CORPORATE STAKEHOLDER ORIENTATION AND GREEN COMPETENCIES CONCEPTS: UNRAVELING THE NEXUS

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Purpose: The purpose of our study is to examine an interrelationship between the construct of corporate stakeholder orientation, which is developed in response to external pressures, and the concept of green competencies.

Design/methodology/approach: This study is grounded in an integrative literature review, a valuable approach when the objective is to synthesize diverse concepts or perspectives, facilitating the emergence of novel theoretical frameworks and perspectives. The study contribution arises from the convergence of two different management concepts in order to go deeper into complex phenomena that have not been previously examined.

Findings: Based on the conducted literature studies, the paper proposes that there exists a dynamic interrelationship between the green competencies of managers and employees, and the corporate stakeholder orientation of a firm. This implies that the acquisition of green competencies by members of an organization contributes to the development of the firm’s corporate stakeholder orientation. On the other hand, the firm’s corporate stakeholder orientation has a positive effect on the enhancement of green competencies among its organization members.

Research limitations/implications: The study is limited by reinterpreting existing research, so more empirical research is needed to test the three propositions. Furthermore, due to the highly dynamic nature of the research field, a static, one-time analysis appears insufficient. As a result, replication of the study in the future is advised in order to observe changing trends and shifts in the research field over time.

Practical implications: The findings of the study have significant implications for managerial practice, highlighting the importance of individuals within organizations having the ability to anticipate and effectively respond to the diverse demands and requirements of stakeholders in contemporary contexts. This in turn suggests that it's vital for both managers and employees to advance their green competence. This is crucial for maintaining the competitive edge of the firm.

Social implications: According to the findings, improving managers' and employees' GC leads to environmental benefits that benefit not only the enterprise but also society and the environment by changing social norms, cultural values, and institutional structures. Furthermore, a literature review discovered that an increase in managers' and employees' GC transmits green attitudes and behaviors from work to private land. As a result, social awareness
of contemporary environmental problems is growing, and there is a better chance of preventing the environmental degradation that we are currently facing. This appears significant in terms of the social dimension and societal changes over the long term.

**Originality/value:** The study makes a contribution to the existing literature by examining the concepts of corporate stakeholder orientation and green competencies as well as their potential interrelation that have not been previously examined, in order to improve a firm's ability to effectively respond to external pressures and sustain its competitive edge. The study, in particular, adds value to research practice by formulating three propositions that link green competencies to business focus on managing its relationships with stakeholders in the context of contemporary challenges.

**Keywords:** stakeholders, corporate stakeholder orientation, green competencies.

**Category of the paper:** conceptual paper.

### 1. Introduction

The accelerated pace of industrial and technological development has propelled the Earth beyond its intrinsic limitations, necessitating companies to address environmental obstacles. Concurrently, these enterprises endeavor to generate value for their various stakeholders, including shareholders, employees, business partners, customers, and communities. Currently, companies at a worldwide scale are actively seeking approaches to mitigate and/or prevent environmental harm. This occurs in order to address the inherent tension between environmental conservation and economic progress (Enciso-Alfaro, García-Sánchez, 2023).

Our study examines an interrelation between firms' emphasis on sustaining enduring relationships with their stakeholders and the execution of green upskilling initiatives for managers and employees within these firms. The research's approach is based on the institutional theory, which serves as a conceptual framework for understanding how external factors, social dynamics, community expectations, and environmental influences shape and influence organizational behavior. Taking this perspective, companies should try to ensure that they can adapt to the external or social expectations of their environment in order to survive and gain public legitimacy (DiMaggio, Powell, 1983). According to the institutional theory, multiple external factors affecting the company necessitate its adaptation through various actions, competency development, and so on. One of the strategies employed by nowadays businesses involves the cultivation of enduring relationships with their stakeholders. This strategic approach arises from the underlying assumption aligned with the stakeholder-based view of a company that an organization can be seen as a set of interdependent relationships between its stakeholders, who are jointly committed to its success and contribute specific forms of capital, such as financial, human, and social capital (Kochan, Rubinstein, 2000; Freeman et al., 2010). Nowadays, the aspiration to cultivate stakeholder orientation encourages companies to prioritize elements that facilitate its transition towards widely
understood sustainability. In order to achieve this objective, it is imperative to promote sustainability-problem solving competencies of both managers and employees (Siva, Gremyr, Halldórsson, 2018; Grosseck, Tîru, Bran, 2019; Redman, Wiek, 2021; Gadomska-Lila, Sudolska, Łapińska, 2023). These competencies encompass the gain of knowledge, growth in skills, and cultivation of attitudes that facilitate effective problem-solving in the context of real environmental and social sustainability challenges and opportunities. In our study we claim that organization members (managers and employees) green competencies (GC), which in general refer to individuals' capacities to interact productively and advantageously with their immediate environment (Steele, 1980), stand out among the competencies referred to as sustainability competencies in the relevant literature. We perceive GC as one of the key categories of competencies needed in contemporary businesses due to the fact that they align with the notion of sustainability competencies, including: system-thinking competence, future-thinking competence, values-thinking competence, strategies-thinking competence, implementation competence, interpersonal competence, intrapersonal competence, and integration competence (Redman, Wiek, 2021).

Despite numerous studies on stakeholder orientation and GC in the business context, there is still a scarcity of works that discuss the relationships between the two concepts. A review of the literature on the subject revealed a significant research gap. The Web of Science and Scopus databases both show a clear lack of research on the relations between managers and employees’ GC and CSO. Therefore, the aim of our study is to examine an interrelationship between the construct of Corporate Stakeholder Orientation, which is developed in response to external pressures, and the concept of GC. The study is based on the integrative review of the literature, which is said to be advantageous when the aim is to integrate a range of concepts or perspectives, thereby facilitating the emergence of novel theoretical frameworks and avenues (Snyder, 2019). Its contribution arises from the convergence of two different concepts in order to go deeper into complex phenomena that have not been previously examined. This research allows for a better understanding of the relationships and perspectives in the analyzed field as well as an outline of research that poses provocative propositions that provide direction for future studies.

2. Stakeholder-based view of the firm

Nowadays due to growing awareness about business responsibilities towards society and the natural environment, both researchers and business practitioners are increasingly concerned about stakeholder issues. The stakeholder-based view of the firm posits that an organization can be conceptualized as a collection of interconnected relationships among its stakeholders (Freeman et al., 2010) who are mutually dedicated to the organization's prosperity and provide
various types of capital, such as financial, human, and social capital, in pursuit of this objective (Kochan, Rubinstein, 2000).

Multiple definitions of stakeholders have been employed within the existing scholarly literature. Nevertheless, the prevailing interpretation of stakeholders was put forth by Freeman (1984). The author provided a definition of stakeholders as a collective entity that possesses the ability to exert influence over the company, while also being subject to the influence exerted by the company. According to Freeman (1984), a company's stakeholders encompass individuals or groups who have the ability to impact the company's objectives or whose circumstances are affected by the company's pursuit of its goals. These are groups and entities whose interests are related to the operation of the enterprise, such as those who provide resources to it and those who rely on them, as well as groups and entities who bear risk while also influencing the level of risk. Employees, investors, shareholders, buyers, suppliers, governments, regulators, local communities, pressure groups, and businesses as well as social partners are among the most frequently mentioned company stakeholders. Nowadays, due to business obligations towards society and the environment, the latter is also counted among the company's stakeholders and referred to as a silent stakeholder (Herciu, Serban, 2018).

Stakeholder-based perspective argues that stakeholders possess the capacity to exert substantial influence over the attainment of a company's objectives, and may even contribute to its financial prosperity. Additionally, it is presupposed that each stakeholder of the organization possesses distinct sets of expectations. Therefore, it focuses on the decision-making process, wherein the viability of the company is contingent upon fulfilling the expectations of stakeholders in both the economic and social domains (Bridoux, Stoelhorst, 2014). The primary objective of a firm, as stated by Freeman (1984), is to generate superior value for relevant stakeholders over an extended period of time.

The justification for incorporating the stakeholder perspective in management literature is grounded in its descriptive, instrumental, and normative aspects (Donaldson and Preston, 1995). The descriptive aspect investigates which stakeholders are significant when they are significant, and how organizations interact with these stakeholders (Jawahar, McLaughlin, 2001; Austen, Czakon, 2012). The instrumental aspect emphasizes the importance of stakeholders to the firm. Stakeholders, in this approach, are parties that must be managed in order to maximize sales and profits. The ulterior motive of a company adopting stakeholder orientation is to ensure that stakeholders who control critical resources work to promote rather than antagonize the company's commercial success (Pfeffer, Salancik, 1978). In contrast, the normative aspect asserts that a stakeholder orientation ought to be pursued based on inherent, philosophical commitments to the company's interactions with stakeholders. The genesis of this approach can be traced back to the discipline of ethics. A corporation bears specific obligations due to the impact of its actions on external stakeholders, necessitating the fulfillment of these responsibilities as an inherent requirement. According to the normative perspective, companies
that cultivate enduring and authentic relationships with their stakeholders through an inherent dedication may attain a competitive edge over businesses that can only form transient and/or strategic relationships through the instrumental approach (Jamali, 2008).

3. The concept of Corporate Stakeholder Orientation (CSO)

Through the last decades stakeholder orientation has gained considerable attention from scholars. Stakeholder orientation refers to the degree to which a company’s management directs its attention towards and incorporates the concerns of various stakeholders in its decision-making processes making (Jones, Harrison, Felps, 2018; Gamache et al., 2020; Bettinazzi, Feldman, 2021). Ferrell et al. (2010) define stakeholder orientation as the organizational culture and behaviors that induce organization members to be continuously aware of and act proactively on, a variety of stakeholders’ issues. Previous research has utilized different terms to refer to this concept, such as ‘stakeholder engagement’, ‘stakeholder management’ and ‘stakeholder integration’ (Friedman, Miles, 2002; Heugens, Van Den Bosch, Van Riel, 2002), without making clear distinctions between them. The term ‘stakeholder orientation’ is commonly utilized in contemporary literature referring to this subject matter. Therefore, we have chosen to adopt this term in our theoretical framework. Moreover, it is worth noting that stakeholder orientation has been found to be influenced by multiple factors (Cennamo et al., 2012; Bridoux, Stoelhorst, 2014). However, for the purpose of this discussion, we assume stakeholder orientation as an established characteristic without further exploring its underlying causes, as suggested by Berman et al. (1999).

According to the relevant literature, it is posited that stakeholder orientation encompasses multiple dimensions (Vaitoonkiat, Charoensukmongkol, 2020; Bettinazzi, Feldman, 2021). Yau et al. (2007) created a scale for measuring an organization’s stakeholder orientation, proposing four dimensions of this construct, namely: customer orientation competitor orientation, shareholder orientation, and employee orientation. Drawing upon the literature review, the aforementioned authors argue that these dimensions refer to four fundamental stakeholder groups that are relevant for most companies. Also, Bettinazzi and Zollo (2017) indicate four dimensions of firm’s stakeholder orientation. However, their approach, taking into account the context of business acquisitions, is slightly different. The researchers propose such dimensions of stakeholder orientation as: employee orientation, customer orientation, supplier orientation, and local community orientation. Bettinazzi and Zollo (2017) have extended the view of a firm’s stakeholder orientation by including the dimension referring to the local community. They allege that the capability to manage the relationships with local communities is so important as it may decrease the probability of protests originating from citizens and local stakeholder activists, which frequently arise in situations where target firms undergo takeovers.
or restructuring processes. What is more significant, it may lessen the likelihood of negative spillover effects from local communities to other types of stakeholders.

The importance of community orientation is also highlighted by Jain et al. (2017) who offer a broader view of stakeholder orientation, taking into account seven dimensions, namely: shareholder orientation, customer orientation, employee orientation, partner orientation, environment orientation, community orientation, and corporate governance orientation and proposing the notion of Corporate Stakeholder Orientation (CSO). Jain et al. (2017) define CSO as the top management’s viewpoint of their firm’s legitimate stakeholders. In other words, they conceptualize CSO as a legitimacy signal that expresses significant information regarding the intentions of organizations' stakeholders.

The first dimension of CSO, which is shareholder orientation, involves the degree to which firms are willing to consider shareholders’ interests (Yau et al., 2007). It includes a concern for economic sustainability, economic accomplishments, and future financial strategies, with an emphasis on creating shareholder value as the underlying goal. Mitchell et al. (1997) define shareholder orientation in terms of two types of firm stakes: equity and risk. Shareholders, who own a company through their equity stake, have the right and the incentive to exert control over its management and operations to advance their own financial and other interests. On the other hand, with respect to the risk stake, shareholders can be categorized as investors who seek either short-term or long-term financial gains, express their concerns to the management of the company, or opt to divest their shares (Vaitoonkiat, Charoensukmongkol, 2020). Given the importance of shareholders, firms commit to shareholder interests by maximizing their wealth by making profits and sharing them with shareholders. CSO second dimension - customer orientation - involves the consideration of both current and prospective customers, including the development of product design and customer satisfaction strategies. A key aspect of customer orientation involves prioritizing customers and placing them at the core of an organization (Ang, Buttle, 2006). Furthermore, employee orientation, identified in the literature as the next CSO dimension, encompasses various aspects related to employees, such as their working conditions, compensation, training, and the well-being of their families. Plakoyiannaki et al. (2008) posit that employee orientation entails perceiving employees as partners in the organization's endeavors to attain success in the marketplace. This has been found to effectively mitigate employee stress levels, while concurrently fostering higher levels of job satisfaction and organizational commitment (Lings, Greenley, 2005; Vaitoonkiat, Charoensukmongkol, 2020). The fourth CSO dimension – partner orientation – refers to a strategic approach that emphasizes the establishment and maintenance of enduring relationships with external entities, including suppliers, creditors, lending institutions, and governmental agencies. All initiatives related to developing a firm’s partner orientation express its concern for sustaining long-term relationships with suppliers, lenders, governments, and other external partners (Jain, Aguilera, Jamali, 2017). The next dimension, which is environmental orientation, encompasses both current and planned policies and structures
pertaining to the environment, as well as a focus on minimizing the firm’s ecological impact. Thus, the company’s environmental orientation refers to the expenditures related to the environment encompass various aspects such as the establishment of eco-friendly offices, the conservation of energy and water resources, the implementation of recycling activities, the utilization of green technology, the adoption of alternative production processes, the preservation of biodiversity, the disclosure of environmental policies and regulations, and the recognition of environmental achievements through awards such as ISO 14001 and Eco-Management and Audit Scheme (EMAS) (Jain, Aguilera, Jamali, 2017). The sixth CSO dimension – community orientation – pertains to the extent to which a firm demonstrates a genuine concern for the broader society and future generations, extending beyond the well-being of its employees and their families. This dimension encompasses the genuine and deliberate endeavors made by a company to contribute to societal welfare, such as enhancing educational opportunities, raising awareness about health and environmental issues, and providing related services, fostering inclusive economic development, disclosing information regarding sponsorship activities (e.g., supporting art exhibitions), as well as engaging in charitable donations and initiatives. Additionally, it involves promoting art and culture and advocating for the education and protection of human rights (Bettinazzi, Zollo, 2017; Jain, Aguilera, Jamali, 2017). The final CSO dimension - labeled the orientation of corporate governance - centers around the implementation of ethical, legal, and transparent frameworks and procedures (Jain, Aguilera, Jamali, 2017). A firm’s orientation of corporate governance includes various aspects, such as adherence to established standards, implementation of control procedures, conducting audits, having a whistle-blower policy in place, undertaking business repositioning, and major restructuring initiatives (Jain, Aguilera, Jamali, 2017).

Although the adoption of a stakeholder-oriented approach is accompanied by concomitant rises in the firm’s costs, it brings about several positive outcomes. In relation to results, a focus on stakeholders has been observed to facilitate the advancement, choice, and implementation of organizational change initiatives (Sharma, Henriques, 2005), the emergence of dynamic capabilities associated with innovation (Aragón-Correa, Sharma, 2003; Vaitoonkiat, Charoensukmongkol, 2020) or the enhancement of legitimacy perceptions and reputation (Bettinazzi, Zollo, 2017). Among the numerous positive effects of adopting CSO by a company, in our study we would like to draw attention to an interrelationship between the concept of CSO and the development of both managers and employees GC, which today are included in the important category of sustainability competencies (Redman, Wiek, 2021).
4. The Concept of Green Competencies (GC)

In scholarly discourse, it is commonly understood that GC refer to individuals' capacities to engage with their immediate environment in a productive and beneficial manner (Steele, 1980). The concept of GC encompasses a range of factors including effective reactions, green motives, perceptions, and attitudes, all of which play a crucial role in promoting environmental conservation. Dlimbetova et al. (2016) define GC as personal traits, skills, knowledge, abilities, and actions that reduce energy consumption, protect ecosystems and biodiversity, or reduce emissions and wastes.

While examining the concept of GC from a management standpoint, it is important to acknowledge the definition put forth by Subramanian et al. (2016). They define GC as the necessary ecological knowledge, skills, and socio-economic behavior that an individual possesses in order to responsibly engage with and contribute to the overall welfare of their immediate environment. Cabral and Dhar (2019) have presented a conceptual framework that identifies six dimensions of GC and offers a measurement instrument for assessing GC from the perspective of firm management. The conclusion drawn by the referred authors, based on an extensive analysis of relevant literature, is that GC can be understood as hierarchical dispositional constructs that encompass various components, including green awareness, green knowledge, green skills, green attitudes, green abilities, and green behavior.

The initial dimension of GC refers to the notion of green awareness. The literature sources analyze this dimension in various contexts, such as understanding the implications of air pollution, customer awareness regarding the manufacturing process and its carbon footprint, awareness of energy consumption during manufacturing, and recognition of environmental risks and cost-benefit analysis (Shrouf, Gong, Ordieres-Meré, 2017; He, Liu, 2018). Green awareness is also defined as an individual's ability to observe and be conscious of various events, objects, ideas, or sensory patterns related to the challenges faced by the natural environment (Zareie, Navimipour, 2016). According to Kollmuss and Agyeman (2002), the concept of green awareness refers to an individual's understanding of the environmental consequences resulting from human actions. From an organizational perspective, the awareness of employees regarding environmental issues is of great importance, as it fosters a sense of concern and responsibility toward mitigating their negative impact on the natural environment. Consequently, they are more inclined to implement strategies to alleviate the situation.

The following dimension of GC is green knowledge, which is considered to be of the greatest significance in the acquisition of GC (Subramanian et al., 2016). Green knowledge refers to a comprehensive understanding of factual information, conceptual frameworks, and interconnections related to the natural environment and the broader ecosystem. It can also be defined as the comprehension of the natural surroundings, the deterioration of the environment, and actions that promote ecological sustainability (Fryxell, Lo, 2003; Dlimbetova
et al., 2016). This dimension pertains to the understanding of environmental matters and the capacity to propose resolutions for these matters by cultivating green attitudes and engaging in green behavior (Kollmuss, Agyeman, 2002). What is worth noting, green knowledge is important for businesses because it enables organization members to recognize specific problems and then implement actions associated with environmental preservation. The third dimension of the GC is known as green skills. It is argued that possessing a theoretical comprehension of environmental challenges alone is inadequate for actively participating in the protection of the environment. In order to address this issue, it is imperative that both managers and employees possess the necessary green skills, which encompass the practical implementation of theoretical knowledge (Cabral, Dhar, 2021). Green skills are defined as the professional and vocational skills, as well as the generic skills, required for new green jobs and the greening of existing jobs across all industries. They are known as 'vivid skills,' and are required to develop products/services/operations that take into account environmental challenges (Cabral, Dhar, 2019). The next dimension of GC, as identified in scholarly literature, is referred to as green abilities (Rajiani, Musa, Hardjono, 2016; Cabral, Dhar, 2021). According to Cabral and Dhar (2021), green abilities denote an individual's capacity to effectively combine theoretical knowledge and practical expertise in the field of natural environment in order to address tangible environmental issues. As several authors point out, the implementation of green abilities aids organization members in their personal development and enhances their performance, enabling them to achieve business objectives associated with broad notions of corporate sustainability (Gerhart, 2005; Rajiani, Musa, Hardjono, 2016). The subsequent dimension of GC is the green attitude, which pertains to an individual's cognitive evaluation of the value of environmental protection. Zareie and Navimipour (2016) posit that the dimension of green attitude encompasses both a cognitive orientation towards environmental issues and a dedication to addressing ecological challenges. As proved by various studies, green attitude is a key variable that motivates organization members to engage in pro-environmental behavior (Dlimbetova et al., 2016; Zareie, Navimipour, 2016; Cabral, Dhar, 2019). The final GC dimension relates to green behavior. In current scholarly literature, the term ‘green behavior’ is alternatively referred to as ‘eco-friendly behavior’, ‘environmentally sustainable behavior’ or ‘responsible environmental behavior’ (Wang, 2016; Cabral, Dhar, 2019). In a broad sense, this dimension pertains to the adaptive actions of employees that positively impact environmental sustainability. Essentially, the adoption of green behavior by managers and employees entails engaging in sustainable work practices, such as resource conservation, discouraging others from participating in activities that harm the environment, actively taking measures to safeguard the environment, and working towards reversing environmental degradation (Ones, Dilchert, 2012; Alvarez-Garcia, Sureda-Negre, Comas-Forgas, 2018; Cabral, Dhar, 2019). The classification of green behavior in the literature distinguishes between two categories: required green behavior, which is directly related to one's role and tasks, and voluntary green behavior, which goes beyond one's role and is characterized by proactive
actions (Islam et al., 2020). Organization members demonstrate task-related green behavior when they perform their job duties and fulfill obligations in the workplace. On the contrary, voluntary green behavior refers to environmentally conscious actions undertaken by individuals beyond the purview of their organizational duties. This behavior promotes the involvement of organizations in activities related to environmental protection (Cabral, Dhar, 2021).

The six dimensions of the GC concept presented represent a very detailed approach. However, multiple scholarly sources in the field suggest that there are three primary dimensions of individuals' environmental consciousness. These dimensions include green knowledge, which relates to cognitive aspects, green skills and abilities, which concern psychomotor aspects, and attitude and behavior, which encompass affective aspects (Sern, Zaime, Foong, 2018; Ibrahim et al., 2020).

To sum up, the adoption of GC is imperative for contemporary firms as they confront environmental challenges, develop responsible products, and transition towards a sustainable and circular economy. These endeavors align with the current market expectations.

### 5. Interrelationship between CSO and GC

Theoretically, being green as a result of having GC and implementing green practices enables a company to satisfy the needs and requirements of its various stakeholders. To meet the demands of customers for products, as well as those of suppliers and other business partners for green technologies, and to meet the environmental protection expectations of local communities, it is necessary to develop or adopt new technologies, employ sustainable materials, and carefully consider waste and hazardous waste management. According to this line of reasoning, and drawing upon an extensive literature review, we propose that there exists a dynamic interrelationship between the GC of managers and employees and the CSO of a firm. This implies that the acquisition of GC by members of an organization contributes to the development of the firm's CSO. Additionally, the firm’s CSO has a positive effect on the enhancement of GC among its organization members. The pertinent academic sources provide numerous instances that exemplify this relationship.

Examining the relationship between meeting the expectations of modern customers and advancing the GC of an organization's members is an intriguing research avenue in this field. In accordance with institutional theory, customer pressure is a manifestation of institutional pressure (DiMaggio, Powell, 1983; Alziady, Enayah, 2019). Certain businesses are experiencing a shift in customer attitudes as contemporary customers consider whether the product, they buy has a positive or negative impact on the environment, value sustainability, and actively avoid products they perceive as detrimental (Xie, Huo, Zou, 2019; Lestari et al., 2021). Multiple studies have indicated that providing organization members with GC has
a noteworthy influence on the process of enhancing a firm’s products or services to align with ecological principles. Moreover, several researchers have found that the result of advancing GC within a company positively impacts the perception of its offerings by customers (Ambec, Lanoie, 2008; Cai et al., 2020; Cabral, Dhar, 2021). It is essential to keep in mind that when making purchases, modern consumers consider not only the quality of a product or service but also its production context. Also, the afterlife and future environmental impact of a product are becoming increasingly important to consumers (Zhang, Wang, You, 2015). Incorporating explicit consideration of environmental concerns during the process of product development has the potential to generate a distinctive marketing proposition that resonates with particular consumer demographics or even extends into previously untapped customer segments (Smerichevskiyi et al., 2018). However, engaging in activities related to the prioritization of customer expectations with regards to ecological aspects necessitates the development or adoption of new technologies, using sustainable materials, considering waste and hazardous waste management, etc. This in turn implies the urgent need to educate both managers and employees (Pace, 2016; Dzhengiz, Niesten, 2020). The acquisition of knowledge about environmentally sustainable practices, followed by the development of associated skills and abilities, is imperative in order to effectively provide products and services in the market that are rooted in advanced technologies requiring less energy and resources (Lestari et al., 2021). Organizations are required to adapt to escalating normative pressures, which arise from various sources such as their engagements with customers or trade organizations (Deng, Ji, 2015). Normative pressures can be distinguished from coercive pressures based on the absence of direct enforcement authority and the lack of penalties for noncompliance by institutions exerting normative pressures (Chen, 2011). Hence, it can be argued that normative pressures exert no coercive force on firms, as firms willingly adhere to specific norms. In today's world, an increasing number of managers hold the belief that adhering to prescribed norms established by various entities, including customers and industry institutions, can facilitate the acquisition of additional customers and demonstrate a commitment to environmental preservation. Prior studies have substantiated the existence of this phenomenon (Alziady, Enayah, 2019).

The above insights from the literature justify a proposition that argues a positive relationship between the CSO dimension which is customer orientation and the development of both managers' and employees’ GC.

**Proposition 1.** High corporate customer orientation promotes the development of organization members’ green competencies.

Another attractive avenue of scientific considerations relates to the correlation between enhancing the CSO dimension, which is environmental orientation, and enhancing the level of organizational members' GC. Environmental orientation refers to a firm's recognition of its detrimental impact on the environment and its commitment to mitigating this impact. The environmental orientation of a company can be categorized into two dimensions: internal and external environmental orientation. The concept of internal environmental orientation
refers to a company's internal values, ethical behavior standards, and commitment to environmental protection (Shrivastava, 1995; Zehir, Ozgul, 2020). This is manifested through the inclusion of environmental mission statements in the firm's annual reports. In contrast, an external environmental orientation relates to the managerial recognition of the necessity to address stakeholders’ apprehensions regarding environmental matters (Banerjee, 2001). The ability of a firm to meet its environmental obligations and adapt to institutional pressures is associated with its degree of external environmental orientation (Gupta, Kumar, 2013).

It is said that firms with a low level of external environmental orientation are less likely to exhibit proactive responsiveness towards external environmental factors, such as customer requirements (Bowen, Aragon-Correa, 2014). Moreover, we believe that the development of a firm's environmental orientation is also associated with a normative approach to the company's stakeholders, according to which it is essential for a company to address moral stakeholder expectations, even if they are not directly related to or advantageous to its strategic objectives. Our assumption is based on the fact that the natural environment is already treated as a (silent) stakeholder, as well as the fact that environmental protection benefits both present and future generations.

Given the above, in order to enhance a firm's environmental orientation, it is imperative to equip both managers and employees with green knowledge, green skills, and abilities as well as green attitudes and behaviors. It is noteworthy that environmentally conscious employees frequently provide valuable insights into company energy and resource efficiency improvements. Therefore, it appears crucial to foster increased awareness among employees regarding the necessity and potential avenues for transformation in this domain. It has been already recognized that the incorporation of green values, knowledge, skills, and abilities among organization members can greatly enhance the overall performance of an organization (Chiou et al., 2011; Das, Singh, 2016; Dey et al., 2020; Yang et al., 2021). This can be accomplished in a number of ways, including updating the company's knowledge base and technology, reducing resource consumption, minimizing hazardous emissions, promoting resource conservation, and enhancing product design (Bansal, 2005; Chiou et al., 2011; Gürlek, Tuna, 2018; Dey et al., 2020; Yong, Yusliza, Fawehinmi, 2020; Gadomska-Lila, Sudolska, Łapińska, 2023). Moreover, the advantages derived from the advancement of GC contribute to the company's gaining a competitive edge as well as bringing about several benefits for the society (Yusuff, Nejati, 2017; Gadomska-Lila, Sudolska, Łapińska, 2023). Based on the above reasoning, the following proposition was formulated:

**Proposition 2.** Advancing environmental orientation favors the development of organization members’ GC.

Another appealing research avenue refers to the relationship between corporate governance issues and developing GC within an organization. Management scholars are increasingly acknowledging that corporate governance plays a critical role in shaping decisions related to the transformation of a company's activities toward environmental sustainability (Walls,
Berrone, 2017). The decision to shift business focus towards environmental sustainability is influenced by corporate governance, as environmental initiatives typically necessitate coordination among multiple corporate actors who compete for firm resources and significant investments that have long-term strategic implications (Aguilera et al., 2021). As the members of corporate governance (i.e., institutional investors, top management teams and CEOs, members of the board of directors) are those who make the majority of company decisions, their values, beliefs, behaviors, and attitudes can help or hurt the adoption of organizational policies and strategies that are meant to develop environmentally friendly projects (Zaman et al., 2022; Enciso-Alfaro, García-Sánchez, 2023). This assumption is derived from the upper echelons theory, proposed by Hambrick and Mason (1984), which suggests that organizational outcomes and decisions can be anticipated by examining the attributes, like individual preferences, experiences, and values, of the top-level management team (Chin, Hambrick, Trevino, 2013). Numerous scholars have examined the topic of incorporating sustainability elements into corporate governance practices to foster value generation for the organization and beneficial outcomes for all stakeholders, including the natural environment, over a long period of time (Walls, Berrone, Phan, 2012; Tashman, Marano, Kostova, 2019; Aguilera et al., 2021). Based on their research, the inclusion of environmental aspects into the firm’s corporate governance system necessitates a greater degree of pro-environmental awareness and knowledge, particularly among managers.

Corporate governance orientation refers to management policies concerning transparent, lawful, and ethical firm’s operations, such as compliance with standards, code of conduct implementation, various control procedures, audits, etc. (Jain, Aguilera, Jamali, 2017). Thus in order to develop a firm's corporate governance orientation, its strategy, and operational activities, need to be based on the priorities related to environmental and social sustainability. We assume that this in turn implies the need to advance organization members’, particularly top and operational managers’, green awareness, knowledge as well as attitudes and behaviors. Our assumption is grounded in above-mentioned the upper echelons theory (Hambrick, Mason, 1984) which has already been used in the literature on sustainability (Chin, Hambrick, Trevino, 2013; Sancha et al., 2022) and assists in linking firm's governance with environmental and social operational management practices. Following the logic of the upper echelons theory, we anticipate that governance boards with a strong commitment to environmental values will encourage the development of GC among organization members, resulting in an increase in the field of pro-environmental business practices.

Furthermore, it is important to highlight that corporate governance largely concentrates on the company's adherence to environmental regulations and its control of environmental disclosure. The fulfillment of these responsibilities by corporate governance members necessitates the enhancement of GC (Katmon et al., 2017). Based on the above considerations we propose the relationship between the corporate governance orientation of a company and managers as well as employees GC:
**Proposition 3.** Enhancing corporate governance orientation requires the development of organization members’ GC.

In light of the aforementioned considerations, it can be assumed that the provision of GC to both managers and employees within enterprises plays a crucial role for fostering CSO. Based on the aforementioned considerations, it can be proposed that the provision of GC to both managers and employees within enterprises plays a pivotal role in fostering CSO. Proactivity refers to the capacity for thinking to anticipate potential issues in advance and implement preventive actions to mitigate their occurrence (Fay et al., 2022). In essence, it can be characterized as a behavioral approach that encompasses proactive anticipation and intervention to assume control over a given circumstance and bring about transformative outcomes within said circumstance. Therefore, we claim that in today's environment, it is imperative for members of organizations to possess the capacity to anticipate and address the various demands and needs of stakeholders. This is crucial for maintaining the competitive edge of the firm.

6. Conclusions

The study explicates an interrelationship between CSO and organization members’ GC, specifically within the present-day environmental context. CSO acts as an intentional legitimacy signal employed by organizations to demonstrate their commitment to the interests of shareholders and other stakeholders, while navigating various external pressures. In turn, the development of organizational members' GC represents a proactive strategy for fostering a company's stakeholder orientation. This refers to the endeavor of recognizing and satisfying the unexpressed requirements of stakeholders. Therefore, business entities should engage in the integration of forward-looking trends, technologies, and economic advancements within their strategic framework. In turn, it is imperative for them to make an effort to equip both managers and employees with GC which facilitate addressing the above-mentioned challenges.

This study makes a contribution to the existing literature by examining the concepts of CSO and GC and their potential interrelation to improve a firm's ability to effectively respond to external pressures and sustain its competitive edge. By examining the nature of the relationship between CSO and GC, this article sheds light on the factors that confirm the value of GC development. The study, in particular, adds value to research practice by formulating three propositions that link GC to business focus on managing its relationships with stakeholders in the context of contemporary challenges.
However, it is important to mention the existing constraints of the study. First, GC and CSO are broadly defined and explained in the literature in numerous ways. This makes them rigorously describe and evaluate. The study is limited by reinterpreting existing research, so more empirical research is needed to test the three propositions. Several models can be built to analyze the impact of organization members’ GC on a firm’s orientation towards its multiple stakeholders based on the propositions regarding the relationships between CSO and GC concepts. Furthermore, due to the highly dynamic nature of the research field, a static, one-time analysis appears insufficient. As a result, replication of the study in the future is advised in order to observe changing trends and shifts in the research field over time.

References


