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Review

Behavioural Insights in Corporate Sustainability Research: A Review and Future Agenda

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Abstract: As a plethora of sustainability challenges are rooted in human behaviour, the aim of this paper is to develop a conceptual framework that brings behavioural insights to the forefront in corporate sustainability research. The ABCD (attention, belief formation, choice, determination) approach, which is meant to assist policy-makers in analysing and diagnosing behavioural problems at an individual level, has been adopted into the corporate context. Taking the ABCD approach, this article discusses the main tenets of the prominent organisational theories, such as upper echelons theory, managerial cognition, stakeholder theory, the attention-based view of the firm, transaction cost theory, institutional theory, social network theory, legitimacy theory and signalling theory, and their application into corporate sustainability (CS) research. The paper offers a series of propositions, alternative to theories of structural determinism or theories of rational strategic choice, for specifying the conditions under which firms are likely to engage in sustainable business conduct. They refer among others to: (a) individual factors—characteristics and mental frames of managers in companies, (b) organisational factors—the composition and size of a board, governance mechanisms in a company, such as role models for sustainability issue selling, or the inclusion in decision making of various stakeholders, as well as (c) external factors—social norms or board connections.

Keywords: corporate sustainability; corporate social responsibility; behavioural public policy; behavioural insights

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1. Introduction

With the shift from a shareholder to a stakeholder perspective, businesses are called upon to be more involved in a wide range of social and environmental issues. Specifically, they are expected to contribute more to environmental protection—reducing emissions and natural resource depletion, and contributing to social equity and well-being. Governments and international organisations are working on interventions that would effectively promote corporate sustainability. Although different approaches to define, theorize and measure corporate sustainability have been used, there seems to be an implicit consensus that CS refers to a multidimensional concept that entails creating stakeholder value, in short and long term perspectives, with a focus on environmental integrity, economic prosperity and social equity (see more on defining CS: [1]).

It follows that achieving corporate sustainability involves addressing many issues (economic, social and environmental) at different levels of organisational decision making, and recognizing the interactions between these issues in differing arenas. Current CS scholarship, however, is dominated by a focus on the external drivers of corporate sustainability and explanations as to why companies become more sustainable from a macro-level perspective [2]. That is far from sufficient to discover the underlying complexity and dynamics of sustainable decision making.

Given that a plethora of sustainability challenges are rooted in human behaviour [3], the aim of the paper is to develop a conceptual framework that brings behavioural insights to the forefront in corporate sustainability research. Taking the behavioural approach means making realistic assumptions about human cognition, emotions and social behaviour. It "opens up the black box of the firm and accumulates theory and evidence on how a firm behaves as a result of lower-level processes" [4] (p. 3). The ABCD (attention, belief formation, choice, determination) approach [5], which is meant to assist policy-makers in analysing and diagnosing behavioural problems at an individual level, has been adopted in the corporate context. Taking the ABCD approach, this article discusses the main tenets of the prominent organisational theories and their application in corporate sustainability (CS) research. By providing a consolidated conceptual framework for CS, this study addresses the call for "multi-theory studies and more research at multiple levels of analysis" [2] (p. 258), where the external and internal drivers for CS are equally accounted for. The framework can be utilized, on one hand, to explore how renowned organisational theories and views can be used to examine and advance sustainability management, and, on the other, to design more effective public interventions promoting environmental goals which are targeted at businesses.

A broad foundation for designing public and managerial interventions to promote CS is derived from well-established organisational theories: upper echelons theory, managerial cognition, stakeholder theory, the attention-based view (ABV) of the firm, performance feedback theory, transaction cost theory, the organisational theory of path dependence, institutional theory, social network theory, legitimacy theory and signalling theory. These are considered in the four subsequent parts of this paper from the viewpoint of the four key drivers of behavioural problems incorporated in the ABCD approach: attention, belief formation, choice and determination. The paper concludes with a discussion of opportunities and challenges for further research in this area.

2. Changing Behaviour to Improve Sustainability—Taking the ABCD Approach

Applying behavioural insights to influence behaviour change moves gradually beyond changing the behaviour of individuals (citizens, consumers or end-users) to influence collective and organisational behaviour [6–8]. Businesses are made up of people making choices and decisions that are affected by many psychological factors. Managers and owners of small and large businesses, in many circumstances, rely on mental shortcuts, because of cognitive limitations, time pressure and the susceptibility to behavioural biases. The fundamental question of behavioural interventions aimed at businesses is: what can make these people use their power and influence to direct their firms towards sustainable business conduct? As the interactions between individuals within the firm, the organisational culture and hierarchy all play a role in organisational decision making and implementation, the implications of the relevant organisational theories can help us to better understand why some companies are more sustainable than others.

Premised on the notion that business decisions are fundamentally behavioural [9], the ABCD approach [5] has been employed to identify literature that: (a) focuses on one of the behavioural aspects included in the ABCD framework (i.e., attention, belief formation, choice, determination), (b) is in the context of corporate sustainability and (c) provides explanations for CS drawing on a specific organisational theory. The conducted review was not meant to be exhaustive but to cite references to illustrate the points being made. In the subsequent parts of the article the main tenets of the prominent organisational theories and their implications for CS research are discussed. They are succinctly outlined in Table 1.

Table 1. Implications of organisational theories for advancing behavioural corporate sustainability, taking the ABCD approach.

Behavioural Factors and Related Behavioural Biases	Organisational Theories and Exemplary Literature Relevant for Corporate Sustainability Research
A—Attention Attention is a scare resource, easily distracted, quickly overwhelmed and subject to switching costs.	Upper echelon theory [10–13] Managerial cognition [14–18] The issue selling view [19] Stakeholder theory [20–24] Attention-based view of the firm [25–27] The performance feedback theory [28,29]
B—Belief formation People do not carefully search for and scrutinize all relevant information, seek new information and update their beliefs accordingly.	Transaction cost theory [30,31] Organisational theory of path dependence [32]
C—Choice People are influenced by the framing and the social as well as situation contexts of choices.	Institutional theory [33–35] Social network theory [36]
D—Determination People's willpower is limited and subject to psychological biases that prevent long-run success.	Legitimacy theory [37] Signalling theory [38,39]

3. Channelling and Distributing ATTENTION towards Sustainability Concerns

Organisational behaviour is determined by the way decision makers in an organisation direct their attention. Attentional processes in an organisation can be top-down, i.e., goals, schema-driven, or bottom-up, i.e., stimulus-driven by situational and environmental factors [40–42]. Organisational theories of the determinants and consequences of attention in organisations mostly focus on the former. Theories underpinning this stream of research are: upper echelon theory and managerial cognition. The former posits that a key determinant of a firm's attention is the power of key players, in particular the CEOs and the senior executives. The likelihood that a given piece of information will trigger the desired organisational response depends largely on the characteristics of a firm's top management team, demographic factors related to individual managers as well as structural issues related to the board. The educational/research background, prior experience, foreign exposure, female gender, young age and independence of managers, and a larger and more diverse board are considered to positively affect CS. Heenipellage et al. [10], for instance, examined how senior executives' characteristics, such as strong attitudes, sound educational background, extensive prior experience or foreign exposure, affect the environmental sustainability practices in the hotel industry. In a similar vein, Shahab et al. [11] took at closer look at the role of CEOs' research backgrounds, financial expertise, foreign exposure and age in explaining firms' increased sustainable performance and environmental reporting, and Jizi [12], Orazalin and Baydauletov [13] demonstrated that boards with a higher female participation and independence favourably affect corporate social responsibility.

However, simply using the top management team's demographic features may not be enough to explain organisational behaviour, in particular in terms of an organisation's adaptability or strategic renewal to achieve sustainability. Although managerial background characteristics—their personal traits such as age, ethnicity, education or previous experience—shape the way managers interpret environmental cues and how they respond to those cues, these characteristics should be treated rather as an antecedent, not a proxy, for the managerial cognition that ultimately drives organisational behaviour [43]. Managerial cognition denotes both what managers know, assume or believe, as well as the cognitive processes involved in acquiring and processing information, such as scanning, sense making and interpretation. They are described as mental models or frames that individuals (managers) impose to the information environment to give meaning to complex and ambiguous issues, such as sustainability. They direct attention towards signals that fit existing frames while ignoring those which are inconsistent with the frames. Against this background, Hahn et al. [14] developed a cognitive framing perspective on corporate sustainability and proposed two ideal types of cognitive frames, representing the end points of a continuum: a business case frame and a paradoxical frame. The frames are based on contrasting views of the relationship between the economic, environmental and social dimensions of sustainability. The business case frame entails the instrumental utilization of social and environmental pursuits to advance economic aims. Managers with a business case frame are likely to pursue social and environmental goals as long as they contribute to economic goals. As a consequence, they usually search for narrow, workable responses along existing routines and solutions. A paradoxical frame is based on a different stance—instead of eliminating the tension between sustainability goals by aligning environmental and social goals with economic goals, managers with a paradoxical frame accept tensions and try to accommodate these conflicting yet interrelated concerns [44]. Although, they are more likely to reach for more radical solutions and depart from established routines, it is hard for them to find workable solutions as the paradoxical frame is associated with a higher degree of differentiation (increasing number and diversity of attributes), as well as a higher degree of integration (increasing complexity and diversity of interconnections between attributes). In a similar vein, Haffar and Searcy [16] refer to the frames as a market-based logic and a holistic logic, respectively, arguing that firms following a market-led logic tend to consider a narrow scope of stakeholder interests and take an 'if/then' approach to sustainability tensions, whereas firms following a holistic logic tend to consider a much wider scope of stakeholders and display a higher degree of integration in their logic. This stream of research, i.e., a paradox perspective (a holistic logic) on corporate sustainability, has gained momentum in the last decade [15,17,18] as an answer to the shortcomings of the business case perspective, such as the risk of opportunism and crowding-out of intrinsic motivation [45].

On the other hand, it should be noted that employees or lower-level managers are closer than top management to customers and suppliers and because of that they hold the potential to identify issues that offer opportunities for making a company more sustainable. The issue selling perspective concentrates on senior managers, however, not in terms of top-down processes, but bottom-up processes and more specifically on "an early component of the change process in which higher-level managers are influenced to pay attention to issues" [46] (p. 352), where organisational actors compete for the attention of higher-level managers. Mayer et al. [19], for instance, examined the effectiveness of the economic and moral language used by employees when selling social issues to management. They demonstrated that, contrary to common belief, moral language transpires to be more influential. This applies in particular when the language is framed to align with the organisation's values and mission. Randel et al. [46] developed a model of social contextual factors that influence the issue selling process in an organisation, emphasizing role models for issue selling and inclusion in decision making, which can be utilized to promote sustainable business conduct from the bottom up.

Apart from that, there is a considerable amount of literature to attest to the fact that cultivating closer stakeholder relationships is a critical element for an organisation to operate in a sustainable way [20–22]. Stakeholder engagement, internal and external, might contribute to enhanced decision making by incorporating diverse perspectives and ensuring a more holistic view on how organisations conduct business. Firms tap into the expertise and creativity of stakeholders to stay informed about emerging trends, discover new opportunities and innovative approaches to problem-solving, as well as to mitigate risks that may have otherwise been overlooked. Suman and Das [22], for instance, found a positive relation between corporate environmentalism and employee retention. Buysse and Verbeke [24] concluded that more proactive environmental strategies are associated with a deeper and broader coverage of stakeholders. Fobbe and Hilletofth [20] conducted a literature review on the role and potential contribution of stakeholder interaction in sustainable business models in terms of proposing, creating and capturing sustainable value.

Whereas the theories mentioned above focus either on top-down or bottom-up attentional processes in an organisation, the attention-based view (ABV) of the firm is a theory that aims to capture them both. One of the core premises on which it is based is that how firms respond to changes in their environment or internal processes, how they anticipate them and what decisions and actions they undertake depend on how firms channel and distribute the attention of their decision makers. Due to the limited attentional capability of humans, not all of the aspects of a situation can be attended to, some of them must be ignored and organisations influence individual decision processes by allocating and distributing stimuli in this respect. Hence, decision making in organisations results from both the limited attentional capability of humans and the structural influences of organisations on an individual's attention. Importantly, attention in the ABV perspective is contextually situated and socially structured. This means that the focus of attention of the individual firm's decision makers depends on the characteristics of the situation they find themselves in. This situation is shaped by the organisation, i.e., organisational attention structures—its rules, resources, players and structural position, as well as broader environmental context (see more: e.g., [47]). The examples of Apple and Motorola demonstrate well that the ability of the company to translate ideas into a focused pattern of organisational attention that guide decision making is more important than the origins of the ideas behind a strategy. Both of the companies started with similar ideas of seamless integration and mobility with smartphones as the digital hub. However, only Apple made a great strategy for the iPhone and this was because of its ability to promote focused and distributed attention on the elaboration of a distinct value proposition [48].

One of the studies that draw on the ABV to explain why some companies are more sustainable than others is Galbreath [25], who investigated the attention structures through which boards of directors influence corporate sustainable development. He found that these are: environmental scanning by board members and stakeholder debate in the boardroom that links boards of directors with CS. Moreover, the presence of women on boards was found to have a moderating effect on the relationships between environmental scanning, stakeholder debate and CS. Another study is that of Zhao et al. [27], who, using a sample of Chinese listed firms, suggest that the relationship between a manager's attention to social issues and corporate social performance is moderated by governance mechanisms that constrain managerial discretion. On a different note, Mazutis et al. [26], drawing on an attention-based view of the firm, developed a process-based model of sustainability governance to find out "why so many reputable corporations with exemplary corporate governance structures continue to make questionable strategic decisions when it comes to implementing more socially and environmentally sustainable practice" (p. 2). Through semi-structured interviews with members of variety of different boards of directors and industries, they provided evidence for the existence of an attentional void with regard to sustainability matters at the board level.

Another point to note is attention sequence and attention variety (its breadth and depth), as attention is not a unitary concept. The performance feedback theory suggests that attentional engagement is triggered by a failure to meet a firm's aspiration levels and that firms often shift their attention from one goal to another only when they have achieved the first goal. This idea is based on the process of problemistic search in the behavioural theory of the firm [49] and is closely related to the cognitive frames concept mentioned above. For example, Xu and Zeng [28] examined how firms balance their attention between social performance objectives and financial performance objectives. They found that firms respond differently to negative attainment discrepancies in their corporate social and environmental performance depending on whether their corporate financial performance was above or below aspiration. More specifically, a negative attainment discrepancy in corporate environmental performance aspiration had no effect when corporate financial performance was below aspiration. These findings suggest that firms often prioritize financial goals as these are their dominant goal-frame (i.e., following a business case logic mentioned above). However, empirical findings about how firms respond to their social and environmental performance are far from being conclusive. Shou et al. [29], for instance, investigated how environmental performance above or below aspirations affect the implementation of green supply chain management practices and more specifically sustainable production and sustainable sourcing. They found that the greater the aspiration–environmental performance discrepancy, the stronger were the efforts put into implementing sustainable production and sourcing while ruling out the possible role of financial performance aspirations in explaining the implementation of these sustainable practices.

4. BELIEF FORMATION on the Accurate Assessment of Business Environmental and Social Impact

Sustainable performance is a complex, three-dimensional concept that causes problems with the evaluation of a firm's performance. Its measurement is an under-researched topic in corporate sustainability and is viewed as one of the biggest opportunities for researchers to advance the field of corporate sustainability [50]. There are two main implications of this. First, it is argued that ambiguity surrounding performance assessment often leads to self-enhancing interpretations of diverging performance measures and lower responsiveness to performance below aspiration levels. Secondly, the ambiguity surrounding a firm's performance increases the costs to reveal the true value of inter- and intra-organisational exchange (e.g., social aspects of production, freshwater inputs, or carbon footprint) [30]. This aspect will be discussed in more detail in the next paragraph.

The key premise of transaction cost theory (TCT) is that firms make decisions in which activities they should engage based on an evaluation of the total economic costs of the activity. Originally applied to 'make-vs.-buy' decisions, the application of the theory has expanded to explain a vast range of organisational phenomena, such as horizontal diversification, strategic alliances or supply chain relationships [51]. Transaction costs is a broad category that includes: search and information costs, bargaining and decision costs, as well as policing and enforcement costs. The basic idea is to align transaction characteristics (the frequency of a transaction, uncertainty involved, asset specificity) and governance choices (hierarchies, markets or hybrids, e.g., alliances) to minimize transaction costs which arise due to bounded rationality and the possibility of opportunistic behaviour. In light of TCT, it can be presumed that firms will adopt sustainable solutions if the economic rationale for doing so is clear to firms' decision makers. Certainly, those technologies and processes that can lead to a reduction of the cost of implementation of sustainable solutions will increase the likelihood of their adoption. At the same time, however, decision makers' views of transaction costs should be expanded to provide a more holistic account of organisational benefits. As TCT has been fruitfully applied to explain bottom-line decision making, it should not disregard the other two aspects of a firm's triple bottom line, environmental integrity and social justice, as markets do not operate strictly on standard demand–supply curves based on quality, service and price. They are often skewed by a "market for value" wherein the supply and demand of socially and environmentally responsible business practices have moderating effects on economic transactions. Consumers may favour the products of socially and environmentally responsible firms and be willing to pay a premium to do business with more virtuous companies. On the other hand, corporate sustainability in a complex and global distribution system may be a serious organisational challenge as it makes it imperative to integrate and control organisations throughout the supply chain. Sustainability increases the risk of eco-opportunism that adds to the transaction costs in a supply chain. For example, cases of abusing workers' rights in third-world countries caused a wave of criticism against famous clothing brands based in North America and Europe. Sustainable firms must monitor operations throughout the production process and along the supply chain, and, with the move from a linear to circular economy, take an inter-organisational nexus of contracts approach to product lifecycle management which is capable of assessing the performance of the entire life of a product. Therefore, the evaluation of costs requires an extended level of analysis that moves from the isolated dyadic approach rooted in the classic TCT analyses of transactions to the level of networks of transactions within a system of multiple economic agents [30].

Whereas the traditional TCT views economic transactions as a choice, or a continuum, between markets and hierarchies, Benkler [52,53] introduced a new form of economic transaction, that is, social production, also referred to as peer production. With the technology advances and democratization of digital tools such as the internet, new forms of economic organisation have emerged: crowdsourcing, idea competitions or user innovation. This new form of production is distinct from markets and firms which are competitive in nature and motivated entirely by monetary rewards, as it is more cooperative and also motivated by non-monetary rewards [54]. It is increasingly debated in the context of attaining sustainable development goals. Kohtala [55], for instance, discusses the example of Fab Labs—shared workshops where citizens can access digital fabrication equipment to design and make their own objects—as an alternative to mass production and mass consumption. Robra et al. [31] make a case for commons-based peer production as a way to ensure eco-sufficiency in economic organisations. An eco-sufficiency orientation has emerged as a response to the limitations of the traditional view taken in corporate sustainability discourse that focuses on eco-efficiency, (i.e., producing one unit of a good with fewer resources and less energy and waste) while disregarding the rebound effect (i.e., that a reduction in cost due to an efficiency improvement can lead to an overall increase in production levels and result in an absolute higher resource use). Eco-sufficiency means producing and consuming just enough and peer production might help to realize this postulate.

Organisational path dependence is the next theory worth mentioning in the context of belief formation biases, as it can help us to understand organisational phenomena by overcoming the ahistorical rational choice approach. Sydow et al. [56] identified three phases in organisational path dependence that are governed by different mechanisms. The first phase, called "preformation", is a largely unrestricted scope of action. At this point in time, choices are still reversible. A single choice, a 'small event' gains importance if it sets self-reinforcing processes in motion. In the second phase—"formation"—dynamics triggered by the initial choice increasingly narrow down the options available. In the end, a dominant organisational solution, i.e., a "path", emerges. The whole process is neither accidental nor fully converges to a fixed point of distribution. There are several types of self-reinforcing dynamics: coordination effects, complementarities, learning effects and adaptive expectations. The third and last phase is an organisational lock-in. This state indicates a loss of organisational flexibility as an organisation is no longer capable of responding to potential changes. A given technology, once a source of an initial advantage over competitors due to the increasing returns to adoption, can turn out to be inefficient when new circumstances emerge. Considering eco-innovation, path dependence and the lock-in problem are particularly critical. Many existing dominant technological trajectories have been shown to have detrimental effects for the natural environment. In view of the organisational theory of path dependence it can be said that a firm is endowed with a set of routines and capacities that define and bound their behaviour and strategies. Therefore, behaviour change interventions need to identify the starting dispositions of the targeted firms (see, e.g., [57]). Moreover, extensions of the organisational theory of path dependence can shed light on how self-reinforcing mechanisms develop under regimes of hierarchical power, that is, by translating escalation or commitment bias into organisational modes of governance, as well as how to go beyond the lock-in phase. According to Sydow et al. [56] hierarchy can suppress path building, if unwanted, but only at an initial stage. Later in the process, reinforcing dynamics seem to overwhelm hierarchy. Going beyond organisational lock-in, in turn, is considered by the authors to be unlikely to occur from within an organisation. It "requires "path reflexivity," typically well-coordinated agency, perhaps fragments of paths not taken, and/or an external lens or shock" (p. 730). Wenzig et al. [32], using path dependence theory, empirically investigated why accountants are hardly involved in sustainability accounting although accounting is a key area for informing managers who aim to transform their firms towards sustainability. They identified three main interrelated self-reinforcing mechanisms leading accountants to be locked-in. First is a strong focus on financial goals and incremental improvements fuelled by top management expectations (adaptive expectation effect). Second is specialization, i.e., viewing sustainability as peripheral rather than a part of core business strategy, and the resulting coordination problems (environmental and social data were found to be difficult to collect, aggregate or integrate with existing software systems). Third is the fact that accountants' learning hardly ever pertains to sustainability. Accountants seldom question assumptions about corporate sustainability or their role in its promotion. These findings can help to disrupt the existing path dependencies.

5. The Role of Institutions and Networks in CHOICE-Making

Firms do not operate in isolation. They function within a network of relationships with other organisations and groups and are influenced by the institutional environment in which they are embedded. Since they do not fully control all the conditions necessary for achieving an action or obtaining a desired result, firms encounter interdependence. As a consequence of this interdependence, a firm's behaviour is a result not only of the intentions and capabilities of the firm itself, but also the intentions, capabilities and relative positions of the organisations and groups on which it depends. The natural desire of people to belong and fit in, at an organisational level, is expressed in the isomorphic tendencies of organisations.

The original impetus for an institutional perspective in organisation studies was to explain organisational founding and change, less through functional considerations and more by symbolic actions and external influences (i.e., the institutional context) [58]. Institutional theory provides a theoretical lens through which researchers can identify and investigate influences which promote the survival and legitimacy of business practices. Its focus is on the intersection of socio-cultural forces and entrepreneurial agency. In light of this approach, societies have developed many institutionalized rules that create a framework under which organisations formulate their strategies and make their decisions. These institutions, either formal or informal, serve as the 'rules of the game' to determine which firms' actions are allowed or constrained and what payoffs will be attributed to those actions. Thus, social norms and shared expectations are viewed as key sources of organisations' structures, actions and outcomes. Work based on this perspective deals with the problems varying from the processes that are involved in producing isomorphism to institutional change—the emergence of new laws and regulations, products, services and occupations [59]. Isomorphism occurs when organisations become homogeneous in processes and structures over time as a result of seeking legitimacy by conforming to the prevailing institutional rules. Institutional theory frequently provides a framework to answer the question as to why firms' engagement in responsible business practices differ among countries and change within them. Matten and Moon [34], for example, examined the differences between corporate social responsibility in the USA and in European countries, taking into account worker's rights, environmental protection, education and incidents of corporate irresponsibility. American corporations were found to be more explicit about their CSR in comparison to their European counterparts, who left a great deal of this responsibility to regulators. Martínez-Ferrero and García-Sánchez [35] investigated how country—and industry—specific effects may affect a firm's decision to assure sustainability reports. Their study demonstrates that voluntary assurance acts as a legitimization tool implemented by companies due to normative, coercive and mimetic pressures, among which normative pressure was found to exert the greatest explanatory power in the assurance demand. This implies that companies operating in countries associated with a strong legal system and cultural development, especially in industries that are concerned about sustainability, are more likely to issue an assurance statement. And Amor-Esteban et al. [33] proposed a national corporate social responsibility practices index (NCSRPI) which provides information about the level of penetration of corporate social responsibility in different countries, considering each nation as a set of institutional factors.

Form the policy perspective, it is imperative to identify institutional barriers to and enablers of the adoption of sustainable business practices. Moreover, to increase institutional pressure towards sustainability there is a need to complement a top-down approach that involves sanctions through the legislative framework with a bottom-up approach by shaping pro-environmental social norms, which arise from expectations about how others will behave and the consequences of confronting or departing from them. The study by Self and Rothstein [60] provides evidence of two contrasting attempts to introduce food hygiene barometers in the UK and Germany. In the former, the barometer was introduced with success but abandoned in the latter due to the lack of "fit with the conceits and character of nationally-specific regulatory philosophies, constitutional and legal norms, and juridical ideas about consumer sovereignty" (p. 1465).

Although institutions and networks are usually studied as separate phenomena, as Opper [61] notes, each of them also defines the capabilities of the other. Institutions affect social network contacts and structures as they, for example, define opportunities of affiliation, whereas social networks are instrumental in advancing institutional innovation and change. Hence, we can talk about the co-constitutional nature of institutions and networks (see also: [62]). Exploring networks provides additional insights for behaviour change interventions because the interconnectedness of firms, i.e., the structural integration of actors into the network, influences their communication and interaction, the access to and flow of information, ideas and resources across social clusters and therefore holds valuable information for firms with regard to various corporate issues [63]. Moreover, social networks provide the social foundation of trust. Hence, analysing them can shed some light on the likely diffusion of sustainability practices between firms. What matters is, firstly, the type of ties linking a certain firm with other firms (directed or undirected, valued or present/absent), because they carry different types of information and are useful in different ways (the relational perspective). Secondly, where the firm is located within the network (the structural perspective), such as the firm's centrality and its location at structural holes (i.e., when a firm is connected to other firms that are not connected to each other), also matters. Burt [64] points out: "opinion and behavior are more homogenous within than between groups, so people connected across groups are more familiar with alternative ways of thinking and behaving..." (pp. 349–350). As a consequence, an entity that acts as a mediator between two or more closely connected groups of actors (i.e., who bridges the whole) can gain important comparative advantages as the location allows it to transfer or gatekeep valuable information from one group to another. Influencing corporate behaviour requires understanding the firm's interdependencies and modifying actions accordingly [57]. The relationships with competitors, suppliers, regulators, customers, etc. all influence to varying degrees firms' behaviours and decision making. Public policy may influence firms' behaviours via direct relationships (e.g., as a regulator) or indirectly, such as where it seeks to affect other relationships, e.g., via supply chains. Amin et al. [36] examined whether and how board connections affect a firm's corporate social responsibility. Their study shows the information advantage of a network as the predominant channel through which a well-connected board can improve a firm's CSR performance.

6. Strengthening DETERMINATION through Corporate Targeted Transparency

The idea behind corporate targeted transparency is that disclosing environmental or social performance of a company will motivate the company to make extra effort to improve its practices in the disclosed areas. Two theories, legitimacy theory and signalling theory, are often proposed to explain the association between a firm's disclosure and performance.

First, corporate disclosure has been viewed in the literature as a tool of legitimation [65,66]. Legitimacy theory is based on the notion that there is a 'social contract' between an organisation and society. The idea of the 'social contract' has been expressed aptly by Shocker and Sethi [67]: "Any social institution—and business is no exception—operates in society via a social contract, expressed or implied, whereby its survival and growth are based on: (1) the delivery of some socially desirable ends to society in general; and (2) the distribution of economic, social or political benefits to groups from which it derives its power" (p. 97). Hence, legitimacy theory is primarily concerned with the congruency between the value system of an organisation and the value system of society, and whether the objectives of organisations are to meet social expectations. An organisation is considered to be legitimate if it pursues socially acceptable goals in a socially acceptable manner. However, although legitimacy is created subjectively, it is possessed objectively [68], which means that whether organisational goals and actions are considered legitimate or not depends also on what is observable for others. Gisladottir et al. [37] investigated how transparency can serve as a leverage point for sustainable resource management and concluded that transparency as such cannot be viewed as the silver bullet to counter corruption and ensure accountability. It needs to be accompanied by widely accepted standards as well as accountability mechanisms to serve as effective leverage points.

Against this backdrop, signalling theory deserves mentioning. The theory is fundamentally concerned with reducing information asymmetry between two parties. It describes behaviour when one party must choose whether and how to communicate the information not known to the other party, who in turn must choose how to interpret the communication. When applied in organisational research, signalling theory concentrates on how one organisation (a firm) may undertake actions to signal its underlying quality to others, be it investors, customers or prospective recruits. To be effective, signals must be observable and costly to imitate. Otherwise, other parties would be tempted to use fake signals to gain advantage in a dishonest way. Connelly et al. [69] make a distinction between signal fit, honesty and reliability. Signal fit denotes the extent to which the signal is correlated with an unobservable quality, whereas honesty is the extent to which the signaller actually has the unobservable quality. While the former is a characteristic of a signal, the latter describes a signaller. When both are present we can define the signal as reliable. The opposite case is referred to as "greenwashing". In the literature, there are many described instances of corporate sustainability disclosure practices, and sustainability reporting in particular, that suffer from severe signalling problems. Moratis [39] investigated the voluntary ISO 2600 standard for corporate social responsibility (CSR) and pointed at a lack of verification and enforcement mechanisms, as well as the fact that there are hardly any costs of signalling adherence to ISO 2600 for firms. Moreover, the standard is more about firms' intentions to engage in CSR rather than its actual CSR performance. All this can make the standard susceptible to false signalling, thereby compromising signal reliability.

Moreover, the effectiveness of signals depends also on the receiver's characteristics—whether they scan the environment for signals and how they interpret them, e.g., what importance they attach to sustainability concerns. Firms are inclined to invest in costly signals when they know receivers are interested in the information communicated and are ready to act on them [69]. Baier et al. [38] investigated the problem of signal interpretation by readers, and more specifically the communication of third-party assurance of a firm's sustainability reports. Sustainability assurance by a third party is frequently voluntary, which means that the firm and the assurer jointly negotiate the terms of assurance—its scope and depth. The authors found out that readers' perceptions of the credibility of sustainability reports are influenced by reference explicitness and assurance depth. These are two strategic choices made by management when assigning sustainability assurance that interact with each other and correspond to the concept of signal observability and signal fit mentioned above. Reference explicitness concerns the choice of forms by which to inform and what topics are assured. The forms can be more or less explicit, using visual or verbal cues. Assurance depth, in turn, denotes the choice of how many material sustainability topics to assure (a sustainability topic is material when information about this topic has the potential to affect the decisions of the intended user). The study revealed that while increasing the assurance depth in the case of low reference explicitness results in higher perceived credibility values, it has the reverse effect in the case of high reference explicitness, which leads to misinterpretation by the readers of sustainability reports as false signals. Hence, the study is an example that "false signaling is not only an unethical but also an unsuccessful practice" [38] (p. 708).

7. Conclusions and Future Research Directions

This paper offers a series of propositions, alternative to theories of structural determinism or theories of rational strategic choice, for specifying the conditions under which companies are likely to engage in sustainable business conduct. They focus on how individual-level behaviours, in terms of attention, belief formation, choice and determination, are affected by organisational hierarchy and features of the external environment. The following factors were found to be important for making companies more sustainable: (a) individual—the characteristics of mangers in companies (e.g., educational/research background, prior experience, foreign exposure, gender or age) and the mental frames they apply to the information environment (business case frame or a paradoxical frame); (b) organisational—the interactions of members of a company (e.g., the size and composition of a board (e.g., its diversity)) and governance mechanisms in a company, such as role models for sustainability issue selling, or including various stakeholders in decision making; (c) external—the influence of agents with which organisations are linked within a network of relationships, such as regulators, competitors, suppliers or customers (e.g., strong legal system and cultural development, social norms, board connections).

The contribution of this paper is twofold. First, it offers a systematic approach to behavioural problems related to corporate sustainability by applying the ABCD (attention, belief formation, choice, determination) approach the corporate context. Applying behavioural insights in the corporate context is under-researched compared to applying behavioural insights to encourage the sustainable behaviour of citizens, consumers or end-users [70,71]. Yet businesses can make a huge difference with regard to the achievement of sustainability development goals. Second, as sustainability is a multi-dimensional concept, (combining economic, social and environmental concerns in the short- and long-term), each of the theories, on its own, is limited in addressing them all, but provides a particular perspective or insight into one or more of these dimensions. Therefore, the proposed framework represents a useful platform for future research to build from. Given the inconclusive findings concerning the relationship between environmental, social and governance (ESG) conduct and a company's performance [72,73], there is a need for more nuanced, fine-grained studies, which address moderating and mediating variables. Several suggestions are as follows.

There is a growing interest in studying mental frames that guide organisational scanning, sense making and the interpretation of sustainability challenges (see: [14,74]). So far the business case frame has prevailed in corporate sustainability research and theory [75–77], which refers to the instrumental utilization of social and environmental pursuits to advance economic aims. However, in business case thinking, corporate sustainability is reduced to two concepts: eco-efficiency and social-efficiency [78]. The former describes a situation in which a firm maximizes profit with the smallest amount of waste/consumption of natural resources. The latter describes a situation in which a firm maximizes profit by fostering social capital. These do not go far not enough to address global sustainability concerns due to their disregard of the possible rebound effect, i.e., when efficiency gains lead to an increase in production levels and result in an absolute higher resource use or an increase in the social needs of the current generation. Such concepts as eco-sufficiency [31] and social-sufficiency [79] have entered the corporate sustainability vocabulary. This implies applying a paradoxical frame, where the tensions between economic, social and environmental objective functions are accommodated simultaneously rather than eliminated. Nijhof and Jeurissen [45] write about the glass ceiling of corporate social responsibility in reference to a business case approach to CSR, i.e., the risk of opportunism and the problem of the crowding-out of intrinsic motivation. Johnsen [80] adds to the critique by pointing at the tendency of the instrumental approach to sustainability "to naturalise a technical view of sustainability and thereby deprive the concept of its political and ethical dimensions" (p. 2). Hence, a paradoxical frame presents a promising direction for future research. Most of the studies addressing a paradox perspective on CS are mainly conceptual or based on early-stage inductive qualitative research [74]. Gaining a better understanding of the paradoxical tensions managers face while attempting to simultaneously attain economic, social and environmental goals, in particular the cyclical nature of the paradoxes and their equilibrium stages as well as relevant managerial practices at different stages of these tensions need further investigation (see e.g., [17], a literature review of corporate sustainability paradox management). Moreover, mental frames can be analysed at the individual, organisational and macro-level (institutional logics). They are not independent, but develop affecting each other. Therefore, research on organisational frames can focus on the intra-organisational mechanisms through which negotiations and contests between the cognitive frames of individuals take place, as well as isomorphic pressures exerted by macro-level institutional frames (market, industry, country), (see e.g., [81–84]).

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