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Firm proactiveness and corporate social responsibility in global forest industry

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Companies involved in natural resource extraction, such as forestry, significantly influence the environment they operate in. Therefore, active engagement in corporate social responsibility (CSR) and managing close relationships with key stakeholder groups, i.e., governments (e.g., legal compliance), communities (e.g., work force, raw materials) and environmental NGOs (e.g., risk reduction) has become a necessity to maintain the social license to operate. In this paper we argue that firm proactiveness has positive influence on firm's corporate social performance. First, it can act as a stance towards CSR, and second, it may be a precondition to gain competitive advantage by investing in CSR. In our analysis we concentrate on forest industry and use international survey data from managers of 60 companies. A positive impact of firm proactiveness on CSR could be found using regression analysis. However, unlike many previous studies confirming a positive effect of company size on corporate responsibility – due to higher media visibility or access to more resources – we found no evidence on the impact of company size. The results also show that employees and managers in a proactive firm more often take initiatives to improve the environmental performance compared to the employees and managers in a less proactive firms.

Keywords: corporate responsibility, environmental management, proactiveness, forest industry