How CEO responsible leadership shapes corporate social responsibility and organization performance: the roles of organizational climates and CEO founder status

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Abstract

Purpose – This paper aims to investigate how chief executive officer (CEO) responsible leadership impacts corporate social responsibility (CSR) and organization performance by considering diverse organizational climates (including ethical, service and initiative climates) as mediators and CEO founder status as a moderator.

Design/methodology/approach – This study analyzed survey data from 212 service organizations in China with structural equation modeling.

Findings – The results clearly established that CEO responsible leadership played a crucial role in augmenting both CSR and organization performance by shaping positive organizational climates. Notably, CEO responsible leadership significantly fostered ethical, service and initiative climates. Furthermore, an ethical climate promoted CSR and organization performance, whereas service and initiative climates specifically enhanced organization performance. Additionally, responsible CEOs with founder status exhibited a higher propensity for enhancing ethical, service and initiative climates within service organizations.

Practical implications – Service organizations should take measures to build CEO responsible leadership, especially for CEOs with founder status. Furthermore, service organizations should motivate employees to reach consensus on ethical conducts, superior service and proactive approach to work.

Originality/value – First, the findings on CEO responsible leadership’s effects on CSR and organization performance extend the research on responsible leadership outcomes. Second, this paper adds to responsible leadership literature through exploring the mediating effects of ethical, service and initiative climates. Finally,

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the finding on the moderating role of founder CEOs offers a novel perspective regarding the boundary condition of the effects of CEO responsible leadership.

**Keywords**  CEO responsible leadership, CSR, Ethical climate, Service climate, Initiative climate, CEO founder status

**Paper type**  Research paper

1. **Introduction**

Due to the impacts of the COVID-19, service organizations have faced formidable challenges in trying to achieve their financial performance goals within a complex operating environment (Huertas-Valdivia et al., 2022; Salem et al., 2022). Moreover, as participants in a sector where practices are highly visible to society and directly interact with customers, service organizations are generally expected to generate social value by assuming responsibility for both internal and external stakeholders, such as employment as well as the promotion of societal well-being, namely, corporate social responsibility (CSR) (Garcia et al., 2023; Smith et al., 2023; Turker, 2009). In such circumstances, service organizations are particularly in need of leaders who embrace the dual bottom lines of achieving both financial and social objectives as their primary purpose.

Given that, an increasing number of studies have focused on understanding CEO behaviors to address the challenges faced by service organizations (Huang et al., 2016; Ruiz-Palomino et al., 2019). Within the realm of leadership research, qualitative studies have suggested that the practice of responsible leadership by CEOs may offer an effective solution (Jiang et al., 2022; Varma, 2021). Responsible leadership, an emerging leadership style, involves the cultivation of trust and sustainable relationships with diverse stakeholders (Cheng et al., 2019; Maak and Pless, 2006). This type of leadership emphasizes the success of organizations while safeguarding the interests of various stakeholders, including customers and communities (Garcia et al., 2023; Miska and Mendenhall, 2018). Thus, responsible leadership is particularly relevant to service organizations aiming to pursue initiatives that are socially and economically appropriate (Albrecht et al., 2020).

Despite the significance of responsible leadership, a systematic review (Elkhwesky, 2022) has revealed that it has not received sufficient research attention within the service sector. Existing empirical research on responsible leadership in the service industry has largely focused on its impact at individual and team levels (Cheng et al., 2022; Freire and Gonçalves, 2021; Haque et al., 2019; Luu, 2022a; Luu, 2022b) while neglecting its influence at the organizational level. Only a few qualitative research have substantiated the positive effect that responsible leadership exhibits on service organizational outcomes (Jiang et al., 2022; Maak et al., 2016; Varma, 2021). Consequently, researchers have appealed for further empirical studies to investigate CEO responsible leadership within the service context (Albrecht et al., 2020; Jiang et al., 2022). In response to this call, we conduct empirical research to reveal CEO responsible leadership’s integrated impact on both CSR and organization performance within the service industry.

Another intriguing and significant question pertains to how CEO responsible leadership influences the outcomes of service organizations. Complementing existing qualitative research that focuses on the mediating roles of corporate reputation and the meaning structure of the market category (Jiang et al., 2022; Varma, 2021), this study empirically investigates the “organizational culture mechanism” through which CEO responsible leadership operates. According to the upper echelons theory, organizational outcomes are influenced by the characteristics of top executives, with organizational climate serving as a crucial pathway (Hambrick and Mason, 1984; Schein, 1985). Specifically, through conscious
or unconscious behaviors, CEOs’ unique values and assumptions gradually become embedded in the organizational climate, subsequently shaping employees’ behaviors and ultimately impacting organizational outcomes (Wu et al., 2015).

Responsible leadership encompasses moral components, consideration of multiple stakeholders and a focus on sustainable growth (Agarwal and Bhal, 2020). Accordingly, we hypothesize that responsible CEOs are likely to cultivate ethical, service and initiative climates within service organizations. The ethical climate contributes to both CSR and organization performance, while service and initiative climates primarily impact organization performance. Service and initiative climates do not directly affect CSR because they predominantly focus on customer service quality (Baer and Frese, 2003; Schneider, 1990) rather than the interests of diverse stakeholders emphasized by CSR (Wu et al., 2015).

Jiang et al. (2016) have demonstrated the significance of ethical and service climates as two important cultural aspects within service organizations, reflecting the values of “doing things right” and “doing things well,” respectively. Given the rapidly evolving customer needs and intensely competitive environment, service organizations today must foster employee initiatives to achieve superior service quality and ensure sustainable organizational growth (Ji et al., 2022; Sun et al., 2023). Therefore, we propose the addition of an initiative climate, which signifies the value of “doing things proactively.” By considering these three climates, we can gain a comprehensive understanding of the cultural mechanisms through which CEO responsible leadership influences the service industry.

Finally, while we assume that CEO responsible leadership promotes ethical, service and initiative climates, the nature of this relationship may vary significantly among different CEOs. Responsible CEOs with founder status are less constrained by organizational routines (Sun et al., 2021; Wu et al., 2015) and are more likely to inspire observation and imitation among their followers (Bandura, 1977; Peterson et al., 2012). Consequently, their impact on organizational climates is likely to be enhanced. Given the scarcity of empirical research on the moderating role of CEO founder status within the service industry, our investigation into this aspect helps identify an important boundary condition. Figure 1 shows the theoretical framework for this study.

![Conceptual model of this study](Source: Created by authors)
2. Theory and hypothesis development

2.1 Responsible leadership

Responsible leadership is characterized by four key elements. First, it places a strong emphasis on ethical and moral components, aligning with ethical leadership principles (Agarwal and Bhal, 2020; Maak and Pless, 2006; Voegtlin, 2011). However, responsible leadership distinguishes itself from ethical leadership through its second characteristic: multistakeholder consideration. This means that responsible leaders take into account the interests of various stakeholders, both internal and external to the organization when formulating and implementing corporate strategies (Agarwal and Bhal, 2020; Voegtlin, 2011). The third characteristic of responsible leadership is its focus on achieving sustainable organizational growth by promoting ethical behaviors and fostering positive relationships with stakeholders (Agarwal and Bhal, 2020). Finally, responsible leadership shifts the locus of leadership from leader-follower interactions to leader-stakeholder interactions (Voegtlin et al., 2012).

As a form of relational leadership, responsible leaders address the interests of diverse stakeholders, including the ever-changing needs of customers, workplace challenges for service employees, as well as the evolving expectations of the community (Luu, 2022a). These characteristics highlight the relevance of responsible leadership to service organizations. However, existing research on responsible leadership in the service context has primarily focused on its impact at individual and team levels (Cheng et al., 2022; Freire and Gonçalves, 2021; Luu, 2022b), largely overlooking its influence on service organizations’ outcomes. This study aims to bridge these research gaps by exploring the effects that CEO responsible leadership exhibits on CSR and organization performance within service organizations while also discovering the mediating role of diverse organizational climates and the moderating effect of CEO founder status.

2.2 The upper echelons theory

The upper echelons theory has been extensively referenced in research to understand the role of CEO leadership (Colbert et al., 2014; Neffe et al., 2022; White and Borgholthaus, 2022). As this theory argues, the characteristics of CEOs play a crucial role in determining organizational strategies and outcomes (Hambrick and Mason, 1984). Specifically, as top managers, CEOs tend to make strategic decisions based on their personalized interpretations of the business environment. These interpretations are influenced by their unique experiences, values and beliefs (Hambrick, 2007). Therefore, to comprehend why organizations perform as they do and how they achieve their goals, it is imperative to consider the characteristics of their CEOs (Hambrick, 2007).

Building upon upper echelons theory, organizational climate is recognized as a vital mechanism that elucidates how CEOs shape organizational outcomes (Schein, 1985; Wu et al., 2015). Organizational climate is the shared perceptions of organizational procedures among its members (Schneider, 1983) and serves as an institutionalized normative system guiding organizational behavior (Schneider, 1983). With their highest hierarchical authority, CEOs communicate their distinctive set of values and assumptions to organizational members through conscious or unconscious behavior. Consequently, their values and assumptions gradually become embedded within the organizational climate (Jaiswal and Dhar, 2015). This climate has been demonstrated to be instrumental in directing and coordinating employees’ efforts toward achieving organizational goals (Hur et al., 2023; She et al., 2021). Accordingly, our paper examines the mediation of ethical, service and initiative climates in CEO responsible leadership’s association with organizational outcomes (CSR and organization performance).
2.3 The mediating role of the ethical climate

Based on the upper echelons theory, we predict that CEO responsible leadership has the potential to foster an ethical climate within the service organization (Akhtar et al., 2023). Ethical climate reflects a shared perception among service employees that guides them to act honorably, justly and virtuously when delivering customer service (Schwepker and Hartline, 2005). CEOs, as influential role models within the organization, can shape the behavior of their members (Bouichou et al., 2022). Responsible CEOs, through their fair treatment, high moral standards and consideration of diverse stakeholders, may exhibit behaviors that employees find desirable to emulate, thereby promoting a sense of responsibility and morality (Bouichou et al., 2022; Luu, 2022a). Moreover, responsible leaders can enhance the ethical climate by establishing and enforcing ethical standards, rewarding employees who adhere to the organization’s ethical regulations and penalizing those who violate them (Voegtlin, 2011; Yasin, 2021). As a result, the ethical climate within organizations is expected to experience enhancement.

The ethical climate cultivated by responsible CEOs may exert a favorable impact on CSR. By fostering a sense of responsibility and morality among employees, the ethical climate motivates them to prioritize the organization’s and society’s needs over their own and think deeply about the long-term consequences of their decisions (Wu et al., 2015). Additionally, an ethical climate promotes cohesion among employees regarding ethical conduct, moral issues and social consciousnes, which encourages the incorporation of social obligations in organizational decision-making processes (Treviño and Nelson, 2016; Ullah et al., 2022). As a result, the organization’s CSR is enhanced.

In addition to enhancing CSR, the ethical climate can promote service organization performance. On the one hand, a strong ethical climate emphasizes “doing the right thing,” which is likely reflected in the organization’s management procedures aligned with correct behaviors for customers, thereby determining the effectiveness of service delivery (Luria and Yagil, 2008). On the other hand, influenced by the ethical climate, service employees tend to develop a stronger commitment to their organizations and take greater pride in their organization (Kim and Pennington-Gray, 2017). This leads to an increased willingness among service employees to make efforts in delivering excellent service to customers, ultimately leading to improved service efficiency. These factors support that the ethical climate has a positive relation with organization performance. In summary, we propose that responsible CEOs cultivate an ethical climate within their organizations, which, in turn, enhances CSR and organization performance:

\[ H1 \] Ethical climate mediates the positive influence that CEO responsible leadership exhibits on CSR (H1a)/organization performance (H1b).

2.4 The mediating role of the service climate

Service climate refers to the employee consensus regarding the organizational practices, procedures and behaviors that are supported, rewarded and expected for customer service quality (Schneider, 1990). Building upon the upper echelons theory, this study postulates that CEO responsible leadership can foster a service climate within the organization. Responsible CEOs, who value diverse stakeholders including customers, are likely to formulate organizational policies that support and prioritize high-quality customer service. Furthermore, as responsible CEOs emphasize sustainable growth, they are motivated to establish clear procedures and practices aimed at consistently improving service quality. These efforts by responsible CEOs can inspire employees to reach a consensus on the
expectations and rewards associated with delivering quality customer service, thereby fostering the service climate.

The service climate cultivated by responsible CEOs can promote organization performance in service organizations. A strong service climate signifies that the organizational policies and practices are designed to provide high-quality service (Vashdi et al., 2022). This climate motivates employees to engage in service-oriented behaviors, such as understanding customer needs and fully dedicating themselves to customer service (Michel et al., 2013). These employee efforts can lead to increased customer satisfaction and foster strong customer loyalty (He et al., 2011), ultimately contributing to improved organization performance. In summary, we propose that responsible CEOs have the ability to cultivate a service climate within their organizations, which, in turn, enhances the organization’s performance:

\[ H2. \] Service climate mediates the positive effect that CEO responsible leadership has on organization performance.

2.5 The mediating role of the initiative climate

Drawing upon upper echelons theory and the argument that superior service today involves not only “doing things well” and “doing things right” but also “doing things proactively,” we propose that CEO responsible leadership can foster an initiative climate within the organization. The initiative climate reflects the formal and informal organizational procedures and practices that encourage a proactive, self-initiated and persevering approach to work (Baer and Frese, 2003). Responsible leaders, with a focus on the sustainable growth of the organization, are likely to stimulate employees’ autonomous motivation and encourage a consensus on a self-starting and proactive work philosophy among employees. By effectively communicating the organizational vision and long-term goals, responsible CEOs can also facilitate the development of a future-oriented and persistent approach to work among employees in the organization. In this way, an initiative climate in the service organization is fostered.

The cultivation of an initiative climate by responsible CEOs can enhance organization performance. An initiative climate motivates service employees to proactively improve service delivery processes and seek creative solutions to meet customer needs. It also enables service employees to gain a comprehensive understanding of how and why they can improve their customer service, leading to improved organization performance. Previous research has substantiated the significant role of initiative climate in enhancing customer service outcomes (Raub and Liao, 2012). In summary, we propose that CEO responsible leadership can foster the development of an initiative climate within service organizations. This, in turn, can enhance organization performance:

\[ H3. \] Initiative climate mediates the positive effect that CEO responsible leadership exhibits on organization performance.

2.6 The moderating role of CEO founder status

To better understand the circumstances that strengthen the effects of CEO responsible leadership, it is essential to consider the concept of managerial discretion as outlined in the upper echelons theory (Hambrick and Finkelstein, 1987). Managerial discretion refers to the extent of freedom CEOs have in shaping organizational strategies and outcomes, which expands in the presence of fewer constraints. Research suggests that CEOs with higher levels of managerial discretion have a stronger influence on their organizations (Pryor et al., 2019; Wu et al., 2015). Furthermore, individual attributes have been demonstrated to be
critical determinants of CEOs’ level of managerial discretion (Hambrick and Finkelstein, 1987; Pryor et al., 2019). Building upon the upper echelons theory, this study examines the moderating role of CEO founder status as a representation of managerial discretion (Wu et al., 2015).

Founder CEOs, who enjoy the status of being organizational founders, often have less constraints from existing routines and greater latitude to create and implement new strategies (Tang et al., 2016; Wu et al., 2015). In comparison to nonfounder CEOs, founder CEOs who embrace responsible leadership principles are more likely to promote and reward ethical, service-oriented and initiative-driven behaviors among employees, given their higher level of freedom in doing so. Additionally, founder CEOs are often regarded as role models within their organizations (Wu et al., 2015). Consequently, when a responsible leader CEO is also the founder of the organization, it is highly probable that employees will align their beliefs with regard to ethics, customer interests and sustainable growth to those of the CEO. This alignment ultimately contributes to the development of strong ethical, service and initiative climates within the service organization:

\[ H4. \] The positive effect that CEO responsible leadership has on ethical climate (\( H_{4a} \))/service climate (\( H_{4b} \))/initiative climate (\( H_{4c} \)) is stronger for a CEO with founder status than for a CEO without founder status.

3. Methodology
3.1 Sample and procedures
We conducted a questionnaire survey among organizations headquartered in Zhengzhou and Xingyang, China. The utilization of surveys as a research method has been well-established in previous studies (Tajeddini et al., 2020; Wei et al., 2011; Wei and Wu, 2013). China has experienced significant economic growth in the past two decades, coupled with a growing emphasis on organizational responsibilities (Wang et al., 2021). Therefore, China provides an ideal context for investigating CEO responsible leadership. Given our focus on the service industry, our target organizations were traditional service organizations such as hotels, tourism companies and restaurants.

The target service organizations were selected randomly. Initially, we obtained a list of registered service organizations from each local government. Subsequently, we imported the organizational names into Microsoft Excel and used the RAND function to randomly select the target service organizations. To mitigate common method variance (Podsakoff et al., 2003), we invited three members from each organization’s top management team (TMT) to participate in the survey. The three respondents included the CEO, the human resources (HR) manager and another TMT member.

We distributed the questionnaires both in person and via e-mail. All data collectors were trained and supervised by the same individual, who is one of the coauthors of this study. The TMT members provided information regarding their CEO’s responsible leadership, while the HR managers provided insights into their organization’s initiative, ethical and service climates. The CEOs reported basic information about their organization, including age, size, ownership type, location, founder status, organization performance and CSR practices. All respondents completed the questionnaires individually, and strict confidentiality was assured.

We invited TMT members from 254 organizations to participate in the survey, and TMT members from 212 organizations provided complete information for all variables, resulting in a response rate of 83.46%. Thus, the final sample included 212 organizations. Based on the guidelines of Anderson and Gerbing (1998), our sample size is sufficient for conducting a structural equation model. Among the CEOs, 68.87% were founders of their organizations.
and 71.23% had at least six years of experience. Additionally, 58.96% of the organizations had more than 30 employees. Finally, 118 organizations were located in Zhengzhou, and 94 organizations were located in Xingyang.

3.2 Measures

All items were assessed using five-point Likert scales. CEO responsible leadership was measured using 18 items adopted from Agarwal and Bhal (2020). The reliabilities for the four dimensions were 0.92, 0.90, 0.92 and 0.91, respectively, with an overall construct reliability of 0.96. The ethical climate was evaluated with four items from Jiang et al. (2016), with a reliability of 0.85. Service climate was evaluated using seven items from Schneider et al. (1998), demonstrating a reliability of 0.94. The initiative climate was assessed with 16 items adapted from Jiang et al. (2016), with reliabilities of 0.94, 0.93, 0.91 and 0.94 for the four subscales and 0.98 for the overall construct. CSR was assessed using 17 items developed by Turker (2009), with a reliability of 0.95. Organization performance was evaluated using a seven-item scale developed by Wang et al. (2003), with a reliability of 0.95.

To account for potential influences, we controlled for organizational demographics, including firm age, size, ownership type and location, as previous research has shown their correlation with organization performance and CSR (Wei and Wu, 2013; Wei et al., 2011; Wu et al., 2015). Dummy variables were created for organization age, size, ownership type and location. Specifically, values of 1, 2, 3 and 4 represented organization ages of 1–5 years, 6–10 years, 11–20 years and more than 20 years, respectively. Values of 1, 2, 3 and 4 corresponded to organizations with 1–30 employees, 31–60 employees, 61–100 employees and at least 100 employees, respectively, for organization size. Ownership type was coded as 0 for state-owned organizations and 1 for private organizations. Location was coded as 0 for organizations located in Xingyang and 1 for organizations located in Zhengzhou.

4. Results

4.1 Confirmatory factor analysis

Our findings revealed that the six-factor model exhibited a satisfactory fit $[\chi^2(155) = 310.88, \chi^2/df = 2.01, TLI = 0.96, CFI = 0.97, RMSEA = 0.07]$, surpassing all alternative models (see Table 1). This provided evidence of discriminant validity. Additionally, we conducted confirmatory factor analysis (CFA) for each construct, and the results demonstrated that all standardized factor loadings were significant and exceeded 0.50. Moreover, the average variance extracted (AVE) values for CEO responsible leadership, ethical climate, service climate, initiative climate, organization performance and CSR were 0.71, 0.60, 0.68, 0.78, 0.72 and 0.65, respectively. As all AVE values surpassed the threshold of 0.50 (Fornell and Larcker, 1981), we confirmed the convergent validity of all focal variables.

4.2 Descriptive statistics

As Table 2 presents, CEO responsible leadership exhibited positive correlations with ethical climate ($r = 0.52, p < 0.01$), service climate ($r = 0.53, p < 0.01$), initiative climate ($r = 0.61, p < 0.01$), organization performance ($r = 0.33, p < 0.01$) and CSR ($r = 0.41, p < 0.01$). Additionally, ethical, service and initiative climate were positively associated with organization performance ($r = 0.50, 0.50, 0.50, p < 0.01$). Furthermore, ethical climate showed a significant correlation with CSR ($r = 0.66, p < 0.01$). These findings align with our hypotheses. Notably, each construct’s square root of the AVE value exceeded its correlations with other constructs, providing additional evidence for the discriminant validity.
4.3 Structural equation modeling results

We used structural equation modeling (SEM) to examine our conceptual model. SEM is a robust multivariate statistical technique that enables the examination of relationships among multiple independent and dependent variables. Unlike a simple aggregation of items into a scale using methods such as average, SEM constructs a latent variable that incorporates measurement error, with the scale items serving as indicators. This approach enables the estimation and elimination of measurement error inherent in the observed variables (Ullman and Bentler, 2012).

4.3.1 The mediating effects of climates. To test H1–H3, we examined a model where service and initiative climate fully mediated CEO responsible leadership’s influence on organization performance, while ethical climate fully mediated the effects that CEO responsible leadership had on both organization performance and CSR. The results, as Table 3 presents, indicated that the hypothesized model demonstrated a good fit \( \chi^2(231) = 620.00, \chi^2/df = 2.68, TLI = 0.90, CFI = 0.92, RMSEA = 0.08 \).
To enhance the understanding of the mediation effects, we conducted comparisons between the hypothesized model and two nested models, as recommended by Bentler and Bonett (1980). Nested Model 1 involved estimating the hypothesized model with a new path from CEO responsible leadership to organization performance. Nested Model 2 included the hypothesized model with a new path from CEO responsible leadership to CSR. As presented in Table 3, neither Nested Model 1 ($\Delta \chi^2 = 1.63; \Delta df = 1; p > 0.05$) nor Nested Model 2 ($\Delta \chi^2 = 1.76; \Delta df = 1; p > 0.05$) demonstrated a significant improvement over the hypothesized model. Consequently, we concluded that the full mediation model represented the most parsimonious explanation of the data.

In the most parsimonious model (Figure 2), CEO responsible leadership demonstrated a positive effect on ethical climate ($\beta = 0.67, p < 0.01$), subsequently leading to improvements in both organization performance ($\beta = 0.22, p < 0.01$) and CSR ($\beta = 0.73, p < 0.01$), supporting H1a and H1b. Furthermore, CEO responsible leadership could enhance service climate ($\beta = 0.63, p < 0.01$), which, in turn, showed a significant association with organization performance ($\beta = 0.25, p < 0.01$), thus supporting H2. Additionally, CEO responsible leadership exhibited a positive relationship with initiative climate ($\beta = 0.70, p < 0.01$), subsequently promoting organization performance ($\beta = 0.19, p < 0.01$), supporting H3.

### Table 3. Comparison of SEM

<table>
<thead>
<tr>
<th>Model and structure</th>
<th>$\chi^2$</th>
<th>df</th>
<th>TLI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>$\Delta \chi^2$ (Adf)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesized model</td>
<td>620.00</td>
<td>231</td>
<td>0.90</td>
<td>0.92</td>
<td>0.08</td>
<td>–</td>
</tr>
<tr>
<td>Nested Model 1</td>
<td>618.37</td>
<td>230</td>
<td>0.90</td>
<td>0.92</td>
<td>0.08</td>
<td>1.63 (1)</td>
</tr>
<tr>
<td>(Adding a path from CEO responsible leadership to organization performance)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nested Model 2</td>
<td>618.24</td>
<td>230</td>
<td>0.90</td>
<td>0.92</td>
<td>0.09</td>
<td>1.76 (1)</td>
</tr>
<tr>
<td>(Adding a path from CEO responsible leadership to CSR)</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Notes:** $n = 212$; aCompared to hypothesized model

**Source:** Created by authors

### Figure 2.

Results of path analysis. $n = 212$; **$p < 0.01$ (two-tailed); *$p < 0.05$ (two-tailed)

**Notes:** This is a simplified version of the actual model. It does not show control variables, indicators, error terms, exogenous factor variances and correlations between exogenous factors

**Source:** Created by authors
To further confirm the mediating effects, we used bootstrap resampling (2,000 times) with 95\% bias-corrected confidence intervals (CIs). The results revealed that ethical climate’s mediating influence on CEO responsible leadership’s relation with organization performance was significant (estimate = 0.15, SE = 0.06, 95\% CI = [0.06, 0.36]). Similarly, the mediating influence that ethical climate exhibited on the relation of CEO responsible leadership with CSR was significant (estimate = 0.49, SE = 0.07, 95\% CI = [0.50, 0.81]). These findings provided further support for both \(H1a\)–\(H1b\). Furthermore, service climate’s mediation effect on the association of CEO responsible leadership with organization performance was significant (estimate = 0.15, SE = 0.06, 95\% CI = [0.04, 0.36]), thereby supporting \(H2\). Additionally, initiative climate significantly mediated CEO responsible leadership’s relation with organization performance (estimate = 0.14, SE = 0.07, 95\% CI = [0.02, 0.36]). Therefore, \(H3\) was further supported.

4.3.2 The moderating effect of CEO founder status. Finally, we conducted the multigroup analysis to examine the moderating role of CEO founder status. Multi-group analysis, a method encompassed by SEM, is commonly used to test moderation by comparing identical models across different groups (Matthews, 2017). Based on the definition of CEO founder status, we divided our sample into two groups: Group A comprised CEOs who were not founders of their organizations, while Group B consisted of CEOs who were founders. The sample sizes for Group A and Group B were 66 and 146, respectively.

The multi-group analysis consisted of two steps. First, we estimated the hypothesized model separately for each group. As Table 4 and Figure 3 presents, CEO responsible leadership’s influence on ethical climate was significant in Group B (\(\beta = 0.67, p < 0.01\)), whereas it was not significant in Group A (\(\beta = 0.16, n.s.\)). Moreover, CEO responsible leadership’s effect on service climate was stronger in Group B (\(\beta = 0.62, p < 0.01\)) compared to Group A (\(\beta = 0.34, p < 0.01\)). Additionally, CEO responsible leadership exhibited a stronger influence on initiative climate in Group B (\(\beta = 0.70, p < 0.01\)) than in Group A (\(\beta = 0.42, p < 0.01\)).

Second, we conducted a comparison of path coefficients between the two groups using critical ratios for differences (Sarstedt et al., 2011). The results revealed significant differences in CEO responsible leadership’s effect on ethical (\(Z\) statistic = 3.93, \(p < 0.01\)), service (\(Z\) statistic = 2.56, \(p < 0.05\)) and initiative climate (\(Z\) statistic = 2.10, \(p < 0.05\)). These findings provide evidence that CEO responsible leadership’s effect on organizational climates was significantly influenced by CEO founder status. Specifically, when CEOs were the founders, the effects of CEO responsible leadership were stronger compared to cases where CEOs were not founders. Thus, we found support for \(H4a\), \(H4b\) and \(H4c\).

<table>
<thead>
<tr>
<th>Path</th>
<th>Nonfounder CEOs ((n = 66))</th>
<th>Founder CEOs ((n = 146))</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Standardized coefficient</td>
<td>SE</td>
</tr>
<tr>
<td>CEO responsible leadership ← Ethical climate</td>
<td>0.16</td>
<td>0.18</td>
</tr>
<tr>
<td>CEO responsible leadership ← Service climate</td>
<td>0.34</td>
<td>0.14**</td>
</tr>
<tr>
<td>CEO responsible leadership ← Initiative climate</td>
<td>0.42</td>
<td>0.18**</td>
</tr>
</tbody>
</table>

Table 4. Structural model results for two groups

Notes: \(n = 212\), **\(p < 0.01\) (two-tailed)

Source: Created by authors
5. Discussion and conclusions

5.1 Conclusions
Given the distinctive characteristics of the service sector and the profound effects of the COVID-19 pandemic, service organizations are currently confronted with significant challenges in achieving high-quality organization performance and CSR (Garcia et al., 2023; Yoo et al., 2022). This research investigates the role of CEO responsible leadership as a crucial approach for service organizations to address this dilemma. Drawing upon the upper echelon theory, we demonstrate that responsible CEOs can enhance both CSR and organization performance by cultivating favorable climates, including ethical, service and initiative climates. Specifically, we find that ethical climate mediates CEO responsible leadership’s effect on both CSR and organization performance, while service and initiative climates mediate the impact that CEO responsible leadership exhibits on organization performance. Furthermore, we uncover that the benefits of CEO responsible leadership are particularly pronounced when the CEO assumes the role of founder within the service organization.

5.2 Theoretical implications
First, most existing research on responsible leadership in the service industry primarily examines its effects at the individual and team levels, such as employees’ green behavior (Luu, 2022a), organizational citizenship behavior (Freire and Gonçalves, 2021; Zhao and Zhou, 2019) and team’s customer relationship performance (Luu, 2022b). Only a limited number of qualitative studies have investigated CEO responsible leadership’s effect on organizational-level outcomes (Jiang et al., 2022; Maak et al., 2016; Varma, 2021). In response to this research gap, our paper specifically focuses on CEO responsible leadership and provides empirical evidence for its beneficial influences on both the social and financial outcomes of organizations. By doing so, we contribute empirical evidence
regarding the organizational-level outcomes of responsible leadership within the context of the service industry.

Second, building upon the upper echelons theory, our study examines the mediating roles of ethical, service and initiative climates, uncovering the “organizational culture mechanisms” that link CEO responsible leadership to CSR and performance in service organizations. While previous studies in the service context have qualitatively established connections between responsible leadership and positive organizational outcomes through the development of a reputable corporate image (Varma, 2021) and effective utilization of market category meanings (Jiang et al., 2022), our research goes beyond by providing empirical evidence for the mediating effects of organizational climates specific to the service industry. This enhances our comprehension of how CEO responsible leadership influences the organizational level in the service industry.

Furthermore, our findings regarding the mediation of organizational climates contribute to the literature on organizational climates within the service industry. Jiang et al. (2016) identified “doing things right” (ethical climate) and “doing things well” (service climate) as two essential climates that foster high-quality customer service in service organizations. Building upon the current context of the service industry, characterized by rapidly evolving customer needs and intensified competition (Ji et al., 2022; Sun et al., 2023), we introduce an additional critical component of superior service: “doing things proactively” (initiative climate). By integrating these three dimensions of organizational climates, namely, doing things right, well and proactively, we present a more comprehensive model of organizational climates in service organizations. This model aids in better understanding the influence of CEO responsible leadership within the specific context of the service industry.

Finally, our research makes a significant contribution by revealing the moderating effect that CEOs’ founder status exerts on the association of CEO responsible leadership with organizational climates. This investigation provides valuable insights into how the positive impacts of CEO responsible leadership are amplified and further supports the relevance of the upper echelons theory in understanding the boundary conditions of CEO responsible leadership within the service industry. Our study addresses the call made by Varma (2021) and Jiang et al. (2022) for a deeper understanding of the boundary conditions of CEO responsible leadership in the service industry. Additionally, it provides further evidence for the interactive effect of leaders and their management discretion on organizational culture, as highlighted by existing studies (Wangrow et al., 2015; Wu et al., 2015).

5.3 Practical implications
The findings of this study hold significant implications for the management of service organizations. First, it has been established that CEO responsible leadership plays a crucial role in enabling service organizations to achieve both high-quality financial performance and CSR. Given the significance of these factors for service organizations in a complex environment, proactive actions to foster CEO responsible leadership are required. This can be accomplished by implementing strategies such as incorporating considerations of moral principles, community engagement and stakeholder concerns into the recruitment and selection processes for CEOs (Voegtlin et al., 2020). Furthermore, leadership training programs targeted at CEOs in service organizations should encompass stakeholder relations, community and social values and sustainable development, thereby providing them with guidelines on how to lead in a responsible manner. Additionally, the performance appraisal system for CEOs should incorporate assessments of their adherence to responsible leadership
principles, including aspects such as moral management practices, multistakeholder considerations and sustainability orientation.

Second, recognizing the pivotal roles played by ethical, service and initiative climates in translating responsible leadership into CSR and organization performance, service organizations should establish comprehensive policies, procedures and practices that encourage and reward ethical conduct, quality service delivery and personal initiative within the organization. Managers, as role models, should emphasize ethics and morality in their management practices, exhibit a commitment to providing excellent service to customers and demonstrate unwavering dedication to their work. Furthermore, leveraging digital information platforms to effectively communicate the organization's standpoint on business ethics, service quality and personal initiative to all members can foster a shared understanding and consensus on these matters in a flexible and informal manner.

Third, our study indicates that responsible CEOs with founder status possess a greater influence in shaping diverse organizational climates within service organizations. Consequently, service organizations are advised to pay great attention to such CEOs and motivate them to perform responsible leadership to foster ethical, service and initiative climates. These climates, in turn, promote organization performance and CSR. Furthermore, service organizations can empower CEOs with founder status by granting them more managerial discretion and support. Equipped with the necessary support and relevant skills, these CEOs can effectively champion the interests of diverse stakeholders. By infusing such values into the organization through their leadership, CEOs with founder status enhance the likelihood of achieving consensus among organizational members on matters of ethics, service and initiative.

5.4 Limitations and future research
First, it is important to acknowledge that despite our efforts to collect data from various sources, there is a potential for common method variance to bias our results. This is because all the constructs were measured simultaneously. However, factor analysis results provided evidence that a single-factor model \( \chi^2(170) = 2,052.81, \chi^2/df = 12.08; TLI = 0.54, CFI = 0.59, RMSEA = 0.23 \) exhibited significantly poorer fit compared to the six-factor model. Therefore, the common method variance in our study was found to be nonsignificant. Nevertheless, we recommend that future research use longitudinal approaches to improve the reliability of the findings.

Second, although we added control variables, including organizations' age, size, ownership type and location when testing our hypotheses, we encourage future research to consider additional important control variables that may influence organizational climates, organization performance and CSR. This will contribute to confirming our findings and better understanding the distinct impact of CEO responsible leadership.

Finally, our data collection approach involved measuring CEO responsible leadership, organizational climates, CSR and organization performance at the same time point, under the assumption that these constructs remain relatively stable within an organization. However, it is plausible that the beneficial influences of CEO responsible leadership on organizational outcomes may take time to manifest. Therefore, future research should use a multi-wave study design to capture data at different time points. Furthermore, while we obtained ratings of organizational climates from HR managers, it is important to keep in mind that organizational climates are based on shared perceptions of practices among multiple members of the organization (Schneider, 1983). Thus, future studies should aim to gather ratings of organizational climates from diverse sources within organizations to ensure a comprehensive perspective.
References


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