Bitter Sweet Symphony? Insights into the discrepancy between managers and organizations towards ESG

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Abstract

The aim of this paper is to explore whether any discrepancy between individuals' cultural understanding and perceptions concerning ESG and the organizational cultural posture towards ESG is likely to arise, and what individual's characteristics may influence it. The study relies on Habermas' theory of Communicative Action, mobilizing the conceptualizations of anomie, to analyze data gathered through a survey answered by 136 Italian managers acting in highly ESG-exposed industries. Our results give evidence of the existence of ESG orientation discrepancy and suggest that certain individuals' characteristics such as age, job grade, and tenure influence its magnitude. The study contributes to ESG literature offering empirical ground for crucial yet overlooked issues relating to the role of individuals in ESG organizational processes change. Also, it has relevant implications for both companies and policymakers, pushing reflections on the need to avoid discrepancies toward more effective ESG practices.

Keywords: ESG, discrepancy, managers, individuals, organizations, perception.

1. Introduction

This study acknowledges that accounting literature has addressed mostly ESG performance and disclosure issues, while limitedly dealing with ESG and ESG accountability as an organizational process. Also, accounting literature has overlooked the focus on individuals' awareness and perceptions on ESG and the importance of cultural alignment on these themes in-

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side organizations, even though these are a potentially relevant lever to making ESG actions substantive and effective. Indeed, as organizations increasingly recognize the imperative of aligning their strategies with sustainable and ethical principles (Bebbington & Larrinaga, 2014), the role of their ESG orientation has gained prominence. However, an intriguing dimension within this paradigm is the potential discrepancy that may exist between ESG orientation of managers and the organizations they work in. The relevance of such concern arises as organizations' actions are explicated via managers and employees, and any such misalignment may pose challenges to achieving organizations' ethical goals (Schaltegger *et al.*, 2015). Moreover, it is worth noting that managers' practices and behaviors also impact stakeholder perceptions, investor relations, and the overall corporate reputation (Pham & Kim, 2019). Nevertheless, while numerous studies have explored the broader landscape of ESG integration in general and its impact on corporate performance (Mulki *et al.*, 2008; Agostini *et al.*, 2022; Arvidsson and Dumay, 2022; Demartini and Pagliei, 2023), the examination of how managerial perspectives may diverge from organizational ESG priorities remains an unresolved issue.

We aim to fill this gap in the literature examining whether 1) any discrepancy between individuals' cultural understanding and perceptions concerning ESG and the organizational cultural posture towards ESG are likely to arise, and 2) what individual's characteristics may influence it. In particular, to address our aim, the paper relies upon a theoretical framework of Middle Range Theory (MRT) developed by Broadbent and Laughlin (2013) and derived from Habermas' theory of communicative action (1984), especially leveraging the concept of *anomie* (i.e., misalignments between social norms and behaviors). This framework is employed to interpret data collected employing a Likert-scale questionnaire spread across 136 Italian managers dealing with ESG-related tasks in the period January – June 2023. Specifically, our analyses rely on t-test and ANOVA test to find out statistical significance 1) in the existence of ESG orientations' discrepancy between managers and organizations and 2) in variation of such ESG discrepancy according to managers' characteristics.

Unfolding the above-cited anomie, the findings reveal that ESG orientations discrepancy exists, and it can vary based on managers' age, job grade, and tenure, decreasing with higher job grade and tenure but increasing for younger managers. Thus, these results suggest that the *anomie* affect the ESG domain, possibly compromising substantive change while favoring more absorptive postures towards formal compliance for external legitimation. Indeed, such inferences allow us to address ESG issues highlighting

their key role and suggesting that greater attention should be devoted to their empowerment and cultural engagement by firms. On this ground, the paper warns companies to strategically deal with any discrepancies to achieve effective ESG accountability for value creation purposes.

The remainder of this paper is as follows. Section 2 reviews and problematizes extant literature. Section 3 presents the theoretical framework. Section 4 describes the research design. Section 5 summarizes the findings. Section 6 provides a discussion of the findings leveraging the theoretical framework, while section 7 advances some concluding remarks and implications.

2. Assessment of prior studies

To date, even though authors acknowledge the importance of internal processes for effective ESG strategies, literature seems quite scant on the key role played by individuals to enable an effective "*ESG transition*". Considering extant evidence in prior studies, most papers focused on the firms' ESG performance (Garcia *et al.*, 2017; Giese *et al.*, 2019; Kao, 2023; Cupertino and Vitale, 2024; Galeotti *et al.*, 2024), analyzing some drivers (Crace and Gehman, 2023; La Torre *et al.*, 2021) and consequences on the financial performance (Velte, 2017; Zhou *et al.*, 2022; Chen *et al.*, 2023; Kalia and Aggarwal, 2023).

Conversely, very little has been said about the role of individuals' ESG orientation in such constantly-changing regulatory landscape, and its matching with the sustainability orientation of the organizations in which they are involved. This is, instead, a pivotal aspect to take into account (Wang *et al.*, 2016; Rodell and Lynch, 2016) on the grounds that possible discrepancy between organizations' and individuals' postures threatens the substantive formation of a unitary business culture, threatening strategic change (VanSandt and Neck, 2003). Literature highlights that such discrepancy decreases the individuals' commitment to organizational change (Mason and Mudrack, 1997) while alignment between companies' and managers' values increases firm performance and company profitability in the long term (Mulki *et al.*, 2008). Moreover, Demirtas (2015) suggests that cultural alignment within firms is crucial to better balance economic responsibilities with moral responsibilities and consequently the interests of a wide range of stakeholders. Likewise, acknowledging individuals' role in pursuing broad accountability duties within firms, other papers have recognized the relevance of assuring internal coherence and cultural alignment by paying attention to managers'

personal profiles (Osagie *et al.*, 2016; Parboteeah *et al.*, 2010; Shin, 2012; Wernicke *et al.*, 2022). Recent studies, for instance, highlighted that a vast variety of personal characteristics such as age (Ortiz-de-Mandojana *et al.*, 2019), job grade (Sult *et al.*, 2023), tenure (Garcia-Blandon *et al.*, 2019), environmental awareness (Zhang *et al.*, 2015; Zhang *et al.*, 2023) and prosocial tendency (Hernandez, 2012), influence managers' cultural posture towards ESG issues. Nevertheless, and despite the primary importance of individuals as agents of change, current research still overlooks the understanding of ESG change dynamics by compelling the crucial aspects relating to individuals' awareness, perceptions, and cultural integration. Thus, in the current paper we investigate whether any discrepancy between individuals' cultural understanding and perceptions concerning ESG and the organizational cultural posture towards ESG are likely to arise, and what individual's characteristics may influence it.

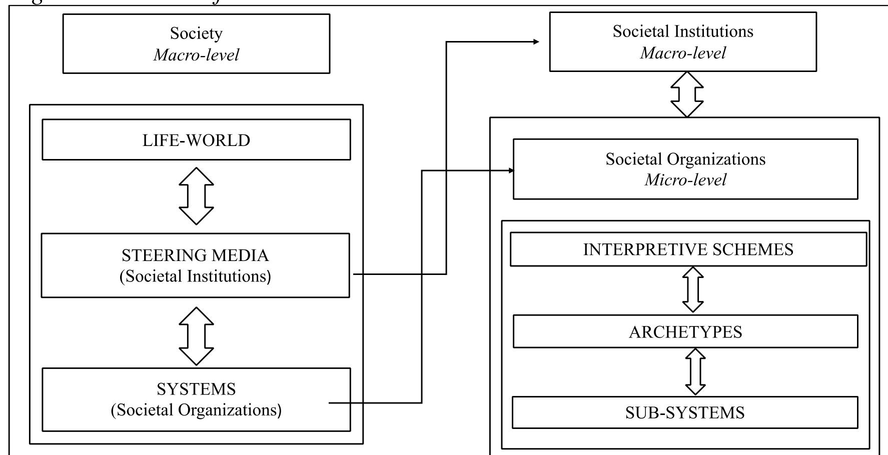
3. Theoretical framework

The current paper draws from the concrete application to accounting practice of Habermas theory of Communicative action (1984), elaborated by Broadbent and Laughlin (2009, 2013) with their *Middle Range Theory* (MRT). The authors build on Habermas' concept of steering and propose that the combination of the three elements of the lifeworld (i.e. a symbolic normative context within which culture, tradition, and identity can be reproduced), systems (i.e. a functionally definable arrangement of operations, such as organizations, which represent the tangible expressions of the lifeworld), and steering media using mechanisms such as power, money, and law that steer the interaction between lifeworld and systems to ensuring that the latter reflect the former, can be observed not only at societal but also at the organizational level. Figure I provides a conceptual scheme for our theoretical framework.

A common feature of Habermas (1984) and Broadbent and Laughlin (2013) model is that they all recognize that there are circumstances in which the complexity of the systems may lead to decoupling between them and the lifeworld. Broadbent and Laughlin (2013) argue that internal colonization arises not only at the societal but also at the organizational level and theorize how accounting changes (namely design archetypes) are able to steer and make coherent (or not) the organizational lifeworld (that they label interpretive schemes) and organizational subsystems. Broadbent and Laughlin

(2013) summarize the possible types of change that can be empirically recognized by applying their theorization to empirical situations.

Figure I. The MRT framework



Source: authors' own adaptation from Broadbent and Laughlin (2013)

Morphostasis (first-order change) occurs when societal steering demands are not in line with the organizational interpretive schemes. It can arise as a *rebuttal* or a *reorientation*. In the case of rebuttal, the design archetype soon tends to come back to the original state, even if an external element of disturbance initially forced a change. reorientation, instead, is a kind of change in which there is no chance for rebuttal, thus there is greater internalization, but in any case, no impact on the interpretive schemes. Empirical findings show different dynamics of reorientation. Reorientation through absorption implies that any change that is not welcomed – as it is perceived as a threat to the ethos, values, and activities of the organization – is internalized in a way that does not affect the 'real work' of the organization and its interpretive scheme but is just played in parallel with the day-to-day activities. Reorientation through boundary management arises when accounting changes forced by non-rebuttable regulatory attempts are more embedded in the organizational design and the day-to-day activities even if they do not undermine the organization's interpretive scheme. It is based on cautious acceptance of the disturbance, and strongly relies upon the specific skills of the specialist working group called to operationalize the change that may or may not want to use accounting controls as a colonizing lever, or to foster a kind

of evolutionary process of change played at the periphery of the interpretive schemes.

Morphogenesis (second-order change) is a change that influences the interpretative scheme because it profoundly permeates the essence of the organization. These may alternatively occur as *colonization* or *evolution*. Colonization is a change internalized by some significant stakeholders usually seen as a failure from the perspective of the organization as a whole and as a great success by colonizers (Broadbent and Laughlin, 2013). The new interpretive schemes are the values and ethos of an authoritative minority who apply positional power and subtle tactics. Evolution involves a deliberate choice by all stakeholders in a free and open discursive exchange until a grounded consensus (Laughlin, 1987) with accounting seen as a helpful intervention.

The above-summarized framework ascribes crucial importance to the individuals within firms as actors who can effectively (or not) act towards or against any change, following the archetypes described. Indeed, this theory has been largely used to investigate how accounting as a social activity, has the potential to affect the behavior of individuals in organizations, affecting micro-practices. Fiondella *et al.* (2016) and Spanò *et al.* (2017), for instance, show how accounting changes can be enabled through individuals' engagement and how, in turn, individuals' behaviors are shaped by accounting change. Therefore, this theory has some potential to shed light on the accounting and accountability revolution following the ESG-increasing organizational focus. This theoretical focus is appropriate in answering our research questions on 1) whether any discrepancy between individuals' cultural understanding and perceptions concerning ESG and the organizational cultural posture towards ESG are likely to arise, and 2) what individual's characteristics may influence it.

Operationally, by referring to the conception of the so-called *anomie*, pathologies affecting change described by Habermas (1987), it is possible to understand if any discrepancy possibly arising has the potential to influence future organizational changing pathways. Habermas (1987, p. 183) describes the anomie as a growing sense of meaninglessness, a decrease in the lifeworld resources of shared meanings, and mutual understanding (Thomassen, 2010). According to Habermas (1987), the anomie emerge due to an overdependence of employees and citizens on the economic and political systems and their respective steering media (Bohman, 1999). The 'dependency of actors on subsystems in exchanges between system and lifeworld' leads to a loss of meaning in these interactions at the level of the person. The meaningful interaction and mutual understanding that could support the achievement

of consensus are lost. Individuals come to question the legitimacy of the economic and political systems. Decision-makers seek to restore this legitimacy via steering media, however, leading to further loss of meaning and increased anomie at both societal and individual levels due to the instrumental reasoning that pervades interactions between social actors.

Although this conceptualization is particularly effective in understanding and explaining accounting change, extant studies have not yet mobilized it. Instead, we apply the concept of anomie to understand issues of discrepancy as for ESG understanding within firms, to grasp what kind of changing pathway is detectable in the Italian context under scrutiny.

More specifically, drawing from the anomie conceptual foundations and starting from the conjecture provided by VanSandt and Neck (2003) about the gaps between organizational and individual ethical standards, we try to find out whether managers are likely to perceive some discrepancy between their own ESG orientation and the ESG posture of their organizations. This is relevant for us as, following Habermas' reasoning, anomie, renewable in conceptual discrepancy around ESG orientation, may well lead to two different pathways. Specifically, if a significant amount of anomie arises from confronting people's cultural orientation within firms, this signals discrepancies that are likely to lead to what in MRT terms is understood as colonization. In this case, only an authoritative minority embraces and fosters ESG change, while the rest of the organization ideologically lags behind, with unforeseen and unpredictable effects on the ESG change effectiveness for a longer period. On the other hand, if anomie, which indicate cultural discrepancies, are not so pervasive, this indicates that the organization is more compact in the changes undertaken, which leads to more substantive acceptance and durable cultural shifts, that under the MRT is a phenomenon known as evolution. Moreover, going beyond the limitations of the extant debate, to better tap into the possible effects of anomie in the ESG domain, drawing from the research indicating individuals' characteristics as possible factors impinging ESG orientation (Hernandez, 2012; Zhang *et al.*, 2015; Li *et al.*, 2018; Ortiz-de-Mandojana *et al.*, 2019; Garcia-Blandon *et al.*, 2019; Sult *et al.*, 2023; Zhang *et al.*, 2023; Huang *et al.*, 2023; Wan *et al.*, 2023), we investigate whether discrepancy may vary according to personal characteristics of individuals, such as age, job grade, tenure.

4. Research design

The section at hand presents the research design of the study. We rely on a Likert-based survey as our primary data collection method, which allows us to gauge managers' ESG perceptions. Then, our focus shifts towards *t-test* and *ANOVA* test, which are widely used in social and accounting sciences (Abu-Bader, 2021). For the purpose of our study, these statistical techniques are both employed to reveal the significant existence of ESG discrepancy between managers and organizations and any variation of ESG discrepancy in accordance with managers' characteristics.

For clarity purposes, we explain below the survey structure, the sample composition and data collection process, the construction of our derived measures of ESG discrepancy and, lastly, our statistical modeling.

4.1 Questionnaire

We rely upon a Likert-based questionnaire (Likert, 1932), to gather data on managers' characteristics and managers' perceived ESG orientations. The questionnaire is composed of 41 questions separated into two different sections.

The first section contains questions on managers' characteristics such as age, gender, job grade, and tenure, indicated in literature as somewhat influencing factors for managers' sustainability orientation (Garcia-Blandon *et al.*, 2019; Ortiz-de-Mandojana *et al.*, 2019; Sult *et al.*, 2023), managers' knowledge in ESG matters (ESGK) to ensure our respondents are truly involved in the topic, and a final question to assess the presence of a Head of ESG in respondents' organizations (HESG).
The second section contains questions about managers' perceived ESG orientation on the basis of constructs built from extant literature and adapted to our research context and objectives. Specifically, we rely on a set of four items to build our construct for the manager's own ESG orientation (MESGO) and manager's own E, S and G orientation (i.e., MEO, MSO, MGO). Similarly, we rely on four items to build our measure for the perception of the organization's ESG orientation (POESGO) and the perception of the organization's E, S and G orientations (i.e., POEO, POSO, POGO).

Lastly, we also include further single-item questions about the perceived sharing of ESG strategy across the entity (PESGSH), the perceived efficiency in ESG resources allocation within the organization (PESGIR), and the perceived alignment between managers and organization ESG orientation (PESGAL). Overall, each of the above items has responses ranging from

1 (minimum) to 7 (maximum). Before starting the dissemination phase, we performed an early pilot study submitting it to thirty Ph.D. students and researchers in Accounting and Management studies, as volunteer respondents. We welcomed their minor suggestions about the formal structure of certain items.

4.2 Sample and data collection

We disseminated our questionnaire among managers employed in Italian companies that operate in the Energy (i.e., Oil and gas extraction, Electric utilities), Chemicals (i.e., Chemicals and Allied products), and Mining (i.e., Metal mining, Minerals) industries. First, we analyzed these sectors as it can be assumed that cultural and educational treats are sufficiently homogenous among respondents, alleviating concerns about the chance that our analysis might be led by such other characteristics. In addition, companies operating in such sectors are highly exposed to ESG issues (Garcia *et al.*, 2017) and such circumstance enhances the relevance of our inferences.

Second, we focused on a single State to remove cross-country cultural variability that may warp our findings. Specifically, we selected Italy as the empirical setting of reference due to the increasing attention to ESG changes paid by Italian companies that – as Cucari *et al.* (2018) highlight – makes Italy a relevant setting to explore cultural issues surrounding these changes.

We selected via LinkedIn all managers working in such companies with a job title or function specialization in at least one among the following areas: risk management, financial accounting, and sustainability area. The choice of targeting such managers stems from the recognition that these operative areas are crucial for shaping business strategic actions and cultural orientation (Bhattacharya *et al.*, 2019). At inception, this process provided us with 873 managers potentially eligible for the survey.

The questionnaire was disseminated from January to June 2023, either via personal emails or social media channels (e.g., LinkedIn, Instagram, Facebook). Overall, we collected 157 responses (response rate of 17.98%). However, we withdrew 21 responses from our initial sample related to managers which indicate a relatively low knowledge about ESG issues (i.e., respondents showing ESGK lower than 5) to avoid those biased answers might affect our analysis.

Table I shows our sample composition by managers' characteristics. Our sample shows a little variation for gender, whereas it is composed of 36% (64%) of females (males). Relative to the age of managers, the mainstream

is aged between 25 and 35 years old. Lastly, we obtained a regular distribution by managers' job grade [1], despite the majority of them is employed as analyst / consultant (39.71%), while 63 (13) respondents fill their role for 1-2 (10 or more) years.

Table I. Sample composition.

Item	*Groups*	*n.*	*Percentage (%)*
Age	20-25	19	13.97%
	25-35	78	57.35%
	35-40	14	10.29%
	>40	25	18.38%
Gender	Male	87	63.97%
	Female	49	36.03%
	Other	0	0.00%
Job Grade	Executive	31	22.79%
	Senior director	51	37.50%
	Analyst / Consultant	54	39.71%
Tenure	1-2	63	46.32%
	3-5	36	26.47%
	6-10	24	17.65%
	>10	13	9.56%
Specialization area	Financial accounting	61	44.85%
	Risk management	35	25.74%
	Sustainability	28	20.59%
136 respondents			

Notes: Table I shows sample composition derived by 136 respondents.

4.3 ESG discrepancy measures and statistical modeling

To test the existence of ESG discrepancy, we use an approach similar to Cardillo & Harasheh (2023). The authors measure the ESG discrepancy as the difference in ESG scores between acquirers and sellers involved in M&A operations, to flush out the potential difference in their respective ESG orientations. Since in our study, we treat managers and organizations as two distinct entities, we adapted this logic to the purposes of our study.

Therefore, we employ a paired t-test analysis to directly compare the mean of our constructs related to managers' ESG orientations with the mean of matched-pair constructs related to perceived organization's ESG orientations. For instance, we match in the t-test analysis the mean on MESGO with the mean on POESGO to track the potential discrepancy on the overall ESG orientations. Similarly, we test whether there is a specific ESG dimension that particularly drives such discrepancy between managers and organizations by running a paired t-test analysis to match the mean of MEO, MSO and MGO, with the mean of POEO, POSO and POGO, respectively.

Moreover, we perform a further analysis employing the one-way ANOVA test to establish *whether* managers' perception of ESG discrepancy may vary according to certain managers' characteristics (i.e., age, job grade and tenure) that extant studies revealed to be pivotal in ESG orientation of both managers and organization (Garcia-Blandon *et al.*, 2019; Ortiz-de-Mandojana *et al.*, 2019; Sult *et al.*, 2023). In our ANOVA analysis, we directly refer to *ESG discrepancy* (*E*, *S* and *G discrepancy*) as the absolute values of the main difference between managers' and organizations' ESG orientations (*E*, *S* and *G* orientations). Lastly, we repeat a paired t-test analysis to further understand *how* varies the potential discrepancy across the abovementioned characteristics' groups.

5. Findings

5.1 Descriptive statistics

Table II shows the descriptive statistics [2] for our study. The average managers' ESG orientation is 5.96 (variance = 1.33), while their environmental and social engagement is significantly higher (MEO's mean of 6.14 and MSO's mean of 6.01, respectively) than the attention paid to governance arrangements (MGO's mean of 5.65, variance = 1.42).

Also, on average managers feel a lower ESG commitment from the companies they work for (POESGO's mean of 5.41, variance = 2.44) and such statistics keep also looking at perceived obligation in detangled E, S and G's firms' orientation.

Concerning the rest of the items, we find that in 26% of the cases, organizations have a head of ESG [3], while a relatively high value on ESGK (mean of 6.32) indicates that respondents in our sample are very confident with ESG matters. PESGIR (PESGSH) mean value is 4.86 (5.28), while the

relatively low mean on PESGAL may strengthen the idea that managers perceive a certain misalignment in their own versus organizations' ethical standards.

Table II. Descriptive statistics.

	Min	Max	Mean	Var
Manager ESG orientation (MESGO)	1	7	5.96	1.33
Manager E orientation (MEO)	1	7	6.14	1.34
Manager S orientation (MSO)	1	7	6.01	1.29
Manager G orientation (MGO)	1	7	5.65	1.42
Perception of Organization's ESG orientation (POESGO)	1	7	5.41	2.44
Perception of Organization's E orientation (POEO)	1	7	5.44	2.38
Perception of Organization's S orientation (POSO)	1	7	5.29	2.27
Perception of Organization's G orientation (POGO)	1	7	5.32	1.92
Head of ESG (HESG)	0	1	0.26	0.19
Manager ESG knowledge (ESGK)	1	7	6.32	1.66
Perception of ESG internal resources (PESGIR)	1	7	4.85	2.46
Perception of ESG alignment (PESGAL)	1	7	4.01	2.30
Perception of ESG sharing (PESGSH)	1	7	5.28	2.36

Notes: Table II shows descriptive statistics for a sample of 136 respondents.

5.2 Results

Results from paired t-test analysis are showed in Table III and suggest that a perceived *ESG discrepancy* between managers and organizations exists by individuals' perspective.

Indeed, the t-test analysis reveals that the difference of 0.54 between MESGO and POESGO is highly significant (t-statistics = 2.81) at 1% level. Specifically, the perceived divergence is more strongly driven by differences in environmental and social engagements, rather than by difference in governance values. Indeed, the mean difference between MEO and POEO (MSO and POSO) of 0.70 (0.71) is significantly more pronounced if compared to the difference between MGO and POGO of 0.52, which is also slightly less significant at 10%. Overall, such a result corroborates the intuition provided by VanSandt and Neck (2003) that ethical divergencies may arise within an organization as perceived by the involved individuals.

Table III. Results of t-test for existence of discrepancy in E, S and G orientations.

Item	N.	Mean (st.dev.)	difference	t-statistic
Manager ESG orientation (MESGO)	136	5.96 (1.15)		
Perception of Organization's ESG orientation (POESGO)	136	5.41 (1.56)	0.55^{***}	2.81
	136			
Manager E orientation (MEO)	136	6.14 (1.16)		
Perception of Organization's E orientation (POEO)	136	5.44 (1.54)	0.70^{***}	3.65
	136			
Manager S orientation (MSO)	136	6.01 (1.14)		
Perception of Organization's S orientation (POSO)	136	5.29 (1.50)	0.72^{***}	3.78
	136			
Manager G orientation (MGO)	136	5.65 (1.19)		
Perception of Organization's G orientation (POGO)	136	5.32 (1.38)	0.33^{*}	1.79

*Notes: Table III shows t-test results for a sample of 136 respondents. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.*

Column 2 of Table IV shows the *F-values* of ANOVA tests. Consistently with previous literature (Garcia-Blandon *et al.*, 2019; Ortiz-de-Mandojana *et al.*, 2019; Sult *et al.*, 2023), Panel A of Table IV shows that ESG discrepancy varies significantly basing on the age of the managers (p-value < 0.05). Considering each E, S and G value, we achieve less powerful (but still significant) results on E and S discrepancy (p-values < 0.10), while no statistically significant results at any conventional level on G discrepancy.

Also, Panel B, Table IV suggests that ESG discrepancy is also strongly linked to the hierarchical role that managers cover in the organizations (p-value < 0.01), and coherent results hold also across the detangled E, S and G discrepancies, although the statistical significance is slightly lower (p-values < 0.05).

Complementary findings on job grade, provided by Panel C of Table IV, indicate that the overtime tenure of managers in their organization may affect the clashes in overall ethical values (p-value < 0.05) mostly driven by Environmental discrepancy issues (p-value < 0.01).

Table IV. Results of ANOVA test for differences across managers' characteristics.

Panel A. ESG orientation discrepancy across *Age* groups			
	Variance between groups	**F**	**p-value**
ESG discrepancy	3.98	3.20**	0.04
E discrepancy	2.62	1.99*	0.06
S discrepancy	2.68	1.91*	0.08
G discrepancy	1.64	1.30	0.26
Panel B. ESG orientation discrepancy across *Job Grade* groups			
	Variance between groups	**F**	**p-value**
ESG discrepancy	6.47	4.73***	0.00
E discrepancy	4.72	3.16**	0.04
S discrepancy	5.14	5.41**	0.02
G discrepancy	4.51	2.78**	0.03
Panel C. ESG orientation discrepancy across *Tenure* groups			
	Variance between groups	**F**	**p-value**
ESG discrepancy	4.70	3.15**	0.04
E discrepancy	6.40	4.66***	0.00
S discrepancy	1.80	1.07	0.65
G discrepancy	1.35	0.98	0.40

*Notes: Table IV shows ANOVA test results for a sample of 136 respondents. Groups' classification is defined as in Table I. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.*

Table V gives evidence on *how* the variation in perceived ESG discrepancy varies within each characteristics group, revealing insights into this topic. Specifically, Panel A of Table V highlights that the distance in ESG involvement between individuals and organizations is significant only starting from the age of 35. The mean difference of 0.72 within the group aged between 35-40 is statistically significant at 5% (t-statistics = 1.99) and among over 40 years old managers the mean difference is even more pronounced and significant (value of 0.82, t-statistics = 2.24). For younger managers, we do not find any statistical evidence about perceived ESG discrepancy.

As highlighted by Busch *et al.* (2016), younger generations of managers recognized to be more conscious about ESG are better aligned with the recent companies' re-orientation toward ESG ethical values.

Table V. Results of t-test analysis for discrepancy in ESG orientations by groups.

Panel A. ESG orientation discrepancy by Age				
	20-25	**25-35**	**35-40**	**>40**
	N=19	**N=78**	**N=14**	**N=25**
	Mean (standard deviation)			
Manager ESG orientation (MESGO)	6.07(0.86)	5.85(1.25)	5.57(1.27)	6.50(0.73)
Perception of Organization's ESG orientation (POESGO)	5.76(1.36)	5.33(1.63)	4.85(1.95)	5.68(1.25)
difference	*0.31*	*0.52*	*0.72*	*0.82*
t-statistic	*0.68*	*0.81*	*1.99***	*2.84****

Panel B. ESG orientation discrepancy by Job Grade			
	Executive	**Senior director**	**Analyst/ Consultant**
	N=31	**N=51**	**N=54**
	Mean (standard deviation)		
Manager ESG orientation (MESGO)	6.00(1.08)	5.86(1.28)	6.12(0.95)
Perception of Organization's ESG orientation (POESGO)	5.55(1.61)	5.26(1.57)	5.50(1.46)
difference	*0.45*	*0.60*	*0.62*
t-statistic	*1.77**	*2.92****	*2.96****

Panel C. ESG orientation discrepancy by Tenure				
	1-2	**3-5**	**6-10**	**>10**
	N=63	**N=36**	**N=24**	**N=13**
	Mean (standard deviation)			
Manager ESG orientation (MESGO)	6.01(1.33)	5.93(0.90)	5.81(0.98)	5.48(1.26)
Perception of Organization's ESG orientation (POESGO)	5.31(1.55)	5.40(1.80)	5.87(1.20)	5.16(1.47)
difference	*0.70*	*0.53*	*-0.06*	*0.32*
t-statistic	*2.64****	*2.10***	*-0.16*	*1.05*

*Notes: Table IV shows results of t-test for means differences in a sample of 136 respondents. Description of groups is defined as in Table I. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.*

Panel B of Table V shows that perceived ESG discrepancy decreases when managers cover a higher job grade in the organization. Thus, whereas the difference in ethical values is significant across all the job grade categories, we find a lower mean difference among Executive managers (mean difference of 0.45, t-statistics = 1.77) if compared with ESG discrepancy as observed by either analysts or consultants (mean difference of 0.62, t-statistics

= 2.96). Coherently, Table V, Panel C, hints that the perceived distance in ethical values tends to disappear according to longer tenure, in particular after the fifth year that a manager is employed in that role in the same organization. Specifically, we do not find statistical evidence of ESG discrepancy starting from the group of managers with tenure of at least 6 years.

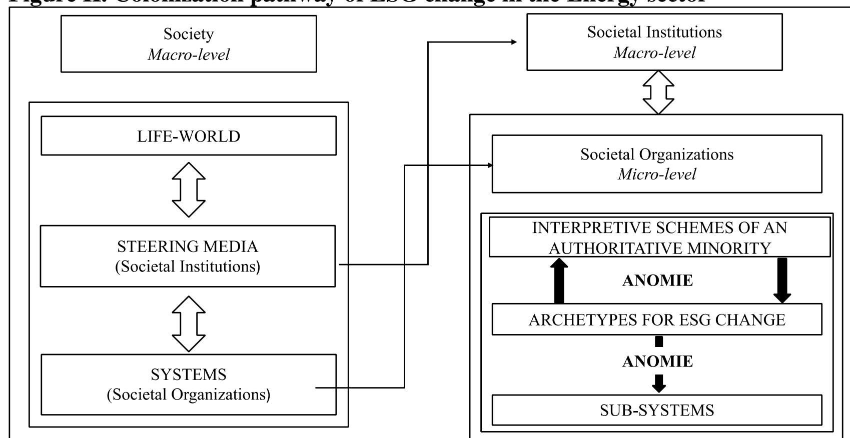
As literature reveals (e.g., Glavas, 2016), job engagement is widely linked to the more aligned individuals' CSR commitment with the company in which they are involved. Moreover, our results are consistent with the phenomenon of "shared vision capability", which occurs when higher engagement provokes an identification between a firm's members and the firm's vision, mission, and core values. (Luo *et al.*, 2022).

6. Discussion

The analysis unveils interesting issues that allow us to further discuss on the topic. In fact, the results confirmed that the discrepancy between managers and organizations concerning ESG represents a relevant aspect that should be taken into account by organizations (Mason and Mudrack, 1997; VanSandt and Neck, 2003; Molki *et al*., 2008; Demirtas, 2015). The lack of cultural agreement, which under the theory is labeled *anomie*, affects organizations especially as per the S and the E, while is less pronounced when dealing with G themes. The presence of *anomie* as per the environmental and social matters is understandable because organizations have already been under scrutiny in the past and already worked upon internal conceptual alignment surrounding governance and internal controls, while E and S dimensions have started to be internalized more recently (Adegbie and Fofah, 2016; Nalukenge *et al.*, 2018). However, what we highlight here is that from the perspective of ESG change, *anomie* may compromise firms' ability to reach substantive expectations of accountability and value creation, as the ESG paradigm should be holistically relied upon, and heterogeneous level of discrepancy/cultural alignment, impoverish its power. On this basis, we argue that *anomie* affects the ESG domain. Thus, even if the increasing commitment towards ESG can be understood as a morphogenetic change, we are still far from renewing features of an evolutionary kind of change. The degree of anomie affecting the context under scrutiny is more closely related to the circumstances known under the MRT as colonization. The cultural distance within firms is a sign of authoritative minorities that lead the change leaving no space for free and deliberate choice of participants, with a primary aim of achieving formal compliance towards external legitimation. Even

though we admit that these circumstances are still fluid and changing, thus leaving some room for a slow turn into more evolutionary efforts for the foreseeable future, in any case, we should warn that if anomie persist or even increase, this could compromise an effective ESG transition, not only at the organizational level but also impinging the societal dimensions. Figure II shows how anomie affect the interrelations between design archetypes (i.e., ESG accounting change), interpretive schemes and organizational subsystems.

Figure II. Colonization pathway of ESG change in the Energy sector



Source: authors' own adaptation from Broadbent and Laughlin (2013)

Nevertheless, bearing in mind that the theoretical framework reminds us that in any circumstance additional factors can re-shape change pathways over time (Laughlin, 1987; Broadbent and Laughlin, 2009, 2013; Fiondella *et al.*, 2016; Spanò *et al.*, 2017), it is important to note that these findings are, in any case, quite comforting. Indeed, the analysis offers some basis for understanding that several characteristics such as age, job grade, tenure, influence the level of discrepancy changing its magnitude, in line with prior studies revealing the meaningful of these factors (Zhang et al., 2015; Li et al., 2018; Ortiz-de-Mandojana et al., 2019; Garcia-Blandon et al., 2019; Sult et al., 2023; Wan et al., 2023). More specifically, ESG discrepancy exists starting from age 35 (and is even more pronounced after 40 years), while it is not significant before such age; decreases with higher job grade (for executive managers the perceived ESG discrepancy is lower and less significant) and disappears over time with longer tenure (starting from the 6th year in their job

position). These results suggest that there are several areas where organizations should intervene with proper actions to favor greater awareness, alliteration, and cultural coherence, by empowering the right people and turning them from resistant actors into active agents of change.

7. Conclusions

This paper moved from recognizing that in spite of the increasing contributions by academics to the debate surrounding ESG in organizations, a still overlooked area of investigation refers to the need to foster cultural alignment in organizations to making ESG and ESG-related organizational processes change substantive and effective. Hence, acknowledging the importance of individuals as change agents, the paper aimed at understanding if any discrepancy between individuals' cultural understanding and perceptions concerning ESG and the organizational cultural posture towards ESG are likely to arise, and what individual's characteristics may influence it.

To explore these issues, the research relied upon a theoretical framework developed by Broadbent and Laughlin (2013) and derived from Habermas' theory of communicative action (1984), especially leveraging the concept of *anomie*, to interpret data collected using a survey spread across 136 Italian managers dealing with ESG-related tasks in the period January – June 2023. Our main results inform that ESG orientation discrepancy between individuals and business organizations is a major issue nowadays (i.e., *anomie* are a relevant phenomenon) and that the magnitude of such divergence in ethical standards varies significantly across single E, S, and G dimensions. Moreover, we also suggest that ESG discrepancy evolves in accordance with managers' own characteristics (e.g., age, job grade and tenure).

From this perspective, this study offers a relevant theoretical contribution and important practical implications.

First, the paper allows us to address ESG issues going beyond reporting and disclosure matters, highlighting individuals' key roles and suggesting that greater attention should be devoted to their empowerment and cultural engagement by firms, as many authors claimed (VanSandt and Neck, 2003, Glavas, 2016; Kao, 2023 Schaltegger *et al.*, 2015; Pham & Kim, 2019). Hence, while we contribute to such a stream of studies, the study hopefully will fuel greater research efforts into this overlooked yet important area of inquiry, encompassing different settings and extending to more qualitative methodological approaches, with interviews and case studies useful to identify and disseminate any best practices. Moreover, it further complements

extant debate leveraging Habermas Communicative Action, as it is the first empirical contribution providing empirical grounds to the concept of *anomie* and its effects on corporate change (Habermas, 1984; Broadbent and Laughlin, 2013).

Also, the paper has some practical and policy-making relevance, as it warns companies, in an ever-changing regulatory environment, to strategically deal with any discrepancies to achieve greater and effective ESG accountability for value creation purposes. In fact, it clarifies how the unclear definitional, but also operational boundaries of the E, S, and G pose challenges in terms of organizational culture, effort to interpret, convey and align organizational levels, and means to transpose shared meanings into organic strategic postures. For firms now increasingly called to deal with more or less prescriptive themes, metrics, and disclosure requirements spread in different sources and pushing multiple actions this is more than threatening, as failing to achieve internal coherence possibly endangers firms' reputation and ability to meet stakeholders' accountability expectations and value creation objectives. Moreover, the presence of ESG perceived discrepancy implies different level of commitment around ESG issues by different parts of organizations, leading to misalignment and conflicting priorities.

The paper at hand highlights that the ability to secure a strong cultural alignment towards an evolutionary ESG change has important consequences as per the dialogue between the organization and its stakeholders, being in turn reflected in materiality-related decision-making. Thus, the lack of cultural alignment in understanding and addressing ESG issues can lead to dissatisfaction among stakeholders, including investors, employees, and customers. What should be noted here is the pushing need for an adequate commitment to re-think and adapt performance management and control systems to avoid detachment and decoupling.

In conclusion, our analysis sheds light on the long pathway that still organizations have to deal with to reach an effective ESG strategy. Nevertheless, a caveat is needed before concluding as this study, although putting forth interesting issues, is not free from limitations. Indeed, overall, we make the readers aware to handle with care any evidence about perceived ESG divergency whereas such phenomenon may vary in accordance to managers' characteristics selected for the purpose of the studies. Future research could analyze what are other individual' characteristics that most influence this phenomenon. Also, to catch manager vs. organizational ESG – and E, S, G – perception, this study only included a limited number of labels. Future research could consider other ESG-related aspects that capture this dual per-

ception. Moreover, through the questionnaires, we limit ourselves to analyzing how managers' characteristics can lead to a perceived ESG discrepancy, without analyzing other contextual factors that may have an impact on it. In this sense, future research could broaden the view by identifying possible additional factors that determine this issue. In addition, this research only considers managers of Italian companies. In the future, the research could strive to broaden the reference context to better generalize our results.

Notes

[1] We follow a hierarchical job grade classification like McNamara et al. (2017).
[2] To confirm the validity of our constructs (i.e., MESGO, MEO, MSO, MGO, POESGO, POEO, POSO, POGO), we calculate the Cronbach's alfa and the average variance extracted (AVE) values. All our constructs present values on Cronbach's alfa (AVE) strongly higher than the recommended minimum value of 0.7 (0.5).
[3] We repeated our study conditionally to a Head of ESG presence in the organizations, but we did not find any significant results.

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