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Is Corporate Responsibility Converging? A Comparison of Corporate Responsibility Reporting in the USA, UK, Australia, and Germany

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ABSTRACT. Corporate social reporting, while not mandatory in most countries, has been adopted by many large companies around the world and there are now a variety of competing global standards for non-financial reporting, such as the Global Reporting Initiative and the UN Global Compact. However, while some companies (e.g., Henkel, BHP, Johnson and Johnson) have a long standing tradition in reporting non-financial information, other companies provide only limited information, or in some cases, no information at all. Previous studies have suggested that there are, country and industry-specific, differences in the extent of CSR reports (e.g., Kolk et al.: 2001, *Business Strategy and the Environment* **10**, 15–28; Kolk: 2005, *Management International Review* **45**, 145–166; Maignan and Ralston: 2002, *Journal of International Business Studies* **33**(3), 497–514). However, findings are inconclusive or contradictory and it is often difficult to compare previous studies owing to the idiosyncratic methods used in each study (Graafland et al.: 2004, *Journal of Business Ethics* **53**, 137–152). Furthermore, previous studies have relied mainly on simple measures, such as word counts and page counts of reports, to compare the extent of reporting that may not capture significant differences in the content of the reports. In this article, we seek to overcome some of these deficiencies by using textual analysis software and a more robust statistical method to more objectively and reliably compare the CSR reports of firms in different industries and countries. We examine a sample of leading companies in four countries (US, UK, Australia, and Germany) and test whether or not membership of the Global Compact makes a difference to CSR reporting and is overcoming industry and country specific factors that limit standardization. We conclude that GlobalCompact membership is having an effect only in certain areas of CSR reporting, related to the environment and workers, and that businesses from different countries vary significantly in the extent to which they promote CSR and the CSR issues that they choose to emphasize in their reports. These country differences are argued to be related to the different institutional arrangements in each country.

KEY WORDS: corporate social responsibility, country, industry, global standards, Global Compact, content analysis, Leximancer

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Introduction

As demonstrated by the growing importance of ethical investment funds (Dembinski et al., 2003) and increasing media coverage, there is a growing awareness of the social responsibility of businesses and calls for greater transparency in reporting (Dando and Swift, 2003). Many businesses have responded by more openly reporting on the social and environmental impacts of their activities and there are now a variety of competing global standards for Corporate Social Responsibility (CSR) reporting, such as, the Global Reporting Initiative and the UN Global Compact. Although firms are increasingly being encouraged to adopt such standards, current research on the adoption and impacts of such global standards is limited.

Previous studies have shown that while some companies (e.g., Henkel, BHP, Johnson and Johnson) have a long standing tradition in reporting non-financial information and report all facets of their corporate responsibility and sustainability, other companies provide only limited information, for example, only on corporate giving and sponsorship, or in some cases no information at all and some studies have suggested that there are country or industry-specific differences in the extent of CSR reports (e.g., Kolk, 2005; Kolk et al., 2001; Maignan and Ralston, 2002). A question that is of both theoretical and practical significance is whether and upto what extent country and industry environments constrain adoption of global CSR reporting standards.

Studies on the impacts of such global reporting standards are even scarcer. There is some evidence that membership of the Global Compact provides benefits, such as improved corporate image and networking opportunities (Cetindamar and Husoy, 2007) but there have been few studies that have examined whether or not the Global Compact is actually leading to the desired effect on firm CSR behavior, such as monitoring and reporting of social impacts.

Furthermore, previous studies on these questions are inconclusive or contradictory and it is often difficult to compare previous studies owing to the idiosyncratic methods used in each study (Graafland et al., 2004). Furthermore, previous studies have relied mainly on simple measures, such as word counts and page counts of reports to compare the extent of reporting, which may not capture significant differences in the content of the reports. In this article, we seek to overcome some of these deficiencies by using textual analysis software and a more robust statistical method to more objectively and reliably compare the CSR reporting of firms in different industries and countries. An innovation that we introduce in this area of research is use of a content analysis software package called 'Leximancer' (Smith and Humphreys, 2006). This provides a more objective and reliable method of analyzing the content of CSR reports than relying on investigator coding as has been used in most previous studies and enables more detailed analysis than can be obtained from simple word counts. Next, in order to determine if there were statistically significant country or industry differences, we tested the differences in relative frequencies using ANOVA, MANOVA, and linear regression in SPSS. These techniques enable us to distinguish industry and country level effects and to control and test for the effect for other factors, such as membership of the Global Compact on CSR reporting.

The theoretical perspective we adopt is drawn from institutional theory (DiMaggio and Powell, 1983; Scott, 2001; Selznick, 1948), a theoretical perspective that has proved useful in many other studies that have examined the effects on firms' corporate social behavior of the national institutional environment (e.g., Aguilera and Jackson, 2003) and the industry institutional environment (e.g., Delmas and Toffel, 2004; Halme and Huse, 1997; Marshall et al., 2005). In this article, we examine whether or not adoption of a global CSR standard, such as the Global Compact by firms and to a lesser extent the impact of adopting the standard on firms' reporting of CSR performance can be adequately explained using institutional theory.

The rest of the article is structured as follows. First, we provide some background on global CSR reporting standards, in particular the Global Compact. Second, we discuss how an institutional perspective might be used to explain the adoption and impact of global CSR standards. Third, we outline the methodology, results of our study, and we conclude by discussing the questions that our findings answer as well as other questions they raise and opportunities for further research.

Global CSR reporting standards

In spite of the extensive previous research on CSR, much debate remains as to the exact definition of the concept. However, a definition that integrates much of the previous work is that of Wood (1991) who defines corporate social performance as the "configuration of the principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships. (p. 693)" In response to the increasing public concern about such issues, many businesses are more openly reporting on the social and environmental impacts of their activities, particularly global MNC's and a number of global CSR reporting standards are emerging (Sethi, 2003).

Probably the best known are the Global Reporting Initiative, formed by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997 and the UN Global Compact, first announced by United Nations Secretary-General Kofi Annan on January 31, 1999, an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on them. The UN Global Compact lists ten principles related to human rights, labor rights, environmental protection, and transparency:

Human rights

Businesses should:

- Principle 1: Support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labor Standards

Businesses should uphold:

- Principle 3: The freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in employment and occupation.

Environment

Businesses should:

- Principle 7: Support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The Global Reporting Initiative (2000, 2002) lists the following as some of the key non-financial issues that should be included in company reports:

Environmental

Materials used including percentage recycled, Energy consumed and saved, water used and reused, Land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value and impacts on biodiversity, greenhouse gas emissions by weight and initiatives to reduce greenhouse gas, ozone-depleting and other harmful emissions, waste by type and disposal method

Social performance: Labor practices & Decent work

Employee turnover by age group, gender, and region, employee benefits, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity

Social performance: Human rights

Investment and Procurement Practices, including Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening, Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken, Child Labor, Forced and Compulsory Labor, Indigenous Rights

Social performance: Society

Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, Corruption, Public Policy development, Anti-Competitive Behavior

Social performance: Product responsibility

Customer Health and Safety, adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship, Customer Privacy

Other emerging CSR reporting standards are: AccountAbility's AA1000 standard, based on John

Elkington's triple bottom line (3BL) reporting, Social Accountability International's SA8000 standard, and The ISO 14000 environmental management standard. An underlying assumption behind such global reporting standards is that there is a set of universal values that can be applied to all businesses worldwide. For example, the oil company Total FinaElf explicitly states that it will abide by the principles in the Universal Declaration of Human Rights and the guidelines published by the International Labor Organisation and the OECD for Multinational Enterprises (Logsdon and Wood, 2005).

On the other hand, while not necessarily evidence of ethical relativism (Lewis and Unerman, 1999), several studies show that the degree of corporate social reporting still varies considerably across firms, most CSR reporting standards are voluntary and non-legally binding agreements and there is much latitude for companies to choose the issues to be included in their reports. For instance, Morhardt et al. (2002) found in their study of 40 of the largest global companies that most fell well short of the guidelines set in the GRI and ISO14031 standards.

A question that is of both theoretical and practical significance is whether these global standards are overcoming the constraining effects of country and industry environments that lead to differences in CSR reporting. A number of earlier studies suggest that there may be significant differences in attitudes to CSR and implementation of CSR across countries (Jamali and Mirshak, 2006; Vitell and Hidalgo, 2006).

An institutional perspective on global CSR standards

A key factor that has been shown to be influential in determining both the nature and extent of non-financial disclosure by corporations is the country in which the business is headquartered (e.g., Kolk et al., 2001; Meek et al., 1995; Niskala and Pretes, 1995; Roberts, 1992). For instance, Burchell et al. (1985) demonstrate that the rise and fall of reporting on value added in the UK was heavily influenced by the political agenda in the UK. Political factors are often intertwined with social and cultural factors. Adams and Harte (1998) linked the portrayal of women in UK banks and retail companies between 1935 and 1993 to the social, political, and economic context in which the disclosures were made. Other studies have highlighted the relationship between the cultural context (Adams and Kuasirikun, 2000; Salter and Niswander, 1995), ethical relativism (Lewis and Unerman, 1999), and reporting. Culture influences moral values, which one would expect in turn to influence at least the issues which companies, select as being worthy of report (Langlois and Schlegelmilch, 1990). For instance, compared with Southern Europe, the Nordic countries have traditionally been much more strongly engaged in environmental protection (Halme and Huse, 1997), as exemplified by Norway's Enterprise Act in 1989 to require corporations to include information in the directors' report about emission levels, contamination, and planned and realized measures by the corporation to clean up the environment.

More recently, Aguilera and Cuervo-Cazurra (2004) have argued that differences in CSR can be related to differences in governance systems. Aguilera et al. (2006) note that another striking difference between the UK and US markets is the greater attention being paid by both companies and institutional investors in the UK to issues of long-term social and environmental risk. They argue that multiple actors including employees, top management teams, firm owners, consumers, governments, and non-governmental organizations (NGOs) acting at multiple levels, as individuals, within firms, within nations, and within transnational organizations and in transnational interactions, can create differences in CSR across countries. This is consistent with the growing body of research in international business, which suggests that different business governance systems can be related to differing social and cultural systems (Biggart and Guillen, 1999; Whitley, 1999), differing institutional systems (Hall and Soskice, 2001), and furthermore, that these differences influence the strategic behavior and performance of firms (Griffiths and Zammuto, 2005).

The role of global institutions, such as the UN and other NGOs in setting the environment for international business has also recently emerged as a growing area of research in International Business. As Buckley (2002) has pointed out in a recent analysis of the future research agenda for international management, new actors such as NGOs are

becoming increasingly important in the international business environment and so need to be considered. NGOs or 'the name given to those nonprofit associations focused on social change via political influence or to those providing social and humanitarian services in highly politicized cross-national contexts' (Pearce, 2003, p. xi), are increasingly being recognized in the international business literature as one of three key actors in the global economy, together with governments and firms. Past research on NGOs in disciplines such as economic development, international relations, and international political economy has tended to focus on their role in developing economies (Kostova, 1999). More recently, research has examined the interaction of NGOs with MNCs (Doh and Teegen, 2002; Geppert et al., 2003; Keim, 2003).

Two key perspectives have emerged about the role of global institutions. In ''new institutionalism,'' international institutions are typically viewed as part of the given ''institutional environment'' that influences and constrains organizations. Many studies argue that global technological and institutional forces are leading to the stateless firm. For instance, Whittington and Mayer (2000) argue that the structures and business practice of global firms will inevitably follow the Anglo-Saxon model of capitalism with the decline of national financial systems and the increasing influence of shareholder-value while others argue that global management patterns are emerging through learning across borders and the internationalization of 'best practices.' Global CSR standards can be viewed as an example of the latter. Levi-Faur (2005) argues that the rise of global corporate social responsibility standards can be seen as yet another example of the global diffusion of what he terms ''regulatory capitalism,'' characterized by a new division of labor between state and society, an increase in delegation, proliferation of new technologies of regulation, formalization of interinstitutional and intrainstitutional relations, and an increasing influence of experts, in particular, international experts.

However, other studies draw a rather different conclusion, emphasizing the home embeddedness of MNCs and the impact of host country business systems (Hall and Soskice, 2001; Whitley, 1999). This view argues that the underlying nationality of the firm remains important because of historical experience and the institutional and ideological legacies that continue to influence the operations of MNCs in their internal governance and long-term financing, in their R&D activities, and in their intertwined investment and trading strategies as well as their management practices.

This view is most clearly expounded by Hall and Soskice (2001) in their ''varieties of capitalism'' approach. Their core hypothesis is that we should *not* expect to see a convergence in socio-economic institutions and policies as a result of the globalization process. Their argument can be summarized as follows. They distinguish two types of market economies – ''coordinated'' and ''liberal'' – whose institutional configurations may be characterized in the following way. Institutions in ''liberal'' market economies are designed to allow economic agents to coordinate their activities most efficiently through competitive market arrangements. In such economies, relationships among economic agents are characterized by arms length market exchanges and formal contracting. By contrast, the institutional configurations of ''coordinated'' market economies are more effective at facilitating non-market modes of coordination and are characterized by private information networks and a greater reliance on collaborative, as opposed to competitive, relationships. As a result of these distinctions, the two institutional configurations are associated with comparative advantages in different types of production and with different patterns of asset investment by economic actors. Based on these arguments, they argue that institutional convergence will not take place as a result of globalization because firstly, each ''variety of capitalism'' is potentially equally effective at competing in a globalized economic environment, based on their individual comparative advantages and secondly, firms will tend to be tied to existing systems based on their patterns of asset investment.

By extension, we suggest that these configurations or systems include institutional arrangements for corporate social responsibility. Campbell (2006) argues that corporations are more likely to behave in a socially responsible way, the more they encounter strong state regulation, collective industrial self-regulation, NGOs, and other independent organizations that monitor them and a normative institutional environment that encourages socially responsible

behavior. We, therefore, expect that existing institutional systems will affect corporate responses to pressures to report on their CSR activities.

Methodology and results

We compared the CSR reports of the leading companies in four countries: US, UK, Australia, and Germany. In Hall and Soskice's (2001, p. 22) clustering of varieties of capitalism, the US, UK, and Australia fall into the same cluster of "liberal market economies" with Germany falling into a second cluster of "coordinated market economies" along with Nordic countries. The US is typically cited as an example of a business system where private investors play a powerful role in businesses compared with government and the view that the role of business in society is to generate profit for investors has been widely accepted (Friedman, 1970). In contrast, Germany is a country that is commonly cited as being representative of the European business system where banks and government play the dominant roles (Whitley, 1999). Although they are liberal market economies, the UK and Australia display some characteristics of coordinated market economies (Australian Stock Exchange, 2003; Griffiths and Zammuto, 2005).

Nobes (1998) has also distinguished financial reporting systems into two types based on, who, the reports are meant to serve. He classifies the US, UK, and Australia as examples of reporting systems that are primarily aimed at serving the interests of equity-holders and Germany as an example of a reporting system that is primarily aimed at serving the interests of debt-holders and the taxation authorities. Therefore, according to both Hall and Soskice (2001) and Nobes (1998) we expected to see greater similarities among US, UK, and Australian company CSR reports compared with German company CSR reports.

We first identified the companies in the leading stockmarket indices of each country (the Dow Jones Industrial Average in the US, the FTSE-100 in the UK, the ASX200 in Australia and the DAX100 supplemented by SDAX in Germany). These consist of the largest firms by market capitalization in each country and can be taken as representative of the top tier firms in each country. From each index, we selected a sample of companies which provided CSR reports in PDF format[1] for further analysis.

For each company we also determined:

- whether or not the CSR report provided measurable progress toward targets
- whether or not the CSR report was assured by a third-party
- firm size as measured by number of employees and the extent of multinationality as shown by the ratio of foreign employees/total employees (using data sourced from the Onesource database (http://www.onesource.com), the annual report or the company website)
- whether or not the company was a member of the Global Compact by consulting the Global Compact website (www.globalcompact.net)

The breakdown of the companies for which CSR reports were available by country, industry, and Global Compact membership is shown in Table I. (As can be seen in Table I, German and Australian firms were underrepresented in the sample. This reflects the lack of separate CSR reports by companies in those countries.) Descriptive statistics for size and multinationality are shown in Table II.

We then used a content analysis software package called 'Leximancer' (Smith and Humphreys, 2006) to identify the major themes discussed in each CSR report. The Leximancer software goes beyond keyword searching by discovering and extracting thesaurus-based concepts from the text data, with no requirement for a prior dictionary, (although one can be used if desired). These concepts are then coded into the text, using the thesaurus as classifier. The resulting asymmetric concept co-occurrence information is then used to generate a concept map. A major advantage of using the Leximancer software is that it shows the global context and significance of concepts and helps to avoid fixation on particular anecdotal evidence, which may be atypical or erroneous.

Leximancer can also produce a map that shows the relationships between terms and we used this facility to first identify major themes that were common in the sample. First, we amalgamated all the reports by country to show concepts that were present in each sub-sample of companies from the US, UK, Australia, and Germany. From this analysis

TABLE I

Sample breakdown

GC member			Country				Total
			Australia	Germany	UK	US	
0	Industry	Business support	1	0	2	0	3
		Consumer	3	3	13	4	23
		Finance	4	1	11	9	25
		IT/Media	1	4	5	5	15
		Natural resources	6	1	5	5	17
		Other manufacturing	3	4	4	8	19
		Pharmaceutical/chemical	0	0	3	3	6
		Real estate	4	0	4	0	8
		Transport	0	0	0	1	1
	Total		22	13	47	35	117
1	Industry	Consumer	1	2	4	1	8
		Finance	1	2	2	0	5
		IT/Media	0	1	0	3	4
		Natural resources	2	0	5	0	7
		Other manufacturing	0	3	1	1	5
		Pharmaceutical/chemical	0	2	0	1	3
		Transport	0	2	0	0	2
	Total		4	12	12	6	34

TABLE II

Descriptive statistics for size and multinationality variables

	N	Minimum	Maximum	Mean	Std. deviation
Size	150	235	1304198	160576.71	212397.121
Missing	1				

	N	Minimum	Maximum	Mean	Std. deviation	25 percentile	50 percentile	75 percentile
Multinationality	146	0.0000	0.9979	0.288746	0.2755394	0.040861	0.221307	0.464353
Missing	5							

we identified six themes that commonly recurred in the CSR report: workers, customers, suppliers, community, environment, and society.

As shown in Figures 1–4, the concept maps for each country show quite different profiles with respect to these six issues. In US company reports, a relatively high importance is placed on community- and employee-related issues; in UK company reports employee and community-related issues remain significant, but are related to health and safety issues while Australian company reports appear to be a mixture of US and UK company reports, but communities are discussed in connection with customers. German company reports are shown to be quite clearly distinct from US, UK, and Australian company reports. While employees remain central, there is a much clearer emphasis on social and environmental issues.

The Leximancer software can also produce a list of the most important concepts in each report. In the

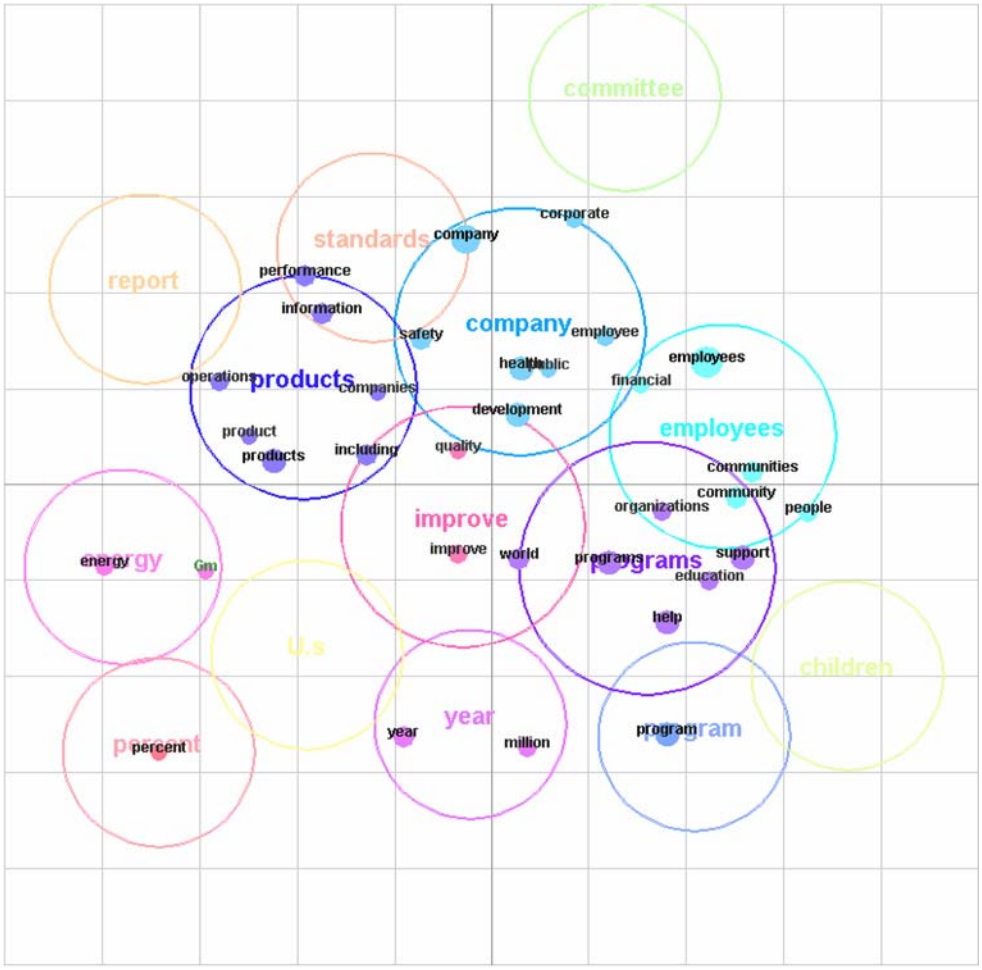

Figure 1. US companies combined.

second step, we compared the relative importance (as measured by frequency of mention in the CSR reports) of each of the six areas of CSR in each company report: workers, customers, suppliers, community, environment, and society. In order to determine if there were significant country or industry differences we then tested the differences in relative frequencies in our sample companies using the MANOVA, ANOVA and linear regression procedures in SPSS (2001). Unlike previous studies which have examined industry and country differences separately or else not controlled for the effects of other factors, these statistical methods allow us to examine the effects country and industry factors simultaneously while controlling for the effect of other factors, such as membership of the Global Compact and multinationality of the company, as well as to examine their interactions. Tables III–VI show the results.

Table III shows that overall countries and multinationality show significant effects. The Pillai's Trace, Wilks' Lambda, Hotelling's Trace and Roy's Largest Root statistics are all highly significant. However, the other variables are not significant.

Table IV shows differences for each CSR issue examined. Countries showed significant differences in the mention of society, community, and customer issues while there was a significant difference between industries in mention of environmental issues. Multinationality showed a significant effect on mention of customer and environmental issues.

As shown in Table V differences between countries were not uniform across all issues. German companies differed significantly from US companies

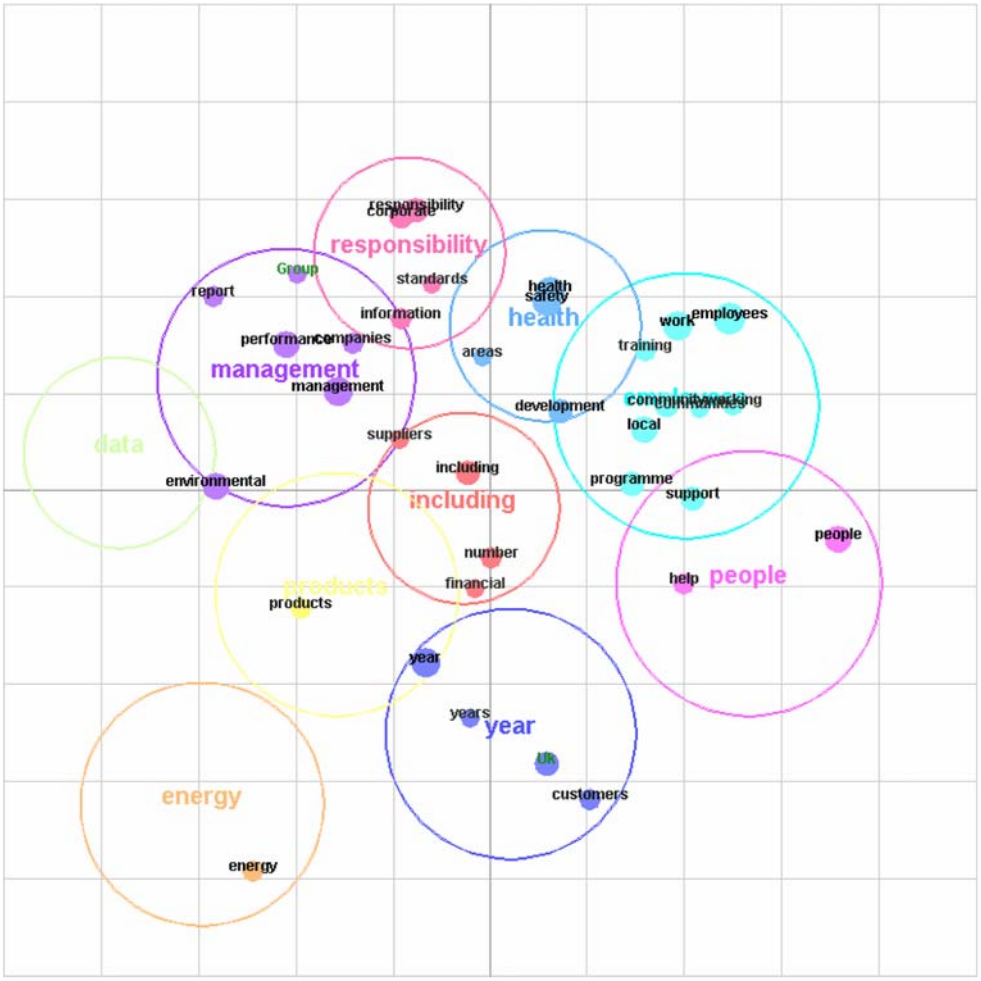

Figure 2. UK companies combined.

as regards social and community issues at the 0.05 level and environmental and worker related issues at the 0.10 level, while UK and Australian companies showed no significant differences from the US.

As shown in Figure 5, the marginal mean for mention of 'social' issues is clearly much greater in the case of German companies compared with companies from the other countries. In the case of community (Figure 6), the scores are reversed, with the German companies making little mention of community compared with US, UK, and Australian companies. Further examination of the text in the reports indicated that there was some overlap in the use of the terms 'social' and 'community' with German companies preferring the use of the word 'social' while US, UK, and Australian companies preferring the use of the word 'community' to describe similar activities. However, the differences appear to be more than semantic. For instance, one issue that was discussed at length by several German companies, but rarely by companies in the other countries was political dialogue and actively participating in the political process in their home country to bring about social change. For example, BASF state in their CSR report: 'We see dialogue with politicians and society as an opportunity…One of the tasks of the political process is to shape the basic conditions for how companies operate (p. 23)' while Deutsche Bank states in its CSR report that it 'engages in political dialogue and is active in the enhancement of legal foundations and in the improvement of regulatory frameworks (p.50).'

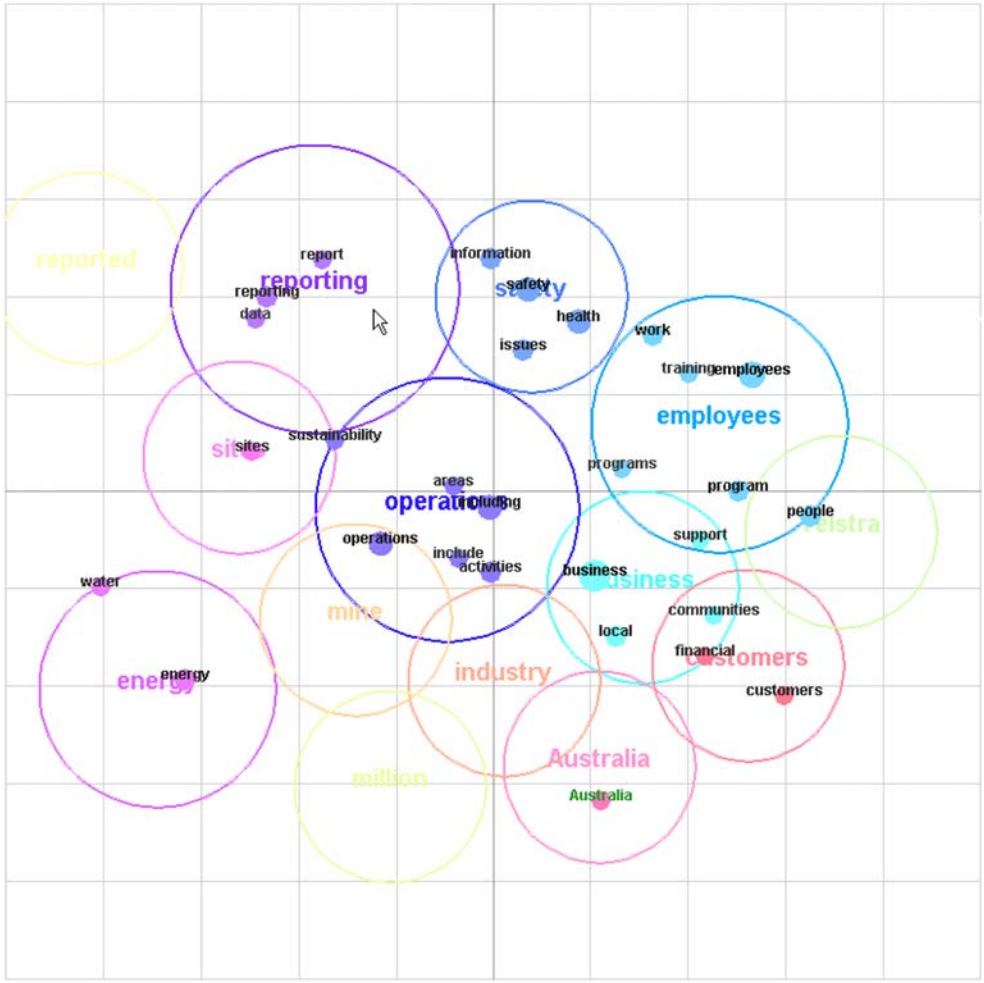

Figure 3. Australian companies combined.

This would seem to suggest a closer link between businesses and government in Germany or at least that some German companies consider and openly recognize that they have a responsibility to participate in the social and political processes at the national level.

Another significant difference between countries was in the use of third-party assurance of CSR reports. Here the UK stood out clearly as the country where third-party assurance was most frequently used and the US as the country where third-party assurance was least frequently used (Table VI , Figure 7).

There were few significant differences among industries. Industry made a significant difference only to frequency of mention of the environment. As shown in Figure 8, the marginal mean was highest for real estate companies and, surprisingly, finance companies.

Global Compact membership was shown to make a significant difference in mention of environmental and worker-related issues but not for mention of society, community, suppliers, and customer issues (Table IV). Global Compact membership was also shown to have a significant effect on the inclusion of measured CSR performance statistics in the report (Table VII).

Multinationality of the company had a significant effect on mention of the environment (Table IV). This was confirmed by the multiple regression results (Table VIII), which show that multinationality has a significant, positive effect on the frequency of environmental issues.

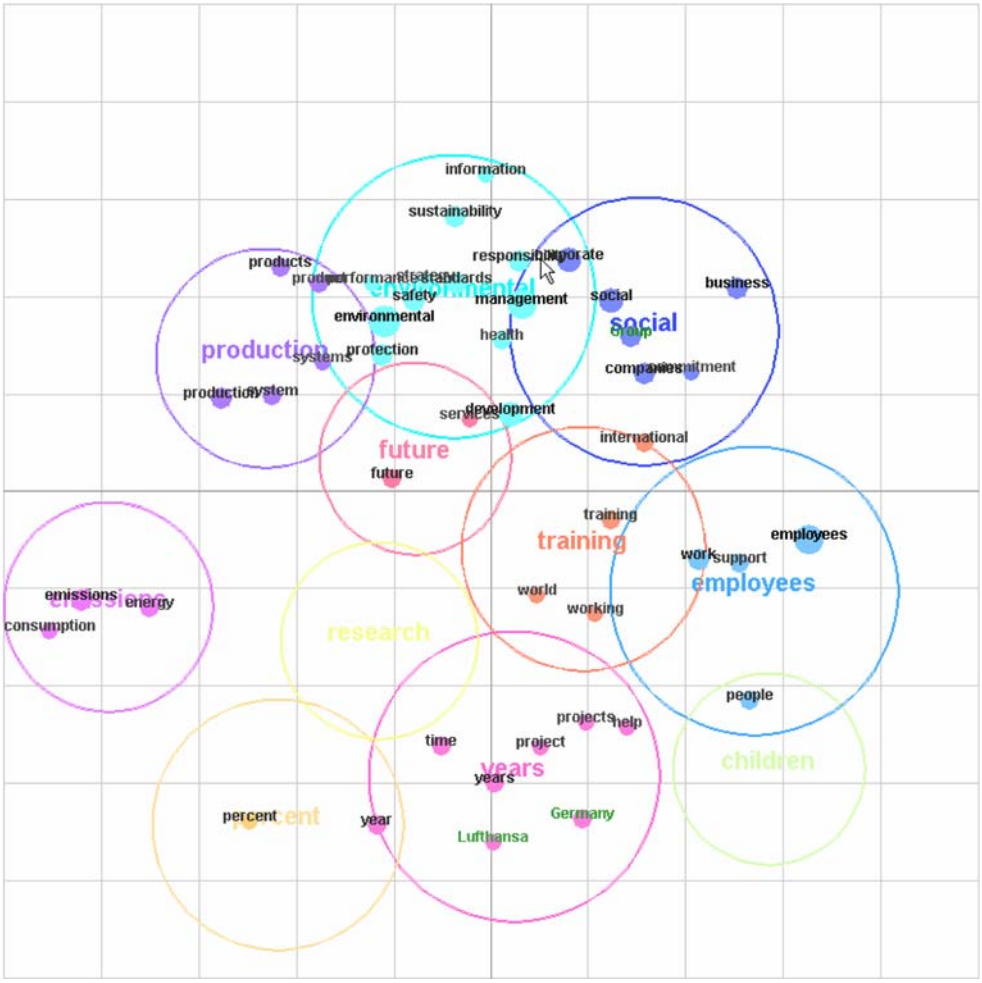

Figure 4. German companies combined.

Discussion

In general, our findings are consistent with the argument that in spite of increasing global CSR standardization significant national differences remain in reporting of CSR. Our study findings also show clearly that companies based in the four countries hold substantially different perspectives on: (1) the importance attached to publicity of corporate social responsibility and (2) the importance attached to particular CSR issues. The findings are consistent with consistent with institutional theories that highlight different varieties of capitalism (Hall and Soskice, 2001; Whitley, 1999) and the different views of the role of business in society found in different countries (Griffiths and Zammuto, 2005).

Our findings of differences in the extent and content of CSR reporting can also be related to differences in importance attached to CSR issues by stakeholders in the four countries. Consistent with Hall and Soskice's (2001) arguments, our findings highlight the critical role of investors or financiers in determining CSR reporting. For instance, in the US, UK, and Australia, capital is more dispersed and widely spread than in Germany. As a result, US, UK, and Australian companies have to appeal to a wider public audience than in the case of Germany. It is noteworthy, for example, that the UK, which has a strong consumer awareness of ethical sourcing issues (Hughes, 2001), displays much greater emphasis on customer and supplier-related issues in their CSR reports. This highlights the key role that

TABLE III

Multivariate tests

Effect		Value	Sig.
Size	Pillai's Trace	0.069	0.328
	Wilks' Lambda	0.931	0.328
	Hotelling's Trace	0.074	0.328
	Roy's Largest Root	0.074	0.328
Multinationality	Pillai's Trace	0.112	0.073
	Wilks' Lambda	0.888	0.073
	Hotelling's Trace	0.127	0.073
	Roy's Largest Root	0.127	0.073
Country**	Pillai's Trace	0.383	0.002
	Wilks' Lambda	0.651	0.001
	Hotelling's Trace	0.483	0.001
	Roy's Largest Root	0.334	0.000
Industry	Pillai's Trace	0.422	0.580
	Wilks' Lambda	0.636	0.581
	Hotelling's Trace	0.486	0.582
	Roy's Largest Root	0.223	0.008
GC member	Pillai's Trace	0.063	0.387
	Wilks' Lambda	0.937	0.387
	Hotelling's Trace	0.067	0.387
	Roy's Largest Root	0.067	0.387

**Significant at the 0.01 level.

the strength of various stakeholder groups has on CSR reporting and is consistent with other studies of the influence of stakeholders and CSR practices. Konrad et al. (2006) found in a qualitative study that stakeholders in European corporations strongly influenced the importance of sustainability related issues in a number of European MNCs while Knox et al. (2005) found that many FTSE companies in the UK had clear strategies for managing both their stakeholder relationships and their CSR programs.

The differences in CSR reporting of environmental issues can also be related to differences in the political sphere. For instance, the relatively low scores for mention of environmental issues among US companies matches the picture in the political arena where the US has stood out as a non-signatory to the Kyoto agreement. The percentage of US companies in our sample that were members of the Global Compact is much lower than in the other countries. This suggests that certain aspects of the Global Compact are not acceptable to many US corporations and is an interesting question in itself, as it raises the question of whether firms are only willing to sign the agreement when they already meet the requirements, or whether signing up to the agreement actually alters CSR behavior. This is something that requires further investigation.

However, not all of our findings were as expected. We had expected on the basis of Hall and Soskice's (2001) classification of countries that Germany would be more clearly distinct from the other countries in their CSR reporting. Although we find significant differences between CSR reports of German companies and those of firms in the other countries in some aspects, such as workers' and social issues, in other aspects, such as environmental issues they were surprisingly similar. This suggests that distinction between liberal market economies and coordinated market economies may be too simplistic to capture all differences in CSR reporting and a more refined typology is required. Next, it suggests that the relationship between national institutional environment and CSR reporting is not direct and that other factors need to be considered. Some key

TABLE IV

Tests of between-subjects effects

Source	Dependent variable	Type III sum of squares	Sig.
Size	Social	569.701	0.179
	Community	191.850	0.644
	Environment	3005.974	0.130
	Customers	338.157	0.531
	Suppliers	66.886	0.660
	Workers	493.798	0.519
Multinationality	Social	108.708	0.556
	Community	162.775	0.670
	Environment*	5659.244	0.039
	Customers	2947.075	0.066
	Suppliers	31.312	0.764
	Workers	747.294	0.428
Country	Social*	2787.488	0.035
	Community*	8958.047	0.022
	Environment	2516.030	0.585
	Customers*	9559.401	0.014
	Suppliers	165.469	0.923
	Workers	7232.831	0.113
Industry	Social	1579.974	0.748
	Community	7457.575	0.408
	Environment*	24327.308	0.023
	Customers	3202.330	0.876
	Suppliers	1690.909	0.765
	Workers	11141.709	0.319
GC member	Social	118.716	0.539
	Community	1116.987	0.266
	Environment	5204.230	0.047
	Customers	1106.132	0.258
	Suppliers	2.118	0.938
	Workers	3466.481	0.090

*Significant at the 0.05 level.

factors that we did not examine in this study are factors within the firm, such as management and stakeholder profiles, resources and financial performance. These could be investigated in further studies.

The finding that the use of third-party assurance of CSR reports was much greater among UK firms was also surprising although this might be explained by recent efforts by the UK government to encourage UK businesses to pay greater attention to CSR issues, including the statutory requirement in the Companies Act 2006 for all companies, other than small businesses, to prepare a Business Review as part of the director's annual report and from October 2007, for quoted companies – to the extent necessary for an understanding of the company's business – to disclose information on environmental, employee, social, and community matters, as well as on contractual and other arrangements essential to the business (www.csr.gov.uk).

From a practical perspective, the finding that Global Compact membership has a significant effect on the inclusion of measurable CSR performance indicators is encouraging from the point of view that

TABLE V

Contrasts between countries

Country		Dependent variable					
		Social	Community	Environment	Customers	Suppliers	Workers
Australia vs. US	Contrast estimate	1.601	−18.532	−3.940	5.415	−2.256	−4.341
	Hypothesized value	0	0	0	0	0	0
	Difference (Estimate – Hypothesized)	1.601	−18.532	−3.940	5.415	−2.256	−4.341
	Std. error	7.293	12.334	14.847	12.085	7.666	14.197
	Sig.	0.827	0.136	0.791	0.655	0.769	0.760
Germany vs. US	Contrast estimate	16.052	−24.189	22.679	−3.444	6.859	20.328
	Hypothesized value	0	0	0	0	0	0
	Difference (Estimate – Hypothesized)	16.052	−24.189	22.679	−3.444	6.859	20.328
	Std. error	6.052	10.236	12.321	10.029	6.362	11.781
	Sig.	0.009**	0.020**	0.069*	0.732	0.284	0.088*
UK vs. US	Contrast estimate	4.325	−9.221	3.733	8.898	4.851	4.834
	Hypothesized value	0	0	0	0	0	0
	Difference (Estimate – Hypothesized)	4.325	−9.221	3.733	8.898	4.851	4.834
	Std. Error	5.289	8.946	10.768	8.764	5.560	10.296
	Sig.	0.415	0.305	0.730	0.312	0.385	0.640

*Significant at the 0.10 level.
**Significant at the 0.05 level.

member firms are actively monitoring and reporting on their CSR performance. Our finding that membership is having an effect only in reporting of issues related to the environment and workers is not surprising as these are areas specifically addressed in the Global Compact. However, the finding that it does not appear to have had a significant effect on reporting in other areas of CSR raises an interesting theoretical issue about the adoption and implementation of such CSR standards by firms. It suggests that firms may be engaging in 'satisficing' behavior (Cyert and March, 1963; Simon, 1955), only reporting in such areas as required by the standards body and that this greater monitoring does not extend to other areas of CSR where it is not required. This recalls early work on corporate social reporting by Tinker and Lowe (1980), which argued that CSR reporting, like other firm behavior, needs to be viewed as the outcome of a satisficing process involving trade-offs between multiple parties within the firm. Good performance in one area of CSR does not appear to automatically lead to good performance in other areas. This could be further investigated in other studies.

The finding that multinationality of the company had a significant effect on mention of the environment, but not other issues, such as workers and suppliers were also unexpected. One might expect multinationals to emphasize environmental impacts more than domestic firms. However, the finding of no effect on mention of workers and suppliers is surprising since managing global supply chains responsibly has been a recurring theme in CSR in recent years (e.g., Roberts, 2003). This requires further analysis.

Conclusions and further research

In conclusion, our study shows, first, that Global Compact membership is having an effect on CSR reporting but only in certain areas, related to the environment and workers, and, second, that businesses from different countries vary significantly in the extent to which they promote CSR and the

TABLE VI

Comparison of third-party assurance by country

	(I) Country	(J) Country	Mean difference (I–J)	Std. error	Sig.
Tukey HSD	Australia	Germany	−0.09	0.122	0.884
		UK	−0.33*	0.102	0.009
		US	0.16	0.109	0.475
	Germany	Australia	0.09	0.122	0.884
		UK	−0.24	0.104	0.103
		US	0.25	0.110	0.120
	UK	Australia	0.33*	0.102	0.009
		Germany	0.24	0.104	0.103
		US	0.49*	0.088	0.000
	US	Australia	−0.16	0.109	0.475
		Germany	−0.25	0.110	0.120
		UK	−0.49*	0.088	0.000
Bonferroni	Australia	Germany	−0.09	0.122	1.000
		UK	−0.33*	0.102	0.011
		US	0.16	0.109	0.909
	Germany	Australia	0.09	0.122	1.000
		UK	−0.24	0.104	0.139
		US	0.25	0.110	0.165
	UK	Australia	0.33*	0.102	0.011
		Germany	0.24	0.104	0.139
		US	0.49*	0.088	0.000
	US	Australia	−0.16	0.109	0.909
		Germany	−0.25	0.110	0.165
		UK	−0.49*	0.088	0.000

*The mean difference is significant at the 0.05 level.

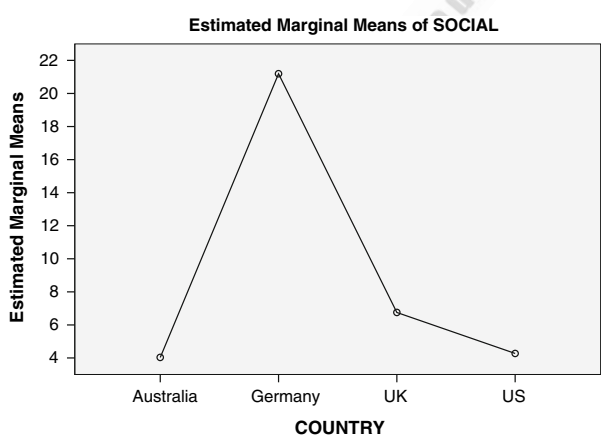

Figure 5. Estimated marginal mean social scores by country.

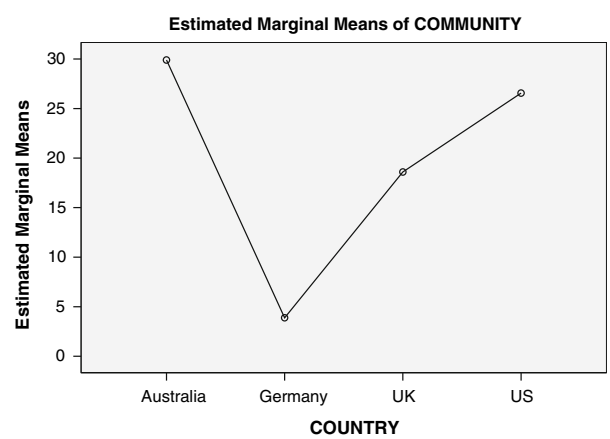

Figure 6. Estimated marginal mean community scores by country.

CSR issues that they choose to emphasize. These country differences appear to be related to the institutional arrangements in these countries.

However, there are also several unexpected results, so these initial results should be interpreted with caution, keeping in mind some limitations of

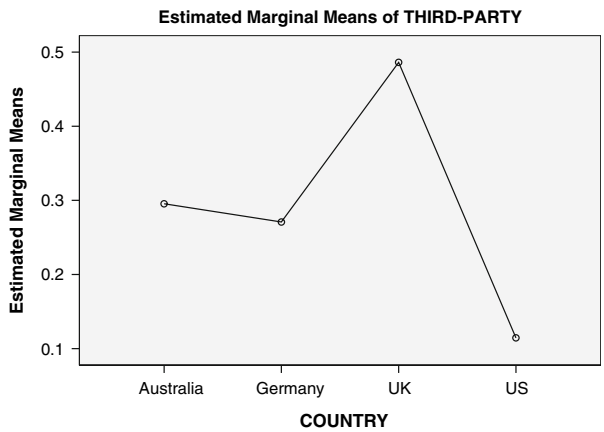

Figure 7. Estimated marginal mean third-party assurance scores by country.

the study. First, the analysis was based on only one type of communication – CSR reports on web sites – and did not investigate other means of communication. We believe that in this day and age most companies that wish to communicate widely about their CSR would do so mainly using their company website but we accept that we may have missed other important forms of media that are used by some companies to report on their CSR activities.

Second, our measure of relative importance of CSR-related issues is based largely on concept mapping and word frequency in the reports. Although we would argue that this measure provides a good indication of the relative importance of the issue that the company wishes to portray to readers of the reports and we have also compared the provision of measurable CSR performance figures in the reports, this may not necessarily equate with the importance attached to the issue in actual implementation of CSR by the company. Further work would be required to establish if this is the case. (Developing a comprehensive measure and obtaining reliable data for a firm's CSR activities would be key obstacles that would need to overcome as our preliminary examination suggests that the availability of such figures is patchy.)

Third, the conclusions were drawn from a relatively small number of companies in just four countries. In particular, we were limited in the case of Australia and Germany by the relatively small number of companies that provided separate CSR reports. Furthermore, although we controlled for firm size, the companies included in this study were among the largest firms in their home markets and their CSR reporting might not be the representative of those, adopted by smaller companies. Lepoutre

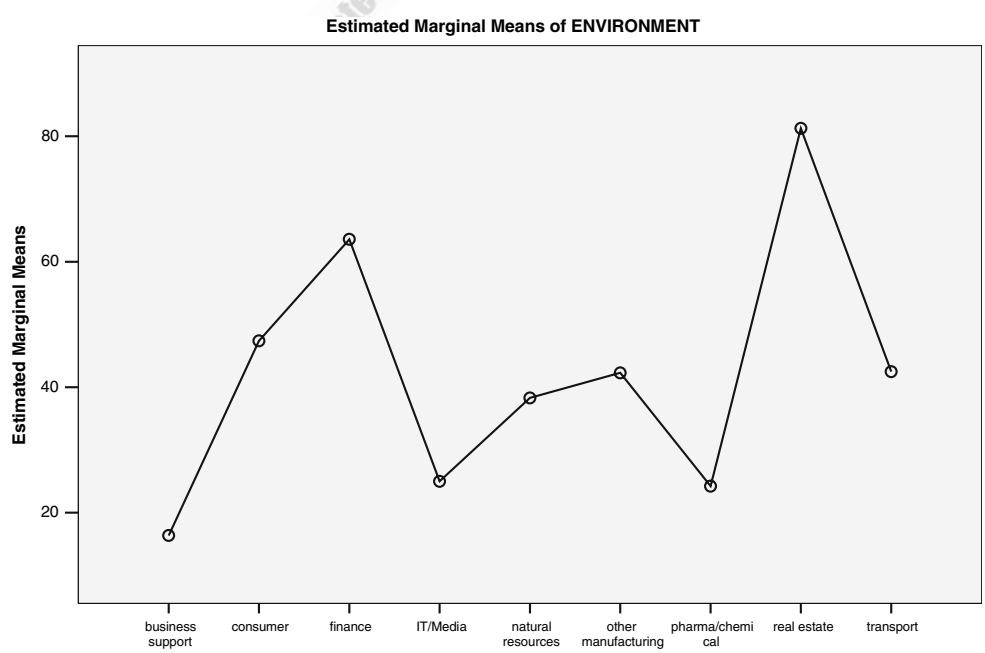

Figure 8. Estimated marginal mean environment scores by industry.

TABLE VII

Comparison of publication of measured CSR performance

Source	Type III Sum of squares	Sig.
Intercept	17.338	0.000
Size	0.407	0.131
Multinational	0.025	0.707
Country	0.530	0.394
Industry	0.772	0.817
GC member	0.695	0.049
Country · Industry	1.398	0.943
Country · GC member	0.549	0.378
Industry · GC member	0.421	0.791
Country · Industry · GC member	0.632	0.730

R Squared = 0.280.
*Significant at the 0.05 level.

TABLE VIII

Regression with environment dependent variable

Variable	Beta	Sig.
(Constant)		0.006
Size	0.001	0.988
Multinationality*	0.179	0.044
Australia	0.094	0.355
Germany*	0.207	0.030
UK	0.142	0.167
Finance	−0.054	0.592
Pharmaceutical/chemical	−0.154	0.089
Natural	−0.047	0.645
IT	−0.169	0.085
Other	−0.057	0.570
Real*	0.207	0.024
Transport	−0.068	0.449
Support	−0.086	0.312

Model *R*-square = 0.168.
*Significant at the 0.05 level.

and Heene (2006) concluded in their review of empirical work on this question that small firm size does negatively affect corporate responsibility taking and our own experience in this study with attempting to obtain more CSR reports from Australian and German companies suggests that the extent of CSR reporting drops off rapidly as the size of the company decreases. Further research could compare the extent and type of reporting by SMEs with that of larger firms.

Clearly there are many questions that remain unanswered but we hope that, in spite of the limitations, our study has clearly demonstrated the usefulness of using the Leximancer software combined with rigorous statistical techniques for analyzing CSR reports and that this will encourage others to take our work further.

Note

[1] All the German companies also provided reports in English, so we used the English version in all cases to facilitate comparison with the US, UK, and Australian companies.

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