert-type scale, where 1 is strongly disagree, and 7 is strongly agree. We included 7 items to measure the adoption of the corporate sustainability strategy construct. The items were adapted from Bansal (2005), Chan (2005), Chow and Chen (2012), Ni et al. (2015), and Singh et al. (2014). A Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree) was used to measure the construct. The questionnaire items are given in the appendix.

Analysis Method

Univariate, bivariate and multivariate analytical techniques were applied to analyze the data. Covariance-based structural equation modeling (CB-SEM) was used as the multivariate technique to test the hypotheses. CB-SEM has been widely applied in management research, and its application has been growing substantially (Shah & Goldstein 2006; Shook et al. 2004). A dual-step approach has been proposed to conduct CB-SEM (Anderson & Gerbing 1984; McDonald & Ho 2002). The first step is to perform the measurement model, and the second step is to execute the structural model. Furthermore, model fit indices have been developed to evaluate research models using CB-SEM. The extant literature has set out the cut-off values for various fit indices (see Table 1 for the cut-off values of some commonly used fit indices). However, it has been advocated not to consider them as 'golden rules' to determine model fit. Moreover, CB-SEM enables the testing of mediation analysis using the Bootstrapping technique. Hayes (2009) recommends the Bootstrapping method for investigating mediation because the inference is derived from the indirect effect. In addition, the causal step approach proposed by Barron and Kenny (1986) was also applied to examine the significance of the direct and indirect paths in the model.

TABLE 1. Cut-off values of fit indices

Family of Fit Indices	Fit Indices	Threshold Levels
Absolute Fit Indices	Chi-square (χ^2)	A positive non-significant χ^2 (Kline, 2011)
Goodness of Fit Indices	GFI	GFI > 0.90 (Hair et al., 2010; Joreskog and Sorbom, 1984)
	RMSEA	RMSEA < 0.05 (pclose < 0.05) (Browne and Cuddeck, 1993; Hu and Bentler,1999)
Incremental Fit Indices	CFI	CFI > 0.90, CFI > 0.95 (Bentler, 1990; Hair et al., 2010)
	TLI	TLI > 0.95 (Hair et al., 2010; Tucker and Lewis, 1973)

Analysis And Results

SAMPLE ADEQUACY

127 companies submitted complete questionnaires out of the 196 companies selected for this study. The number of responses collected can be considered more than adequate despite the limited population. It may be argued that the number of responses was below the recommended sample size for CB-SEM. Current recommendations about the sample size in CB-SEM literature remain an ongoing debate. One of the reasons why CB-SEM methodologists call for a large sample is because the chi-square statistic does not follow the chi-square distribution when the sample size is small (n < 200) (Bone et al. 1989). In the SEM literature, there are several recommendations to determine the sample size's adequacy, namely, the rules of

thumb (Williams et al. 2004); and power analysis (Shook et al. 2004). Prior studies reveal that the observation-parameter ratio in business research applying the CB-SEM is below the recommended ratio level (Martınez-Lopez et al. 2013; Shah & Goldstein 2006). Wolf et al. (2013) emphasize that the sample size should be determined by evaluating the specific research model. Moreover, some studies have applied CB-SEM with samples less than 100 because of smaller populations (see Doloi et al. 2012; Eriksson and Pesämaa 2007; Ikediashi et al. 2013; Vinodh & Joy 2011). We conclude that data collected from 127 firms is adequate to execute CB-SEM if the data meets the distribution assumptions. Furthermore, extant literature also suggests that the Full Information Maximum Likelihood Estimation technique is robust in the small sample case (Ullman & Bentler 2013).

CHARACTERISTICS OF RESPONDENTS

Two-thirds (67%) of the respondents to this survey held senior manager or managerial positions, whereas one-third (33%) of the respondents held senior executive or executive positions. Nearly one-fourth (23%) of the respondents had more than ten (10) years of work experience. Respondents with job experience between five to ten (5 – 10) years and below five years were 32% and 45%, respectively. In sum, 55% of the respondents had work experience of above 5 years. Comparing the gender of the respondents, it was found that 96% of the respondents were male, and only 4% were female. 66% of the participants at least had a bachelor's degree. The rest had obtained professional-level qualifications.

UNIVARIATE AND BIVARIATE ANALYSIS

Table 2 provides the univariate statistics and correlation for all the latent constructs. External stakeholder pressure scored the lowest mean value (M = 3.69, SD = 0.89) compared to other variables in the model. The sample mean values for institutional pressures, managerial motive and adoption of corporate sustainability strategy were 4.56, 4.57 and 4.61, respectively. Univariate Skewness values are between 0 and ±1. The highest and lowest Kurtosis value is 1.04 and -0.42, respectively. Although the Skewness and Kurtosis values are not equal to zero, they are below the moderate and severe non-normality values proposed by Curran et al. (1996).

The highest correlation coefficient is between managerial motive and adoption of corporate sustainability strategy (r = 0.718). The correlation between institutional pressure and corporate sustainability (r = 0.512) is stronger than the correlation between external stakeholder pressure and corporate sustainability strategy (r = 0.339). Similarly, institutional pressure and managerial motive have a stronger association (r = 0.531) than the association between external stakeholder pressure and managerial motive (r = 0.258). All the correlation coefficients were positive and significant at the 0.01 level.

TABLE 2. Descriptive statistics and correlation

Variables	ST	IP	MM	CSS
External Stakeholder Pressure (ST)	1			
Institutional Pressure (IP)	.308**	1		
Managerial Motive (MM)	.258**	.531**	1	
Adoption of Corporate Sustainability Strategy (CSS)	.339**	.512**	.718**	1
Mean	3.69	4.56	4.57	4.61
S.D.	0.89	0.67	0.72	0.61
Skewness	0.55	-0.11	0.70	0.64
Kurtosis	-0.42	0.45	1.04	0.78

** p < 0.01 level (2-tailed)

MEASUREMENT MODEL ASSESSMENT

CB-SEM's first step is to perform the confirmatory factor analysis (CFA) (Anderson & Gerbing 1988; McDonald & Ho 2002). CFA aims to test the fit of empirical or theoretical models to data (Thompson 1997). As the initial step, one-factor congeneric measurement models of each construct were examined. Congeneric measurement models assume random measurement error and unidimensionality (Cote & Greenberg 1990). Each of the latent constructs was modelled as first-order reflective constructs. Model fit statistics for each latent construct congeneric measurement model is given in Table 3. During this phase, few items were identified to have standardized regression weights below 0.7. These items were retained as they were well above the minimum recommended value of 0.5 (Hair et al. 2010).

However, the congeneric measurement model of external stakeholder pressure reported model fit statistics that were not within the recommended guidelines. Investigating the modification indices and the standardized residual covariance of the external stakeholder pressure construct revealed that some items' modification indices and standardized residual covariance were higher than other items. Although the standardized residual covariance values were below the acceptable level (< 2.5) (Hair et al. 2010), it was decided to covary the items on theoretical grounds.

The covaried items were media (ST4) and NGO/ ENGOs (ST5). Both the stakeholders are external secondary stakeholders that have no direct transactions with organizations. Thus, their roles are similar in many ways regarding corporate sustainability initiatives in organizations. The item policymakers and regulators (ST6) and government (ST7) were also covaried. These stakeholders are also external secondary stakeholders and have no direct transactions with organizations. Nevertheless, these external stakeholders influence each other in many ways. The government is responsible for the legislation, and the policymakers and regulators play a twin role in providing the government with inputs for legislation and implementing the enacted regulation. The respecified congeneric measurement model of external stakeholder pressure showed a better fit.

TABLE 3. Model fit statistics of congeneric measurement models

External stakeholder pressure χ^2 = 30.09 (d.f. = 12 p =.00), χ^2/df = 2.51, CFI = 0.98, RMSEA = 0.11 (pclose = 0.03)
Institutional pressure χ^2 = 26.46 (d.f. = 20 p =.15), χ^2/df = 1.32, CFI = 0.99, RMSEA = 0.05 (pclose = 0.45).
Managerial motive χ2 = 0, CFI = 1.
Adoption of corporate sustainability strategy χ2 = 17.27 (d.f. = 14 p =0.24), χ2/df = 1.23, CFI = 0.99, RMSEA = 0.04 (pclose = 0.52).

After assessing each congeneric measurement model, the overall CFA was executed. The model fit statistics of the overall CFA are presented in Table 4. Although the CFA model fit statics were within the cut-off values, it was decided to examine the standardized residual covariances and modification indices. It was discovered that the standardized residual covariances of items ST3 and CS1 had covaried with several other items, and it was opted to remove them one at a time, starting with ST3. The respecified CFA resulted in a lower chi-square with lower degrees of freedom and improved fit statistics than the overall CFA model fit statistics (see Table 4). Since the chi-square value was significant, the Bollen-Stine (B-S) p-value was calculated using a bootstrapping procedure of 1000 samples (Cheung & Lau 2008). Hence, the respecified CFA was considered as the final model, which is exhibited in Figure 1.

TABLE 4. Model fit statistics for overall CFA

Overall CFA χ^2 = 388.61 (d.f. = 267 p =.00), χ^2/df = 1.46, CFI = 0.94, RMSEA = 0.06 (pclose = 0.10), B-S *p*-value =.08
Overall CFA (Respecified) χ^2 = 299.61 (d.f. = 222 p =.00), χ^2/df = 1.35, CFI = 0.96, RMSEA = 0.05 (pclose = 0.38), B-S *p*-value =.18

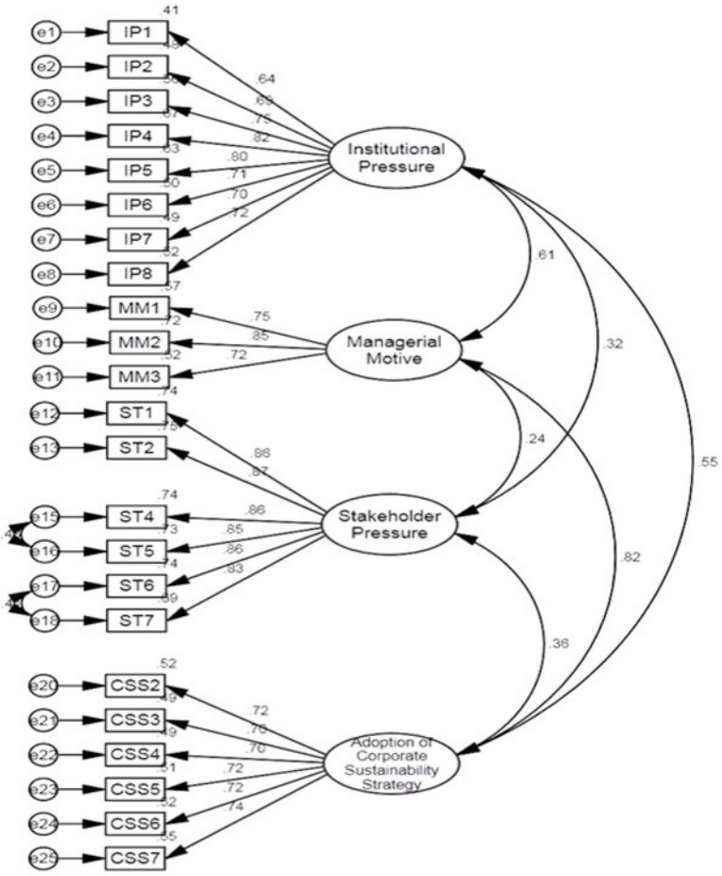

FIGURE 2. Respecified CFA

Reliability And Validity

Information about reliability and convergent validity based on the respecified measurement model is provided in Table 5. Other than two items (IP1 and IP2), standardized regression weights of all other items were above 0.70. The lowest composite reliability is 0.82 for the managerial motive variable, and the highest composite reliability is 0.94 for the external stakeholder pressure variable. Hair et al. (2010) recommends a minimum value of 0.7 for composite reliability. The average variance extracted for all the variables are above the threshold level of 0.50 (Hair et al. 2010). In sum, it can be concluded that there is adequate evidence to support the reliability and convergent validity of the constructs in the model.

TABLE 5. Construct reliability and validity

Latent Construct	Item Code	Standardized Regression Weights	AVE	CR
External Stakeholder Pressure	ST1	0.86		
	ST2	0.87		
	ST3	removed		
	ST4	0.86	0.73	0.94
	ST5	0.85		
	ST6	0.86		
	ST7	0.83		

continue ...

... continued

Institutional Pressure	IP1	0.64	0.53	0.90
	IP2	0.69		
	IP3	0.75		
	IP4	0.82		
	IP5	0.80		
	IP6	0.71		
	IP7	0.70		
	IP8	0.72		
Managerial Motive	MM1	0.75	0.60	0.82
	MM2	0.85		
	MM3	0.72		
Adoption of Corporate Sustainability Strategy	CSS1	removed	0.51	0.86
	CSS2	0.72		
	CSS3	0.70		
	CSS4	0.70		
	CSS5	0.72		
	CSS6	0.72		
	CSS7	0.74		

The technique proposed by Anderson and Gerbing (1988) was applied to show discriminant validity between the constructs. The results are included in Table 6. To check discriminant validity, the correlation parameter between the two constructs should be constrained to 1.0, and a Chi-square ($\chi 2$) difference test between the constrained and the unconstrained model should be performed. To confirm discriminant validity between two constructs, the unconstrained model had to produce a minimum chi-square difference ($\Delta\chi 2$) of 3.84 when the degrees of freedom are reduced by 1 ($\Delta df = 1$) (see Bagozzi and Philips, 1982). Comparing the Chi-squares ($\chi 2$) of the constrained model and the unconstrained model between each construct revealed that discriminant validity exists.

TABLE 6. Discriminant validity between constructs

Latent Constructs	Unconstrained Model - χ^2 (df, CFI, RMSEA)	Constrained Model - χ^2 (df, CFI, RMSEA)	$\Delta \chi^2$ (Δ df = 1)
IP ↔ SP	63.08 (62, 1.00, 0.01)	309.68 (63, 0.77, 0.18)	-246.60
IP ↔ MM	47.77 (43, 0.99, 0.03)	123.25 (44, 0.88, 0.12)	-75.48
IP ↔ CSS	108.47 (76, 0.96, 0.06)	281.53 (77, 0.75, 0.15)	-173.06
SP ↔ MM	123.58 (34, 0.92, 0.14)	245.00 (35, 0.80, 0.22)	-121.42
SP ↔ CSS	174.09 (76, 0.92, 0.10)	470.73 (77, 0.69, 0.20)	-296.64
MM ↔ CSS	46.38 (34, 0.98, 0.05)	69.70 (35, 0.94, 0.09)	-23.32

Method Bias

Method bias (CMB) is described as the systemic variance caused by the measurement method and has been recognized as a potential problem in organizational and behavioural research (Podsakoff et al. 2003; Simmering et al. 2015). Collecting data from a single source using a single method at a single point in time may cause method variance. Wagner (2007) emphasizes that the extent of method bias in business research is below the average and may differ between disciplines. Several post-hoc techniques have been proposed to identify method bias. Harman's single-factor approach is probably the most frequently applied post-hoc technique to identify method variance in management and strategy research. Podsakoff et al. (2003) criticize this technique arguing that it is unlikely to generate a one-factor model that fits the data and does nothing to control method bias.

An alternate version of Harman's one-factor method has been applied in studies using the CFA. In this alternative method, all manifest variables are connected to a single latent factor, and the model fit statistics of the single latent factor and the research model's CFA are compared. Method variance is detected if the CFA of the single latent factor model fits the data better than the CFA of the research model. This alternate version of Harman's single factor technique was applied to review method bias. Analysis suggested that the model fit statistics of the measurement model (Figure 1) was superior compared to the model fit statistics of the single latent factor [$\chi 2$ = 1359.66 (d.f. = 275), CFI = 0.48, RMSEA = 0.18 (pclose .00)]. This indicates that method bias was unlikely to pose a threat. Subsequently, the 'unmeasured latent methods factor' approach proposed by Podsakoff et al. (2003) was also applied to identify method bias. In this approach, manifest variables are allowed to load on their respective latent construct and a common latent factor (CLF). The analysis revealed that the differences between the standardized regression weights were minimal. This again proves that method bias was unlikely. According to Doty and Glick (1998), a method bias of 20% - 40% is not large enough to invalidate research findings, even if method variance exists.

Structural Model Assessment

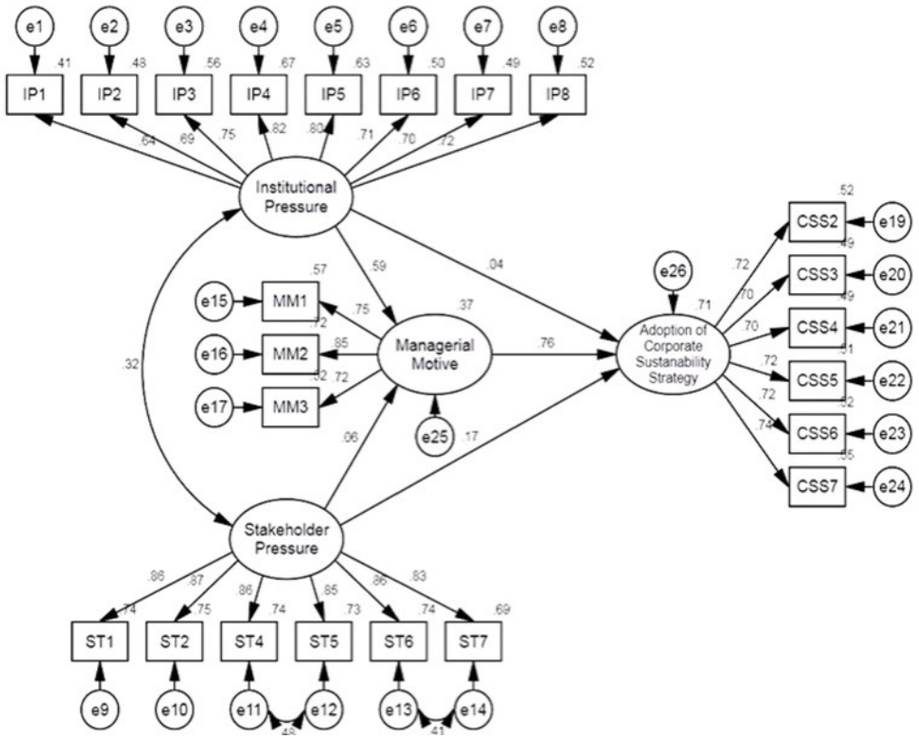

FIGURE 3. Structural model

First, we executed the structural model that examines each latent construct's direct influence on the dependent variable (this structural model is not shown). The results of the direct effects model are presented in Table 7. The path from institutional pressure to the adoption of corporate sustainability strategy was not significant (B = 0.12, $p > .05$), although a weak association can be claimed at a 0.1 level ($p = .06$). The path from external stakeholder pressure to the adoption of corporate sustainability strategy had an unstandardized regression estimate of 0.12, and its p-value was 0.02. Since the significance value is below 0.05, it can be asserted that external stakeholder pressure has a significant and positive influence on the adoption of corporate sustainability strategy. Managerial motive showed the strongest relationship with the outcome variable (B = 0.66) and was significant at 0.01. The predictive accuracy (R^2) of the direct effects model is 0.65.

Next, we examined the structural model, which included managerial motive as the mediator (see Figure 2 above). The model fit statistics (see Table 7) of the structural model with the mediator were meeting the recommended CB-SEM guidelines, the results were interpreted. The direct path from institutional pressure to the adoption of corporate sustainability strategy was non-significant. In contrast, the direct path from the external stakeholder pressure to the adoption of corporate sustainability strategy was significant at 0.05 level. The path from institutional pressure to managerial motive was significant at 0.01 level. In contrast, the path from external stakeholder pressure to managerial motive was non-significant ($p > .05$). The path from managerial motive to the adoption of corporate sustainability strategy was significant at 0.01 level.

TABLE 7. Results of structural model

Variables	Unstandardized Regression Estimate	Standardized Regression Estimate	S.E.	*P*-value	R^2
IP → CSS	0.12	0.15	0.07	0.06	
SP → CSS	0.12	0.19	0.05	0.02	0.65
MM → CSS	0.66	0.75	0.11	0.00	
IP → CSS	0.05	0.04	0.12	0.70	
SP → CSS	0.11	0.17	0.05	0.03	
IP → MM	0.72	0.59	0.15	0.00	
SP → MM	0.04	0.06	0.06	0.54	0.71
MM → CSS	0.73	0.76	0.13	0.00	

$\chi 2 = 299.61$ (d.f. = 222 $p = .00$), $\chi^2/df = 1.35$, CFI = 0.96, RMSEA = 0.05 (pclose = 0.38), B-S p value = 0.18

Next, further evidence was sought on the mediating effect of managerial motive. As mentioned above, the paths from institutional pressure to the adoption of corporate sustainability strategy through the managerial motive were significant. This indicates that managerial motive was mediating the influence of institutional pressure on the adoption of corporate sustainability strategy. The mediation analysis literature recommends several techniques to determine the mediation effect of a variable. Accordingly, the joint significance test proposed by MacKinnon et al. (2002) was conducted. The path from institutional pressure to managerial motive and then the path from managerial motive to the adoption of corporate sustainability strategy was significant at 0.01 and confirmed the existence of the mediating effect. Notably, both the paths' coefficients were positive (+), avoiding any concern for inconsistent mediation (MacKinnon et al. 2007). The next step was to produce confidence intervals for the mediating paths using the bootstrapping method with 1000 samples (Cheung & Lau 2008). This was done to determine whether there was 'zero' between lower and upper confidence interval levels. The bias-corrected confidence interval at the 95% level confirmed that the lower bound of the confidence interval was well above 'zero'. Given the evidence above, it can be claimed that institutional pressure has a significant indirect effect on the adoption of corporate sustainability strategy through managerial motive. However, there was no evidence to claim that managerial motive mediates the influence of external stakeholder pressure on the adoption of corporate sustainability strategy. The results produced by the bootstrapping procedure for testing the significance of the indirect path revealed that a 'zero' value existed within the lower and upper levels of the confidence interval. Results of the mediation analysis are presented in Table 8.

TABLE 8. Results of mediation effect

	Unstandardized Indirect Effect (s.e.)	B-C C.I. 95%	Standardized Indirect Effect (s.e.)	B-C C.I. 95%	*P*-value
Institutional pressure	0.46 (0.13)	0.27 - 0.88	0.45 (0.11)	0.28 - 0.78	0.00
External Stakeholder Pressure	0.03 (0.05)	-0.06 - 0.14	0.04 (0.07)	-0.08 - 0.19	0.45

Discussion And Conclusion

This study aimed to analyze the influence of external pressures on the adoption of corporate sustainability strategy and how managerial motive mediates the influence of external pressure on the adoption of corporate sustainability strategy in the case of large Sri Lankan firms. In align with the purpose of this study, several hypotheses were proposed. CB-SEM results revealed that institutional pressure has no significant direct influence on adopting corporate sustainability strategy; hence there was no evidence to accept the first hypothesis. Our findings contradict the findings of Beddewela and Fairbrass (2016). In their study, the authors affirmed the existence of institutional pressures on MNE subsidiaries operating in Sri Lanka to engage in legitimacy-seeking CSR strategies. The analysis also showed that external stakeholder pressures positively influence adopting corporate sustainability strategy. Accordingly, our second hypothesis was accepted. Previous studies have supported a positive relationship between external stakeholder pressure and the adoption of corporate sustainability initiatives. Therefore, we can conclude that external stakeholders play an essential role in driving large firms in developing economies to embrace corporate sustainability-related initiatives.

The third hypothesis proposed was that managerial motive has a significant and positive influence on adopting corporate sustainability strategy. Our analysis showed that this hypothesis was supported. Managerial motive conceptualizes the intention and beliefs of the management team towards adopting corporate sustainability strategy. However, it has been limitedly explored from the managers' perspective in previous studies. This indicates that internal drivers also do play an essential role in driving large businesses in developing economy contexts to adopt corporate sustainability initiatives.

Our fourth and fifth hypotheses analyzed whether managerial motive mediated the influence of institutional and external stakeholder pressure on the adoption of corporate sustainability strategy. The analysis showed that institutional pressures indeed had an indirect effect on the adoption of corporate sustainability strategy through managerial motive. There was no evidence to claim that external stakeholder pressures indirectly affected corporate sustainability strategy through managerial motives. Accordingly, the fourth hypothesis was accepted, and there was no empirical evidence to support the fifth hypothesis. In contrast, Erdiaw-Kwasie Michael (2018) documented that stakeholder pressure affects CSR attitude in the context of resource-dependent industries in Australia.

In sum, this study reveals that external and internal drivers, in combination play a crucial role to stimulate organizations to adopt corporate sustainability strategy. Organizations' failure to respond to external and internal sustainability demands may result in adverse outcomes (Wijethilake & Ekanayake 2018). Understanding that motives drive business managers to adopt corporate sustainability initiatives could facilitate the sustainability agenda among other organizational members and critical stakeholders. Managerial motive could also assist in understanding the decisions of managers about corporate sustainability. As the company's embraces corporate sustainability strategy, more attention should be paid to explore what motivates the managers to embrace corporate sustainability. Also, understanding organizational actors' motives could explain why there could be variation in adopting corporate sustainability strategy among different entities (Mahmood & Uddin 2021). Our findings also confirm social-system theories' relevance in developing economy contexts to explore sustainability initiatives and issues.

Implications

Our findings suggest that external pressures consisting of external stakeholder pressure and institutional pressures, directly and indirectly, influence the adoption of corporate sustainability strategy, despite prior studies indicating that institutional framework and stakeholder activism is weak in developing economies like Sri Lanka. Thus, it is suggested that organizations develop mechanisms that continuously engage with the stakeholders to identify their sustainability-related expectations and find ways to integrate their expectations into business strategies, policies, and practices. Furthermore, organizational members should also revisit the motives behind an organization's drive to adopt a corporate sustainability strategy. This is because managerial motive reflects the management team's underlying values that may promote the adoption of corporate sustainability strategy, which various external and internal forces may influence. As for the policymakers, at least setting up principle-driven corporate sustainability guidelines and frameworks could promote organizational members to adhere to a sustainability-driven agenda in the future.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study is subjected to several limitations. The non-availability of secondary or archival data on corporate sustainability for firms in developing economies like Sri Lanka resulted in the cross-sectional research design. In literature, concern has been raised about whether cross-sectional research designs limit their ability to explain causality (Rong & Wilkinson 2011). However, Rindfleisch et al. (2008) proved that cross-sectional research designs are not necessarily affected by the above concern. Slater and Atuahene-Gima (2004) state that a cross-sectional research design that develops surveys to collect primary data is appropriate for some research questions in strategic management. Another limitation of the study is the sample size. Since the study's population is limited, the sample size should not be a barrier to interpreting the findings and deriving conclusions because the number of firms participating in the study can be regarded as a good representation of the entire population.

In the extant literature, institutional pressures have been developed from different viewpoints. Market-based institutional frameworks have been emerging and applied, especially in advanced economies. Whether such market-based mechanisms cause corporate sustainability adoption behaviour in developing economy firms is less explored. Likewise, the interacting and complementary effect of institutions and stakeholders on the adoption of corporate sustainability behaviour is less explored. Hence, there ought to be studies that examine the combinative effect of institutional and stakeholder demands in the future. It may also be important to investigate whether managerial motives to adopt corporate sustainability initiatives differ across economic and cultural contexts and whether the degree of adoption of corporate sustainability strategy varies across different types of managerial motives. Sustainability-related risk is an emerging area of research, and how managers' motives or values are associated with sustainability-related risks is a possible future study. Future studies may also consider exploring the nature of corporate sustainability strategy in developing economy companies because the literature suggests that corporate sustainability strategies have shifted over the years (Sari et al. 2021).

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APPENDIX

Institutional Pressure:

1. It is the right thing to do.
2. It is beneficial to adopt international standards on sustainability (ISO, GRI).
3. Organizations want to be recognized as a responsible corporate citizen.
4. Most organizations today are engaging in corporate sustainability.
5. Influence from laws, regulations, international agreements and protocols.
6. Fines and penalties are imposed for violating laws on social justice and environment.
7. Non-compliance to laws on social justice and environment leads to legal action.
8. Non-adoption may affect organization's future prospects and value.

External stakeholder pressure:

1. Customer/Buyer
2. Suppliers
3. Competitors
4. Media
5. NGOs/ENGOs
6. Policymakers and regulators
7. Government

Managerial motive:

1. Sustainability is part of my organization's culture and core values.
2. Sustainability improves my organization's financial performance and competitive posture.
3. Sustainability in my organization is in response to pressures and scrutiny of one or more stakeholder groups.

Corporate sustainability strategy:

1. Developed explicit policies & guidelines on sustainability
2. Organizational mission reflects commitment to sustainable development
3. Engages with stakeholders to identify their sustainability concerns & issues
4. Established indicators and targets for sustainability
5. Established sustainability criteria towards suppliers & sourcing
6. Set up a management team/unit to implement & monitor sustainability activities
7. Reports sustainability initiatives and performance