Buyer-supplier CSR alignment and firm performance: A contingency theory perspective

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ABSTRACT

Existing studies on the relationship between corporate social responsibility (CSR) and firm performance focus primarily on single firms, overlooking the role of suppliers. Drawing on contingency theory, we examine the impact of the alignment between buyers and suppliers in CSR implementation (CSR alignment) on buyers' performance. Secondary data on 312 dyads from 2008 to 2019 in China were collected. Our findings suggest that buyer-supplier CSR alignment positively associates with buyers' performance (specifically, sales growth). Further, we find this positive relationship is strengthened if the buyer is non-state-owned or if its media attention increases. This highlights the need for firms to focus not only on their own CSR but also on their suppliers' in the pursuit of superior performance. As one of the first to expand the concept of CSR from the individual firm level to CSR alignment at the supply chain level, our study makes both theoretical and practical contributions.

1. Introduction

As a managerial approach that integrates environmental and social practices in business, corporate social responsibility (CSR) occupies a prominent place in the global corporate agenda in today's socially conscious market environment (Williamson et al., 2006; Du et al., 2010; He & Harris, 2020). With the widespread and possibly long persistence of COVID-19, society is expected to make greater demands on firms' CSR. As a central concept within the business literature, CSR has been explored extensively by scholars. Despite the growing academic consensus that engaging in CSR in general builds competitive advantages and creates value for firms (Tang et al., 2012; Zhu & Zhang, 2015; Russo-Spena et al., 2018), empirical findings are rather inconclusive (Mishra & Suar, 2010; Aguinis & Glavas, 2012; Saedidi et al., 2015). This may be because most studies of the impact of CSR on firm performance focus on single firms (e.g. Orlitzky et al., 2003; Pelzoa, 2006; Cui et al., 2015), overlooking the role of business partners, in particular suppliers, in implementing CSR and achieving superior performance (Carter, 2005; Homburg et al., 2013; Yang et al., 2020; Yang et al., 2021a).

Compared to three decades ago, firms have been found now to rely more on their key suppliers and are more likely to be influenced by the way their suppliers behave (Autry & Golicic, 2010; Gligor, 2018; Yang et al., 2022). Environmental issues (such as pollution) and social issues (such as child labour) arising from the actions of an individual firm can pose huge risks to other supply chain (SC) members and even disrupt the entire SC (Thun et al., 2011). The corresponding CSR efforts of buyer firms cannot be separated from the engagement of suppliers that provide raw materials (Wilhelm et al., 2016). Indeed, a buyer firm’s implementation of CSR initiatives may not necessarily lead to desirable performance if its suppliers do not share the same level of CSR implementation. For example, many multinational corporations regularly disclose annual CSR reports to reflect their high-level engagement in CSR, but they are quickly subjected to public criticism when their suppliers are revealed to perform unethical behaviours (Hartmann & Moeller, 2014).

Contingency theory suggests that the impact of a buyer firm’s CSR implementation on performance is contingent on its alignment or fit with external environment, including key suppliers (Venkatraman & Camillus, 1984). Therefore, extending the CSR literature that focuses solely on individual firms, our study examines how the alignment between buyers’ proactive CSR implementation and their suppliers' proactive CSR implementation (hereafter, CSR alignment) impacts buyer firms’ performance.

Moreover, as a context-specific organizational action, CSR related activities are largely contingent on country contexts (Matten & Moon,
To better understand the CSR alignment-buyers’ performance relationship, we further examine the moderating effects of contextual uniqueness of a developing country – China, i.e., the duality of state logic (specifically, buyers’ state ownership) and market logic (specifically, buyers’ media attention) (Maung et al., 2016; Li et al., 2018; Jeong & Kim, 2019). We focus on China for two reasons. First, as the largest emerging market and the manufacturing centre of the world, China is still facing substantial challenges in meeting CSR compliance regarding both environmental issues (e.g. carbon emissions and water pollution) and social issues (e.g. labour welfare and product adulteration) (Liu et al., 2009; Thornton et al., 2013). In response, the Chinese government has launched a number of policies and guidelines to promote Chinese firms’ CSR. Second, although there is evidence that CSR is growing as a managerial concern in China, owing to the uniqueness in social, cultural, and political structures, the way Chinese firms implement CSR is different from those of Western firms (Moon & Shen, 2010; Yin & Zhang, 2012).

Against this background and with an attempt to fill the literature gap, we build on the theoretical lens of contingency theory (Lawrence & Lorsch, 1967; Donaldson, 2001), and set the following two research questions (RQs) in this study: RQ1. What is the impact of CSR alignment on buyer firms’ performance in the Chinese market? RQ2. How do state logic and market logic in China influence the above relationship? To answer the RQs, we analyse buyer-supplier dyadic data on Chinese listed firms collected from the Chinese Research Data Services Platform (CNRDS) and China Stock Market and Accounting Research (CSMAR). Fig. 1 summarizes the model we elaborate and test empirically.

This study contributes to the literature in three ways. First, the existing CSR literature often focuses on individual firms and does not consider the alignment between a firm and its SC partners in implementing CSR to achieve superior performance. Our study adds to this by revealing that a high alignment between SC members’ CSR implementations contributes to buyer firms’ performance (specifically, sales growth). This responds to the call for more research on CSR practices at the SC level (Carroll, 2015; Agudelo et al., 2019; He et al., 2021), potentially explaining the inconclusive findings in prior studies of the CSR-firm performance link. Second, this study further assesses the influential roles of unique contextual contingencies in a developing economy – China. Two moderators, i.e., buyers’ state ownership (state logic) and buyers’ media attention (market logic), are brought to light that particularly regulate the impact of CSR alignment on firm performance for Chinese firms. Third, most studies on the CSR-firm performance link draw on firm-level theoretical lenses such as stakeholder theory (Aguinis & Glavas, 2012), which cannot adequately explain the implementation of CSR at the SC level. In contrast, we verify the applicability of a contingency perspective to the investigation of inter-organizational CSR.

The rest of the paper is structured as follows: by reviewing the relevant bodies of literature, the hypotheses are developed in Section 2. This is followed by a detailed description of the research methodology in Section 3. Results, post-hoc analyses, and additional robustness checks are presented in Section 4. Finally, in Section 5, we further discuss the results, and provide the contributions as well as limitations and future research directions.

2. Literature review and hypothesis development

2.1. CSR and firm performance

Among the various conceptualizations of CSR, a widely adopted one in practice describes CSR as context-specific organizational actions concerning environmental, social, and corporate governance dimensions to meet stakeholders’ expectations (Eccles and Serafeim, 2013). CSR is considered as a key factor in attaining economic goals; accordingly, many studies attempt to identify the performance outcomes of implementing CSR related activities. A positive association between CSR and firm performance has been dominant in this stream of literature. Whereas, a neutral or a negative relationship between CSR and firm performance has been reported by other studies. Table 1 gives a brief review of existing studies on the CSR-firm performance link. We can see that findings of the association between CSR activities and firm performance are inconclusive, which leads scholars to question the applied approach taken by these studies (Aguinis & Glavas, 2012; Saedi et al., 2015).

As shown in Table 1, most of these studies draw on stakeholder theory, the resource-based view, and institutional theory to investigate the individual firm-centric CSR and performance outcomes (Aguinis & Glavas, 2012). Few studies, however, have taken a dyadic approach taking into account the role of key business partners, in particular suppliers, in implementing CSR (Carter, 2005; Homburg et al., 2013; Yang et al., 2020; Yang et al., 2021a). There is a need for more studies to go beyond the focus of individual firms and examine CSR at broader levels, for example, at the SC level (Carroll, 2015; Agudelo et al., 2019; He et al., 2021).

CSR has been extended and examined in the SC context since 2000 (Carter et al., 2000). Extending CSR in SCs is considered meaningful as it can create value for buyer firms (Maloni & Brown, 2006; Lindgreen & Pedersen, 2009; Ayuso et al., 2013). Given the connectivity and inter-dependsence among SC members, implementing CSR requires joint efforts of buyers and suppliers (Snider et al., 2013; Kim & Davis, 2016; Yang et al., 2020). An aligned or matched CSR implementation between buyers and suppliers is likely to be important. Some scholars have realised that the buyer-supplier relationship is a key factor in realizing CSR at the SC level (Pedersen & Andersen, 2006; Li & Huang, 2017; Sancha et al., 2019). Despite this, studies on CSR in the realm of the interaction between a firm and its SC partners is still in its infancy (Zhang et al., 2021). Knowledge on the impact of an alignment of CSR implementation, built on the buyer-supplier relationship, on firm performance is limited.

Fig. 1. Research model.
2.2. Buyer-supplier alignment

Organisational alignment or fit has long been examined in management disciplines and is considered an important source of competitive advantage (Alexander & Randolph, 1985; Gresov, 1989; Powell, 1992). It was originally examined at the intra-organisational level with a focus on the alignment between strategy and structure. Later on, studies suggest that the pursuit of alignment should not only focus on internal alignment but also external alignment (Burton et al., 2002; He & Wong, 2004; Walter et al., 2013). Because interdependence is intrinsic in SCs (Pettit et al., 2010), the decisions and operations of one SC member may influence and even cause problems for other members in SCs (Lee, 2002). One of the fundamental concerns of SC management is the coordination between buyers and suppliers, or buyer-supply alignment, by managing the tensions of their priorities (Carter et al., 2015).

Buyer-supplier alignment indicates that strategy priorities, business approaches, and value expectations of buyers and suppliers should demonstrate acceptable levels of consistency with each other (Lee, 2002; Gligor et al., 2021). Such consistency can result in an alignment in terms of objectives, structures, and processes across different functions and between buyers and suppliers (Wong et al., 2012). In addition, the holistic strategy of synchronising product supply and demand characteristics and the underlying SC design is considered to be one of the key elements of the success of a firm’s SC (Wagner et al., 2012; Gligor, 2016). This synchronisation entails a match between buyers’ and suppliers’ strategic priorities and the corresponding coordination of activities and structures of both. As an important strategy and business approach that requires the engagement of multiple stakeholders in SCs, CSR needs an alignment between buyers and suppliers (Yang et al., 2020). Understanding the nature of buyers’ (or suppliers’) CSR to achieve a better alignment with their own CSR can be beneficial for the parties involved.

2.3. The impact of buyer-supplier CSR alignment on firm performance

In line with the definition of CSR and the alignment literature, we conceptualize buyer-supplier CSR alignment as an alignment between buyers and suppliers across their environmental, social, and corporate governance initiatives. When buyers and suppliers have CSR alignment, they both proactively engage in similar levels of environmental initiatives by minimising ecological impacts and engaging environmental stewardship to protect the natural environment, social initiatives by incorporating ethical concerns into internal governance as well as acting as good citizens in the local community, and corporate governance initiatives by pre-empting issues in the rights and responsibilities of the management of a firm (Eccles & Serafeim, 2013).

Alignment is a central concept in contingency theory (Lawrence & Lorsch, 1967; Donaldson, 2001), which posits that organizational effectiveness results from aligning characteristics of firms to contingencies that predominantly reflect the environment of firms. In the relationship between buyers and suppliers, matching suppliers’ strategies and motivating them to operate in an aligned way can help buyer firms outperform competitors (Pedersen & Andersen, 2006; Gligor, 2016). According to contingency theory, the impact of a firm’s CSR implementation on performance is contingent on its alignment with its SC environments, in particular suppliers (Venkatraman & Camillus, 1984). The high-level engagement in CSR implementation can generate superior firm performance only if the firm’s key suppliers have an aligned high-level of CSR implementation. Only when buyers and suppliers both proactively engage in CSR, i.e., a high-high CSR alignment (hereafter, a high CSR alignment), buyer firms are likely to enjoy superior performance.

Achieving a high CSR alignment is likely to benefit buyer firms’ performance through two mechanisms. First, when buyers and suppliers have the similar high-level engagement in CSR implementation, their awareness of CSR issues in production are similar to each other (Banejee et al., 2003; Homberg et al., 2013). This indicates that the materials sourced from suppliers is well in line with buyers’ CSR standards. Buyers in this case can provide customers with truly ethical products, which helps buyers improve their performance in the market (Ramasamy et al., 2013). Second, highly CSR-engaged firms incorporate CSR matters into their operations. In firms’ interaction with suppliers, their mutual recognition of CSR generates the inter-organizational identification (Sen et al., 2006), which promotes collaborative communications, mutual trust, and reciprocal feedback (Luo & Zheng, 2013). These ensure the quality materials provided by suppliers, suppliers’ cooperation in demand changes, knowledge exchange between suppliers and buyers, new product development involving suppliers, among others (Hoegl &
H1. A high buyer-supplier CSR alignment has a positive impact on buyer firms’ performance.

2.4. Modulating effects

Contingency theory posits that there is no single best way to manage an organization, instead, a contextually grounded approach should be taken (McAdam et al., 2019). The implementation of CSR by firms remains largely contingent on national contexts and thus differs significantly among countries (Matten & Moon, 2008). In particular for inter-organizational interaction, such as CSR alignment between buyers and suppliers, the contextual field provides cultural rules and resources upon which the interaction is constructed (Phillips et al., 2000). Unlike Western countries, China has a unique institutional environment that is characterized by the duality of state logic and market logic (Li et al., 2018). This constitutes an important structural and cultural background of Chinese firms’ behaviours, and is thus likely to shape the buyer–supplier CSR alignment-performance link in the China context.

State logic generates practices that meet the requirements of the government, regulations, local communities, and society in order to gain public legitimacy (Martinez & Dacin, 1999; Scott, 2008; Alexander et al., 2018). In contrast, market logic facilitates managerial actions that focus on commercial objectives, competences, effectiveness, and performance measurement in order to pursue economic efficiency (Parker, 2012; Yang et al., 2012; Alexander et al., 2018). To assess them, scholars consider firms’ state ownership as a good proxy for state logic (Greenwood et al., 2010; Maung et al., 2016) and firms’ media attention as a good proxy for market logic (Verboord, 2011; Jeong & Kim, 2019). Thus, as this study focuses on the impact of buyers’ alignment with suppliers in terms of CSR implementation on buyer firm’s performance, we examine the moderating effects of buyers’ state ownership and buyers’ media attention.

2.4.1. Buyers’ state ownership

State ownership describes firms that are under the control of the state either being the majority owner in state or otherwise exercising an equivalent degree of control (Boisot & Child, 1996). In developing countries such as China, a special contextual feature is found in which political parties remain in power for a long time (Zhang et al., 2015). Nearly 60% of Chinese listed firms are state-owned enterprises (Li et al., 2013). The differences between state-owned and non-state-owned firms are mainly reflected in two aspects. First, motivations for engaging in CSR may differ between state-owned and non-state-owned firms (Long et al., 2020). Second, differences in ownership imply different institutional capital possessed (Chaganti & Damanpour, 1991; Li et al., 2009), whereby the ways of implementing CSR may be different. Accordingly, state-owned structure is expected to influence the CSR alignment-buyers’ performance relationship differently from non-state-owned structure.

State-owned firms are mainly driven by their role as political players in engaging in CSR (Long et al., 2020). State-owned firms are characterized by possessing more political control, such as political ties, referring to social managerial ties with the government at different levels of public administration (Xin & Pearce, 1996; Peng & Luo, 2000; Li & Zhang, 2007). This may transform firms into a hierarchical and bureaucratic system that hinders intra- and inter-organizational coordination and information sharing (Chung et al., 2016), thereby adversely influencing their ability to integrate and align with suppliers’ resources and activities (Eisenhardt & Martin, 2000), such as CSR. Moreover, state-owned firms often receive more political and financial support from the government (Kornai, 1993; Li and Zhou, 2003; He et al., 2020), for example, they have greater access to equity offerings for capital needs and debt financing (Gordon & Li, 2003; Sapienza, 2004). The superior performance of state-owned firms is thus less associated with the aligned CSR implementation with suppliers, but more with the interaction with different stakeholders especially the government.

In contrast, non-state-owned firms are mainly driven by economic


Nonetheless, it may be unrealistic to expect all SC partners to equally engage in proactive CSR implementation ( Wickert et al., 2016). When buyers and suppliers are both rarely engage in CSR, i.e., a low-low CSR alignment (hereafter, a low CSR alignment), their apathetic attitude toward CSR may jointly lead to dissatisfaction of external stakeholders especially consumers (Ginder et al., 2021). Such dissatisfaction directly reflects on consumers’ purchasing decisions (Pivato et al., 2008), which impairs buyer firms’ performance as they are more proximal to the market compared to their suppliers. This may be seen from many small-sized firms, in contrast with large firms, they neither invest in CSR nor require their suppliers to be socially responsible partners (Cui et al., 2015). As one of the consequences, their performance is far inferior to that of large firms due to the less repeated patronage of consumers (Rowley & Berman, 2000).

In a more common situation, buyers and suppliers may show disparate levels of CSR engagement. This leads to CSR misalignment where either buyers engage in a higher level of CSR implementation than suppliers (a higher buyer CSR misalignment) or suppliers engage in a higher level of CSR implementation than buyers (a higher supplier CSR misalignment). In essence, such misalignment is a difference or gap between buyers’ and suppliers’ CSR engagement. In inter-organizational relationships, large differences or gaps between business partners’ perceptions of the level of each other’s ethical practices can result in dissatisfaction with the relationship (Carter, 2000). This induces conflict and tension between members in a dyadic relationship (Samaha et al., 2011; Hartmann & Moeller, 2014), which consequently influences buyers in a negative way.

Specifically, in situations where a higher buyer CSR misalignment occurs, deviations from the shared norm may cause opportunistic behaviours of suppliers that put buyers at risk (Hill et al., 2009; Plambeck et al., 2012). This is because these suppliers characterized by a relatively lower level of CSR engagement may consciously overlook the CSR-related issues in their productions and solely focus on profitability. Such opportunistic behaviours can threaten buyers with unethical actions such as environmentally harmful productions or even toxic products. However, consumers do not often distinguish among SC members in terms of socially irresponsible behaviours (Hartmann & Moeller, 2014). They are likely to blame buyer firms that are more visible to them (Liu et al., 2021). For example, Mattel – the world’s largest toy manufacturer experienced a severe damage in reputation when it had to recall nearly-one million toys in 2007 due to its contract manufacturer using lead paint in products (The New York Times, 2007). This caused Mattel not only increase in operational costs but also a decrease in sales (Sancha et al., 2015). Thus, when a higher buyer CSR misalignment exists, buyers’ financial performance may suffer.

Contrariwise, when a higher supplier CSR misalignment occurs, buyers perform relatively poorly in CSR engagement from suppliers’ viewpoint and suppliers may be reluctant to respond to buyers’ CSR-related expectations (Luo & Zheng, 2015). This is because suppliers may consider that buyers are discredited given the low level of CSR engagement and thus may be less motivated to participate in social or environmental initiatives facilitated by buyers. In a severer situation where suppliers evaluate buyers’ CSR behaviours negatively, they may even withdraw investments explicitly intended to build relationships with buyer firms (Hill et al., 2009; Liu et al., 2021). For example, if a buyer purchases substandard inputs from its supplier in exchange for kickback, the supplier may stop doing business with this buyer due to the unethical behaviour (Turner et al., 1994). This harms the buyer’s production flow and ultimately negatively influences its performance (Carter, 2000).

In sum, it can be expected that a high CSR alignment generates superior performance. Either a low CSR alignment or CSR misalignments lead to buyers’ inferior performance. Thus, we hypothesize:

H1. A high buyer-supplier CSR alignment has a positive impact on buyer firms’ performance.

State-owned firms are mainly driven by their role as political players in engaging in CSR (Long et al., 2020). State-owned firms are characterized by possessing more political control, such as political ties, referring to social managerial ties with the government at different levels of public administration (Xin & Pearce, 1996; Peng & Luo, 2000; Li & Zhang, 2007). This may transform firms into a hierarchical and bureaucratic system that hinders intra- and inter-organizational coordination and information sharing (Chung et al., 2016), thereby adversely influencing their ability to integrate and align with suppliers’ resources and activities (Eisenhardt & Martin, 2000), such as CSR. Moreover, state-owned firms often receive more political and financial support from the government (Kornai, 1993; Li and Zhou, 2003; He et al., 2020), for example, they have greater access to equity offerings for capital needs and debt financing (Gordon & Li, 2003; Sapienza, 2004). The superior performance of state-owned firms is thus less associated with the aligned CSR implementation with suppliers, but more with the interaction with different stakeholders especially the government.

In contrast, non-state-owned firms are mainly driven by economic

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considerations to engage in CSR (Long et al., 2020). They may use their resources to implement CSR, which directly serves their primary stakeholders, such as customers, suppliers, and employees. Support for these stakeholders allows firms to build brand image, thus enhancing their performance in the market (Van der Laan et al., 2008). In addition, non-state-owned firms are featured as establishing more commercial capital than business ties, which indicates managerial social connections with suppliers, competitors, and customers (Sheng et al., 2011; Li et al., 2018; Yeniaras et al., 2020). Stronger business ties build trust between business partners (Hadjikhani & Thilenius, 2009), which enables collaboration between buyers and suppliers. In a collaborative relationship, buyers and suppliers are more motivated to comply with each other’s embedded CSR norms through information exchange, knowledge sharing, and resource co-utilisation in order to maximise economic returns (Ghosh & John, 1999; Park & Luo, 2001; Poppo & Zenger, 2002; Yeniaras et al., 2020). Consequently, the buyers’ performance can be further improved.

In sum, the CSR alignment-buyers’ performance relationship is likely to be weakened in state-owned firms comparing to non-state-owned firms. Thus, we hypothesise:

H2. Buyers’ state ownership negatively moderates the relationship between CSR alignment and buyer firms’ performance in that the relationship is weakened in state-owned firms and strengthened in non-state-owned firms.

2.4.2. Buyers’ media attention

Media attention refers to the awareness of a particular object by the media; here, the object is a buyer firm (Manheim, 1987; Kioussis, 2004). Media attention plays a particular role in shaping Chinese firms’ CSR activities in the pursuit of financial performance. This is because due to the collectivistic cultural orientation of Chinese society (Hofstede, 1984), Chinese consumers tend to place more emphasis on others’ expectations and perceptions than Western consumers. This influences Chinese consumers’ behaviour as they tend to purchase from those that are coined by the media as socially responsible firms (Chu et al., 2020). Buyers’ media attention is likely to influence the CSR alignment-firm performance relationship in two ways.

First, firms with high media attention are more visible to the market, which places them under greater scrutiny from and imposes greater demands of various stakeholder groups (Oliver, 1991; Fiss & Zajac, 2006; Zyglidopoulos et al., 2012). This exerts additional stakeholders’ pressures and imposes liabilities for these firms compared to those with low media attention. To cope with these pressures and liabilities, firms are likely to invest more in gaining legitimacy (Suchman, 1995; Dacin et al., 2002). CSR is regarded as an effective means for firms to gain legitimacy (Dowling & Pfeffer, 1975; Chen et al., 2008). Engagement in CSR can help firms attain a social license from society (to operate), which refers to the fulfilment of social expectations regardless of their inclusion in either legal requirements or business interests (Gunnlingham et al., 2004).

Second, media attention can also decrease information asymmetry for external stakeholders, such as investors and consumers who lack direct interaction with buyer firms (Siegel & Vitaliano, 2007; Freeman, 2010). In other words, compared to firms with less media visibility, the information of more visible firms’ joint CSR initiatives (such as aligned CSR implementation with suppliers) can be more easily transmitted to investors and consumers. On the investor side, this helps buyer firms gain institutional capital through attracted investments, as investors tend to grant investment opportunities to firms perceived as good citizens (Ioannou & Serafeim, 2015). On the consumer side, this can generate positive reputation capital for buyer firms through brands built among consumers (Godfrey, 2005). Both lead to additional competitiveness for more visible buyer firms (Suchman, 1995), and thus improving their performance.

In sum, the CSR alignment-buyers’ performance relationship is likely to be strengthened in buyer firms with a high level of media attention.

Thus, we hypothesise:

H3. Buyers’ media attention positively moderates the relationship between CSR alignment and buyer firms’ performance in that the relationship is strengthened in firms with high media attention and weakened in firms with low media attention.

3. Method

3.1. Data and sample

Our sample includes buyer-supplier dyadic relationship firms listed on the A-share markets of the Shanghai and Shenzhen Stock Exchanges in China from 2008 to 2019. The sample data of dyadic firms were obtained from the CSMAR (https://www.gtiasc.com), which is an open platform for high-standard Chinese business research data. We investigated the period starting from 2008 because the Chinese securities regulator issued guidelines to address the interests of stakeholders and promote sustainable development in that year (Yang et al., 2021b). Hence, at that time, the majority of Chinese firms began to disclose CSR reports. We then excluded firms in the financial and real estate industries, labelled Special Treatment entities, and observations without complete information. The final sample included 312 paired buyer-supplier firm-year observations for 148 unique dyads. Table 2 presents a brief summary of our sample distributions across years and industries.

3.2. Variable measurement

3.2.1. Dependent variable

We used sales growth to measure firm performance. Sales growth is a widely used indicator of firm performance (Riccaboni et al., 2021), which can be used to estimate the potential and sustainable power to survive in a highly competitive market environment (Lee & Kwon, 2017). It also stimulates potential outside investors by providing a good estimate of a firm’s fair market value (Bertoni et al., 2013). Hence, we used firm growth (Growth) as the dependent variable to examine the market reaction to the firm’s CSR. Sales growth is calculated as the ratio of the current period’s sales revenue to the prior period’s sales revenue (Guenther & Guenther, 2020).

3.2.2. Independent variable

The independent variable is the buyer-supplier CSR alignment (Alignment). First, we calculated the CSR performance for each buyer and supplier firm (C_B and C_S respectively). CSR data were obtained from the CNRDS (https://www.cnrds.com), which is similar to the Kinder, Lydenberg, and Domini database. There are 43 strengths (positive initiatives) and eight concerns (controversies) assessed to measure CSR performance in the database; each item is coded 1 if the firm has demonstrated engagement in the respective initiative and 0 otherwise. As in previous research, we subtracted concerns from strengths to measure CSR performance (e.g. Flammer, 2015; Yuan et al., 2019). Fig. 2 presents the buyer’s and supplier’s CSR, to see that the scattered points are evenly distributed on the plane, which shows that the findings are not simply driven by a relatively small number of companies that have received low CSR performance. We then divided the CSR performance by the maximum value 43 (C_B and C_S for our sample 0 ≤ C_B, C_S ≤ 1) to prepare for calculating the CSR alignment.

Consistent with Straub et al. (2004) and Klein et al. (2007), we operationalised alignment as a degree symmetry value. That is, Alignment = (DV + SV)/2, where DV is the degree value, SV is the symmetry value, and their ranges are both from 0 to 1. The degree value is the average index of the buyer and supplier CSR values (i.e. (C_B + C_S)/2), and the symmetry value is a ratio index within the buyer-supplier relationship. Specifically, if C_B > C_S, then SV = C_S/C_B, or if C_B ≤ C_S then SV = C_B/C_S. Hence, the range of Alignment is 0 to 1. Importantly, consistent with this operationalisation, a higher alignment score
indicates a high buyer–supplier CSR alignment.

3.2.3. Moderating variables

There are two moderating variables posited, state ownership (Owner) and media attention (Media). To measure state ownership, we created a binary variable, which equals 1 for firms that are controlled by the central or local government, i.e., state-owned enterprises (SOE), and 0 otherwise, i.e., non-state-owned enterprises (NSOE) (Wang et al., 2019). This information was obtained from CSMAR.

In terms of media attention, the data were sourced from the Financial News Database of Chinese Listed Firms (CFND) in CNRDS. This database uses an artificial intelligence algorithm to collect, organise, and analyse the financial news of listed firms. CFND provides online financial news data from more than 400 important network media, the most important of which are the news reports of 20 mainstream network financial media sources, such as Hexun, Sina Finance, Dongfang Fortune, Tencent Finance, CCTV Finance, and People’s Daily Online. These are not only at the forefront of China in terms of data and quality of financial news reports but also the ones investors often visit and pay attention to, so their news is of great value. In addition, to enrich data sources, the data also include information from more than 400 other major websites, industry websites, and local websites. Thus, CFND media coverage data provides us with a good representation of the online news that investors are likely to base their decisions on.

Our variable, media attention, is computed as the natural logarithm of one plus the total number of online news articles in whose titles the listed firms’ names appeared in a given year. A higher value indicates greater attention.

3.2.4. Control variables

Following prior studies that include sales growth as the dependent variable (e.g., Demirel & Danisman, 2019; Guenther & Guenther, 2020), we controlled for firm- and industry- specific factors in our regression analysis.

For firm-specific factors, we controlled for firm size, return on assets (ROA), leverage, and liquidity. Since firm size affects firm growth, we controlled for firm size (Size), which was measured as the natural logarithm of a firm’s total assets. In addition, financial performance has been found to be associated with firm growth. We used ROA to measure financial performance, which was calculated as operating income/total assets. Moreover, we considered slack resources, which can enable a firm to react more flexibly to market opportunities (Guenther & Guenther, 2020). We measured slack resources with financial leverage (Leverage) and liquidity (Liquidity). Leverage was the ratio of long-term book debt to total assets, and liquidity was calculated as the ratio of the firm’s current total assets to its current total liabilities (Bhattacharya et al., 2021).

At the industry level, we controlled for industry size (ISize) and industrial competition. Industry size was measured as the natural logarithm of the mean number of total assets in the same sector, and we used the Herfindahl index (HHI) to measure industrial competition. Relevant data were collected from the CSMAR. All continuous variables were winsorised at the 1st and 99th percentiles. In addition to these control variables, we considered unobservable fixed effects related to particular industries and years.
3.3. Model specification

We constructed the following regression models (1) and (2) to examine the relationships among buyer–supplier CSR alignment, buyer firm performance, state ownership, and media attention.

\[
\text{Performance} = \beta_0 + \beta_1 \text{Alignment} + \sum_{k=2}^{7} \beta_k \text{Controls}_k + \text{Year} + \text{Industry} + \varepsilon \tag{1}
\]

\[
\text{Performance} = \beta_0 + \beta_1 \text{Alignment} + \beta_2 M + \beta_3 \text{Alignment}^{*} M + \sum_{k=4}^{7} \beta_k \text{Controls}_k + \text{Year} + \text{Industry} + \varepsilon \tag{2}
\]

In the above models, \( \beta \) denotes the coefficient, \( \varepsilon \) denotes the error term, \( M \) represents the two moderators, and \( \text{Controls} \) represents the control variables. Moreover, the explanatory variables were applied in this study with a one-year lag, which is the best-known solution to capture causality between CSR and firm performance.

4. Results

4.1. Descriptive statistics

Table 3 presents the descriptive statistics of the variables. The mean of sales growth is 6.123 %, with a standard deviation of 17.08. For CSR alignment, the mean is 0.574, with a standard deviation of 0.109. Table 3 also presents the correlation coefficients among the variables. As expected, the correlation coefficient between CSR alignment and sales growth is positive. In addition, the values of the variance inflation factor for all predictors are less than 4.48. Therefore, multicollinearity is not a significant issue.

4.2. Regression results

The regression results for the relationship between CSR alignment and performance are presented in Table 4. The results from Model 2 show that CSR alignment positively affects a firm’s sales growth (\( \beta = 17.658, p < 0.05 \)). Thus, H1 is supported.

Models 3 and 4 introduce the interactions between CSR alignment and the two moderators. The coefficient of the interaction term between Alignment and Owner is negative and significant at the 5 % level (Model 3; \( \beta = -1.779 \)). Similarly, the coefficient of the interaction term between Alignment and Media is positive and significant at the 10 % level (Model 4; \( \beta = 1.223 \)). These results remain consistent even when all the interaction terms are considered simultaneously (Model 5). Collectively, these results support H2 and H3.

To better illustrate the moderating effects, we plotted the interaction effects using one standard deviation above and below the mean to represent high and low levels of the moderating variables (Hoetker, 2007). Fig. 3 shows the moderating effects of buyers’ state ownership and buyers’ media attention. These demonstrate that state ownership decreases the positive effect of CSR alignment on buyers’ performance, and media attention enhances the effect of CSR alignment on buyers’ performance quite clearly.

4.3. Post-hoc analyses

Besides the main results, we also conducted some post-hoc analyses where the hypotheses were tested considering the three CSR dimensions as the independent variables separately (Table 5). This analysis was developed in order to derive additional insights concerning the differential effects on firm performance, and establish whether the moderating effects would be the same or different across these three types of CSR alignment. The separation of CSR into environmental, social, and governance subgroups is based on Duque-Grisales and Aguiera-Caracul (2021). The environmental dimension covers a firm’s business actions in terms of environmental responsibility, including “environmental” part in the CNRDS database. The social dimension reflects a firm’s commitment to the employee and community, including “Charity and volunteer activities”, “Employee relations”, “Diversification” and “Products” parts. The governance dimension measures the extent to which a company’s systems and processes ensure that its members and board executives plan long-term operations in the best interests of shareholders, which is corresponding to the “Corporate governance” part in the database. As indicated in Table 5, the results for environmental alignment (Models 1 to 3) and social alignment (Models 4 to 6) are similar to the above results. However, governance alignment (Models 7 to 9) does not affect firm performance significantly. This may be because environmental and social aspects can be mainly seen as external factors (Freeman, 2010), while governance can be considered as an internal factor, which may cause fewer and uncertain market reactions than external factors (Suttipun & Yordum, 2021).

In addition, we examined whether the findings obtained from this study will hold for financial and real estate industries. During 2008 to 2019, we only obtained 31 paired buyer–supplier firm-year observations that have completed data except for Liquidity. We excluded Liquidity as the control variable because most of the observations did not have the data. In Table 5, our statistical results for CSR alignment is not significant in Model 10, but when adding the moderators and interaction terms to the models, the CSR alignment is significantly positive in Model 11 (\( \beta = 90.849, p < 0.1 \)) and Model 12 (\( \beta = 113.841, p < 0.1 \)). Hence, we inferred that it may omit some important variables in Model 10, and in general, the CSR alignment still positively affect the firm performance. As for the two moderators, only state ownership has the similar result as before; the media attention does not affect the main relationship. This may be due to that media attention mainly affects the buying behaviour of individual investors, which accounts for a small portion of sales growth. Institutional investors, who are likely to use more formalized investment criteria, are less susceptible to media coverage (Barber & Odean, 2008).

Table 3

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Growth</td>
<td>6.123</td>
<td>17.084</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Alignment</td>
<td>0.574</td>
<td>0.109</td>
<td>0.102</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Size</td>
<td>24.355</td>
<td>1.758</td>
<td>-0.057</td>
<td>0.016</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. ROA</td>
<td>0.038</td>
<td>0.036</td>
<td>0.242*</td>
<td>-0.055</td>
<td>-0.075</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Leverage</td>
<td>0.585</td>
<td>0.135</td>
<td>-0.013</td>
<td>0.114*</td>
<td>0.152*</td>
<td>-0.440*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Liquidity</td>
<td>1.092</td>
<td>0.565</td>
<td>0.174*</td>
<td>-0.057</td>
<td>-0.522**</td>
<td>0.392**</td>
<td>-0.542**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Hsize</td>
<td>23.719</td>
<td>1.481</td>
<td>-0.151*</td>
<td>-0.016</td>
<td>0.799*</td>
<td>-0.160**</td>
<td>-0.014</td>
<td>-0.489**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. HHI</td>
<td>0.214</td>
<td>0.172</td>
<td>-0.011</td>
<td>-0.045</td>
<td>0.248*</td>
<td>0.136*</td>
<td>-0.295**</td>
<td>0.154*</td>
<td>0.382*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Owner</td>
<td>0.824</td>
<td>0.382</td>
<td>-0.091</td>
<td>-0.082</td>
<td>0.322*</td>
<td>-0.169**</td>
<td>0.162*</td>
<td>-0.322**</td>
<td>0.364*</td>
<td>0.106</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>10. Media</td>
<td>4.958</td>
<td>1.254</td>
<td>0.004</td>
<td>0.024</td>
<td>0.567*</td>
<td>0.102</td>
<td>-0.009</td>
<td>-0.169**</td>
<td>0.345**</td>
<td>0.146**</td>
<td>0.003</td>
<td>1</td>
</tr>
</tbody>
</table>

Note. N = 312. *p < 0.05. **p < 0.01.
4.4. Robustness checks

4.4.1. Alternative measure of CSR alignment

Instead of the continuous values of CSR alignment, we employed an ordered categorical variable as an alternative. Based on the continuous values of CSR alignment, we assigned the value of 1 to Alignment in the top quintile and 1 to Alignment in the bottom quintile, while the remaining Alignment values were considered neutral and assigned the value of 0 (Tang et al., 2015). The regression models were re-run using this new categorical variable, which were shown from Models 1 to 3 in Table 6. Further, according to the above division of the three dimensions of CSR performance, we calculated the weighted average CSR alignment for environmental alignment, social alignment, and governance alignment, where the weights were based on the number of items in each dimension. Models 4 to 6 show the results. We can see that similar results were obtained for the two alternative measures of Alignment.

4.4.2. Alternative measure of state ownership

Moreover, following Jiao et al. (2015), state ownership can be also measured by the proportion of government-owned shares. We then used this continuous measure to explain state ownership instead of a binary-one. A larger value of the variable means greater control by the government. Model 7 shows that the coefficient for the interaction term is significantly negative. It means that the relationship between the CSR alignment and a firm’s performance is more positive for firms with lower government-owned shares than for firms with higher government-owned shares, which is similar to above results.

4.4.3. Alternative measure of firm performance

We used the 2-year (t + 1 and t + 2) average sales growth rate as the dependent variable to run the regressions. The results shown in Models 8 to 10 also support our former hypotheses.

Moreover, in order to test whether the findings hold for other types of firm performance, we further used accounting-based indicators, i.e. ROA and (the ratio of net profits over the value of investment) (Zaborek...
### Table 5
Post-hoc analyses.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Environmental alignment</th>
<th>Social alignment</th>
<th>Governance alignment</th>
<th>Sample: financial and real estate industries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 3</td>
<td>Model 4</td>
</tr>
<tr>
<td>Alignment</td>
<td>7.894**</td>
<td>7.775*</td>
<td>6.932**</td>
<td>14.499*</td>
</tr>
<tr>
<td></td>
<td>(3.152)</td>
<td>(4.409)</td>
<td>(3.165)</td>
<td>(8.278)</td>
</tr>
<tr>
<td>Owner</td>
<td>−2.994</td>
<td>−1.780</td>
<td>−2.664</td>
<td>−2.537</td>
</tr>
<tr>
<td></td>
<td>(2.524)</td>
<td>(2.434)</td>
<td>(2.537)</td>
<td>(17.059)</td>
</tr>
<tr>
<td>Alignment*Owner</td>
<td>−1.368*</td>
<td>−1.129*</td>
<td>0.194</td>
<td>−16.291***</td>
</tr>
<tr>
<td></td>
<td>(0.802)</td>
<td>(0.680)</td>
<td>(0.818)</td>
<td>(3.958)</td>
</tr>
<tr>
<td>Media</td>
<td>1.022</td>
<td>0.863</td>
<td>0.747</td>
<td>−31.981**</td>
</tr>
<tr>
<td></td>
<td>(0.788)</td>
<td>(0.817)</td>
<td>(0.812)</td>
<td>(13.742)</td>
</tr>
<tr>
<td>Control</td>
<td>2.098*</td>
<td>1.727**</td>
<td>0.847</td>
<td>12.203</td>
</tr>
<tr>
<td></td>
<td>(1.190)</td>
<td>(0.688)</td>
<td>(0.617)</td>
<td>(13.013)</td>
</tr>
<tr>
<td>Constant</td>
<td>9.437</td>
<td>−0.372</td>
<td>4.719</td>
<td>9.373</td>
</tr>
<tr>
<td>Year fixed effects</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Industry fixed effects</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.4247</td>
<td>0.4325</td>
<td>0.4412</td>
<td>0.4198</td>
</tr>
<tr>
<td>N</td>
<td>312</td>
<td>312</td>
<td>312</td>
<td>312</td>
</tr>
</tbody>
</table>

Note. Robust standard errors in parentheses. *p < 0.1. **p < 0.05. ***p < 0.01.

### Table 6
Robustness checks.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Alternative measure of Alignment (ordered categorical variable)</th>
<th>Alternative measure of Alignment (weighted average)</th>
<th>Alternative measure of Owner</th>
<th>Alternative measure of Performance (average sales growth)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 3</td>
<td>Model 4</td>
</tr>
<tr>
<td>Owner</td>
<td>−2.153</td>
<td>−1.829</td>
<td>−0.070</td>
<td>−0.603</td>
</tr>
<tr>
<td></td>
<td>(2.446)</td>
<td>(2.441)</td>
<td>(0.051)</td>
<td>(1.262)</td>
</tr>
<tr>
<td>Alignment*Owner</td>
<td>1.498**</td>
<td>−1.177*</td>
<td>0.003*</td>
<td>0.002</td>
</tr>
<tr>
<td>Media</td>
<td>0.816</td>
<td>0.750</td>
<td>0.813</td>
<td>0.824</td>
</tr>
<tr>
<td>Alignment*Media</td>
<td>1.484**</td>
<td>1.383*</td>
<td>0.790</td>
<td>0.810*</td>
</tr>
<tr>
<td>Year fixed effects</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Industry fixed effects</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.4245</td>
<td>0.4335</td>
<td>0.4307</td>
<td>0.4236</td>
</tr>
<tr>
<td>N</td>
<td>312</td>
<td>312</td>
<td>312</td>
<td>312</td>
</tr>
</tbody>
</table>

Note. Robust standard errors in parentheses. *p < 0.1. **p < 0.05. ***p < 0.01.
to re-estimate our models. Models 11–16 show the results. Contrary to our expectation, the effects of CSR alignment on these accounting-based performances are insignificant. We attribute this unexpected finding to two possible reasons. First, the effect on ROA and ROI may take longer to be achieved than on sales growth. When firms have a high CSR alignment with suppliers, the collective CSR reputation signals a good brand image to the market and consumers. As an immediate consequence, firms’ market-based performance (i.e. sales growth) that is determined by consumers would be improved (Coombs & Gilley, 2005). However, the accounting-based performance such as ROA and ROI, may be offset by the cost spent on CSR in the short-term. CSR activities, especially CSR alignment with suppliers, require substantial investments not only in cash and capital but also in human resources or even modification of operational modes (Lu et al., 2018). These activities take time to unfold their full financial potential. In the short-term, it is likely that the profits from conducting CSR activities cannot compensate for the costs associated with it. There is a time lag for profitability to catch up (De Jong et al., 2014; Orzes et al., 2017). Second, the relationship between CSR alignment and ROA/ROI may be indirect. As some previous studies suggested, ethical activities (e.g. CSR) and financial performance (e.g. ROA and ROI) are two completely distinct constructs, and their relationship is very complicated (Nollet et al., 2016). A correlation between them could be generated by intermediate variables that intervene in unpredictable ways and make it possible to link the two constructs (Saiedi et al., 2015; Kahloul et al., 2022).

4.4.4. Alternative estimation methods
As Venkatraman (1989) pointed out, subgroup analysis and interaction analysis are the two methods commonly used to test for a moderating effect. We thus used subgroup analysis to examine the moderating effect in the robustness checks. For media attention, we divided the sample into high- and low-level groups according to the median (Dong et al., 2018). For firm ownership, we decomposed the full sample into state-owned firms (Owner = 1) and non-state-owned firms (Owner = 0), and separately compared the coefficients of CSR alignment between the two groups. Model 17 includes only state-owned firms, and Model 18 includes only non-state-owned firms. The results show that the estimated coefficient of CSR alignment for state-owned firms is insignificant ($\beta = 2.347, p > 0.1$), while it is significant ($\beta = 8.152, p < 0.05$) for non-state-owned firms. Models 19 and 20 show that CSR alignment is significantly and positively associated with a firm’s performance for the high level of media attention group ($\beta = 4.163, p < 0.01$), while the association is insignificant for the low-level group ($\beta = 0.409, p > 0.1$). The results indicate that the effects of CSR alignment on the buying firm’s performance are distinguishable between high-low levels of media attention groups, and between state- and non-state-owned groups. These results are similar to the above.

5. Discussion
First, our results show that buyer–supplier CSR alignment is positively associated with buyers’ performance, specifically, sales growth. This echoes the study of Pedersen and Andersen (2006), which emphasizes the importance of SC members’ involvement in CSR implementation. Specifically, to generate the desired performance outcomes for buyer firms, CSR initiatives must be implemented at the SC level with the actions of all members in SCs. The failure to involve SC members in social and environmental initiatives will increase the risk of damage to the reputation of buyer firms. Our findings extend this, suggesting that the involvement should be realised in an aligned or matched way – ascertaining the alignment between buyer firms’ CSR implementation and key suppliers’ CSR implementation through strong buyer–supplier relationships. By so doing, buyer firms’ performance (especially the sales performance) can be further improved.

Second, we find China’s contextual uniqueness – the duality of state logic and market logic plays a significant moderating role in the CSR alignment-performance relationship. Specifically, buyers’ state ownership (state logic) negatively moderates the impact of CSR alignment on buyers’ performance: when a firm is state-owned, the effect of CSR alignment on its performance is much weaker. This result supports the findings of Wang and Qian (2011) and Long et al. (2020) that buyer firms’ CSR impacts their own financial performance more negatively in state-owned firms than in non-state-owned firms. Our findings further extend this by demonstrating that even when CSR is implemented at the SC level to further align with suppliers’ actions, performance implications for state-owned buyer firms are still worse than those for non-state-owned buyer firms. In contrast, buyers’ media attention (market logic) positively moderates the impact of CSR alignment on buyers’ performance: when a firm is with a high-level of media visibility, the effect of CSR alignment on its performance is much stronger. As Zyglidopoulos et al. (2012) mentioned, more visible buyer firms can be expected to engage more in aligned CSR implementation with suppliers in order to cope with the increased stakeholders’ pressures resulting from a high-level of media attention. The performance of these buyers with high media attention is further improved.

5.1. Theoretical contributions
This research makes several theoretical contributions to the literature. First, although many studies have indicated that CSR has a significant effect on a firm’s performance (e.g. Pham & Tran, 2020), these studies typically focus on single firms in isolation from suppliers in the SC. To our knowledge, our study is one of the first to expand the concept of CSR from the firm level to CSR alignment at the SC level, potentially explaining the inconclusive findings in the realm of performance outcomes of CSR. This is a noteworthy contribution to the CSR literature because firms increasingly rely on their suppliers to compete (Gligor, 2018). Although the analysis of CSR emerged at the start of the 20th century (Barnard, 1938) when firms primarily competed at the firm level, it is important for firms to expand their vision of CSR from an individual-firm focus to including suppliers, enhancing the understanding of how their CSR alignment with suppliers influences performance outcomes. Our study responds to the call for more research on CSR practices at the SC level (e.g. He et al., 2021), and provides the initial building block on which future studies can build to continue examining the diverse roles of SC partners in managing CSR to achieve desired performances.

Second, we advance the research on CSR and inter-organisational relationships by illustrating how contextual uniqueness can moderate the impact of CSR alignment on firm performance, suggesting that researchers need to pay more attention to the contextual uniqueness across countries. Prior studies focused primarily on the moderators that affect the relationship between a single firm’s CSR and performance (e.g. Lee & Jung, 2016; Su et al., 2016). Drawing on contingency theory, our study complements this by assessing unique contextual contingencies in a developing economy – China. We bring to light the important influential roles of buyers’ state ownership (state logic) and buyers’ media attention (market logic) that regulate the effect of CSR alignment on firm performance for Chinese firms. Specifically, state logic negatively regulates the CSR alignment-firm performance link, whereas market logic positively regulates this link. These add to our knowledge of the distinct roles of state logic and market logic in ascertaining CSR alignment between buyers and suppliers toward superior performance in developing countries such as China.

Third, this study draws on and contributes to the contingency theory. Most of the existing research on CSR is often drawn on stakeholder theory, the resource-based view, and institutional theory (Aguinis & Glavas, 2012), yet they are all firm-level theoretical lenses that cannot adequately explain CSR implementation at the SC level. We verify the applicability of contingency theory to the examination of inter-organisational CSR. Further, the majority of studies use contingency
theory to examine the moderating effects, while our study also applies it to explain the CSR alignment-performance relationship. Alignment is a central concept in contingency theory, which focuses on the environment-organisation relationship (Lawrence & Lorsch, 1967; Donaldson, 2001). In our study, we reveal that the impact of CSR on performance is both contingent on its alignment with suppliers – the external SC environment (Gligor et al., 2021), and contingent on uniqueness arising from broader country contexts, such as the duality of state logic and market logic of China. These not only help to explain the importance of CSR alignment with suppliers but also help us understand alignment with unique country contexts to achieve superior firm performance.

5.2. Managerial implications

Our findings have several managerial implications. First, as the alignment between buyer firms’ CSR and their key suppliers’ CSR directly impacts buyer firms’ performance, firms can differentiate themselves to enhance their performance by using CSR strategy. It is not sufficient for managers to exclusively focus on their own CSR to maximise firm performance; they also need to pay attention to key suppliers’ CSR practices. Thus, managers should monitor their key suppliers’ CSR levels by surveying their CSR reports regularly. Through inter-organisational communication that emphasizes CSR value, orientation, and implementation, or deliberate attempts to formulate supplier development programs, managers can stimulate perceptions of alignment with their suppliers. By further educating suppliers on the positive relationships between CSR alignment and performance, managers can reinforce the importance of such perceptions. When selecting suppliers, buyer firm managers should also evaluate the supplier’s CSR level because it can impact the buyer firm’s performance.

Our results also suggest that the benefit of CSR alignment is particularly great for non-state-owned firms or high-media attention firms. Although state-owned firms have advantages in terms of obtaining government-controlled resources and obtaining preferential treatment, non-state-owned firms can also gain political legitimacy through CSR engagement and have more managerial discretion in CSR decisions. Hence, this buyer-supplier CSR alignment would be more valuable to them. At the same time, although more visible firms not only face more diverse stakeholder pressures but also more intense stakeholder scrutiny, firms should take advantage of high media attention to shape a firm’s image by behaving responsibly. CSR is a kind of significant moral capital that can serve such a protective function to enhance images even in the event of a crisis. Particularly in developing countries such as China, there are substantial challenges in meeting CSR compliance regarding both environmental and social issues. It is increasingly important for Chinese firms to implement CSR practices in order to build a responsible image.

5.3. Limitations and future directions

Our study is with limitations. First, from the contingency perspective, we explored the contextual uniqueness of a developing country – China, i.e., the duality of state logic and market logic. Future studies might consider potentially contextual uniqueness of different countries, or even other moderators that may play in the revealed relationship (e.g. the buyer–supplier relationship strength). Second, we used multiple industries as the sample; further studies should examine different sectors and compare the results between them. For example, such studies should determine whether certain sectors show a different relationship between alignment and firm performance. Third, we only found directly positive relationship between CSR alignment and firms’ sales growth, while some accounting-based indicators, i.e. ROA and ROI, were found to be insignificantly predicted by the CSR alignment. Future studies may extend our research to explore mediators between CSR alignment and ROA or ROI, and/or examine their direct association in the medium- or long-term.

CRediT authorship contribution statement

Yang Yang: Investigation, Formal analysis, Data curation, Funding acquisition, Methodology, Writing - original draft, Writing - review & editing. Yan Jiang: Project administration, Investigation, Formal analysis, Conceptualization, Validation, Writing - original draft, Writing - review & editing.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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References
