Managing Company Stakeholder Responsibility:

Why it might be easier within countries than between countries

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Abstract

This paper looks at how companies might respond to the demands of stakeholders when developing Corporate Social Responsibility (CSR) strategies. Using empirical evidence across five countries we show that stakeholder expectations on CSR do not appear to conflict within countries but are significantly different between countries. We argue that this simplifies management of CSR from a practical perspective since it reduces the variety of CSR policies that companies need to adopt. It also suggests that the theoretical development of the new concept of, 'Company Stakeholder Responsibility,' proposed by Freeman (2006), should focus primarily on international differences in stakeholder characteristics and in particular on the developmental trajectories of respective national business systems and the role of the State.

Keywords:

Stakeholder Theory, Corporate Social Responsibility, National Business Systems

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1. Introduction

In the last twenty years two of the most persistent concepts in management, both for practitioners and academics, have been the issues of stakeholder engagement (Freeman 1984) and Corporate Social Responsibility (CSR) (see Garriga and Mele, 2004 for a full survey). Recently, Edward Freeman the originator of Stakeholder Theory has proposed a new concept, 'Company Stakeholder Responsibility,' that combines the insights from both research streams (Freeman 2006). This term is not simply a semantic nuance on CSR. First, it aims to highlight a weakness of much of the current CSR research, which is that it tends to focus on large, usually multinational corporations at the expense of smaller companies, especially SMEs. Second, it acknowledges that within the context of the stakeholder approach, the social aspect of CSR must accommodate a number of stakeholder groups, each of which may have differing and perhaps conflicting ideas about what constitutes responsible behaviour on the part of businesses.

The juxtaposition of CSR and Stakeholder Theory in this way raises a number of questions, two of which are the focus of this paper. First, a conceptual question for academics and businesses alike: Do stakeholders have different conceptions about what constitutes responsible company behaviour? Second, a practical question for business, especially for resource constrained SMEs: If stakeholders' views differ, which group should CSR managers focus on?

To address these questions, we discuss some ideas from the theoretical literature which suggest that there are indeed competing explanations as to which stakeholders should take priority when it comes to CSR. We develop these ideas further within the context of globalisation and a national business systems framework and illustrate the influences these concepts have on the relative importance of three types of direct stakeholder (1) shareholders; (2) employees in large companies and; (3) consumers. We investigate potential differences using one behavioural measure (the propensity to punish firms for poor CSR), one general attitudinal measure (stakeholder views on the general role of firms) and ten specific CSR issues. Specifically, we test for differences amongst the stakeholder groups both within and between five countries; France, Germany, Japan, the United Kingdom and the United States.

We make two general contributions. First we provide empirical evidence which shows that within countries, stakeholder views on CSR are not necessarily in conflict. We argue that this suggests that CSR management within a stakeholder context may be easier than the existing literature suggests for SMEs though not necessarily for multinationals. Second, we highlight differences between countries which we show to be significant and apparently related to development of the national business systems in each case, which affects the way multinationals need to deal with issues of social responsibility. This suggests that theoretical development of CSR research in the context of stakeholder theory may be most fruitful if conducted in a comparative international context.

The paper is organised as follows. In the next section, we discuss some of the literature on stakeholder theory which suggests competing aims for different groups. Section 3 discusses the influence of globalisation and national business systems on the relative importance of stakeholders and develops some general propositions following from our discussion and Section 4 discusses the data methods we employ in our empirical tests. The findings are presented in Section 5 and the final section presents a discussion and some of our conclusions about the implications for managers and academics alike.

2. Literature Review and Conceptual Development

The debate regarding the place of business in society has become more complex since early claims that the role of business is to create and satisfy customers (Drucker 1955, pp.35-9), or that the business of business is to make profits for shareholders (Friedman 1970). Business leaders have begun to recognise their responsibilities to wider constituencies than just customers or shareholders, for example by adopting the Sullivan Principles (1999)[1] and in the banking sector by adhering to the Equator Principles (2003)[2] or by supporting the World Business Council for Sustainable Development's definition of corporate social responsibility (2002)[3]. By and large these changes reflect the impact of ideas regarding the importance of stakeholders, first proposed by Edward Freeman (Freeman 1984) and developed further by him in association with others (Freeman 1994, Freeman 1999, Freeman & Phillips 2002, Freeman, Wicks and Parmar 2004, Freeman 2006). Nevertheless there remains disagreement regarding whether stakeholder capitalism is a legitimate replacement/enhancement for shareholder capitalism or instead a distraction which may cause managers to become ineffective (Henderson 2002, Crook 2005).

2.1 Arguments for Shareholder Primacy

The literature contains a number of arguments for shareholder primacy over other stakeholders. First, many legal jurisdictions require corporations to have as their principal objective "the conduct of business activities with a view to enhancing corporate profit and shareholder gain" although this is often qualified in important ways (American Law Institute 1992).[4] This has been reinforced in many countries by the development of codes of corporate governance often based on the OECD code, endorsed by the International Corporate Governance Network (ICGN).[5]

Second, the classical view of the role of the firm states that as long as managers remain within the bounds of the law and accepted norms their only objective should be to maximize profits for the shareholders (Friedman 1962, 1970).[6] A recent restatement of this view argues that the CSR strategies of managers are most effectively regulated by shareholders and that regulation of CSR by other means often suffer from serious defects in motivation and/or outcome, (Crook 2005). It follows that managers should focus on maximizing shareholder returns so that governments and shareholders can then decide what should be done with the taxes and dividends they receive as a consequence.

Third, the existence of multiple managerial objective functions that reflect potentially conflicting stakeholder priorities may make it difficult, if not impossible, for managers to develop focussed policies (Jensen 2002). A similar view argues that stakeholder theory may be so vague that it fails to provide managers with effective guidance (Jones and Wicks 1999 p.206), or worse still that it may not represent a formal theory at all (Trevino and Weaver 1999 p.224, Gioia 1999 p.229). From an historical perspective, Sundaram and Inkpen (2004) argue that the single objective of shareholder interests has most often proved the best objective for managers to work to. Indeed, Gomez (2004) argues that the historical development of managerial capitalism from communitarian and family firm based capitalism arose because many owners did not understand the workings of their businesses (Veblen 1921). Rather than be allowed to continue to undermine economic efficiency they were replaced by 'Sloanist' managerial systems (Drucker 1946, Micklethwait and Micklethwait 2003). The development of shareholder capitalism during the 1980s can in turn be interpreted as a response to the failure of managers to maximize profits for owners (Jensen and Meckling 1976). Shareholder primacy within the context of agency theory (Fama 1980, Fama and Jensen 1983b) therefore represents a regulatory response to managerial capitalism, in which the interests of managers may otherwise dominate.

Fourth, a fiduciary view of business organisations argues that only the shareholder can be truly said to be in a fiduciary relationship since the contract they have with managers is often incomplete due to asymmetric information or principal-agent issues (Kaufman 2002, Marcoux 2003, p.18). By contrast other stakeholders such as consumers or employees have near complete contracts which are codified more easily and are often limited to the exchange of goods or labour in return for a simple financial consideration. This viewpoint disputes the concept of multi-fiduciary relationships (Evan and Freeman 1988) arguing that managers cannot be fiduciaries for all groups since it is (1) conceptually impossible to put each group of stakeholders ahead of all the others and; (2) it is practically impossible to serve conflicting interests simultaneously and equally (Marcoux 2003, p.4). Finally, given the importance of trust in stakeholder capitalism, the primary responsibility of managers should be to act in ways that protect shareholder interests and fulfil their fiduciary duties to the company owners first, since this is where the greater element of trust lies.

2.2 Arguments against Shareholder Primacy

There are also a number of arguments against prioritizing shareholder interests. First, the customer primacy view (Drucker 1955, pp35-9) argues that irrespective of its ownership structure, the long-term viability of a business depends on the creation of value for customers, which firms capture through revenues (Drucker 1998). In this respect, shareholders do not create wealth. This comes from the ongoing relationship between the firm and its customers that allows them to capture value which is converted into economic surplus.[7] From this, shareholders are only entitled to a residual which in turn must cover the cost of capital and shareholders' risk premia.

Second, some approaches highlight the importance of the customer-driven purpose of businesses, (Carver and Carver 1998, p6, Carver and Oliver 2002, Wallace and Zinkin 2005, pp.46-9). The Carver Policy Governance® model for example (Carver and Carver 1998, Carver and Oliver 2002) suggests that whilst the role of the board is to govern on behalf of the owners, it must first define its 'ends,' i.e. who the recipients or beneficiaries will be; the impact or benefit or changed outcome in the lives of these beneficiaries; the costs of delivering such benefits and as a result, the rates of return implied by such activities as well the metrics by which managers will be measured (Wallace and Zinkin 2005, p47).[8]

Third, the risk management approach argues that stakeholder capitalism can be a way of managing the impact of irresponsible behaviour on the reputation of companies especially those which rely on brand and other intangibles in their market capitalization. This approach builds on the strategic decision-making framework developed by Carroll and Hoy (1984). At a more explicit level, stakeholder engagement helps firms to develop social legitimacy or a, 'Licence to Operate,' i.e. to create access to and acceptance within the markets in which they operate (Deephouse 2005, Meyer and Rowan 1991, Mitchell, Agle and Wood

1997, Post et. al 2002, Zinkin, 2004).[9] The extent of stakeholder activism is a conditioning factor and as civil society becomes more sophisticated in its approaches to CSR issues, managers are often forced to adopt a precautionary approach especially where the Internet is used to mobilize customers (O'Connell et al 2005).[10]

Fourth, the ability of shareholders to regulate company behaviour may be constrained by collective action problems. Shareholders may not represent a homogeneous group and may differ in respect of their risk appetites and objectives (Gomez 2004 p.52), they may have divergent time horizons (Pedersen and Thomsen 2003) and different opportunities for shareholder representation and activism which may in turn vary according to institutional ownership (Pound 1989, Talner 1983, Lazonick and O'Sullivan 2003). Evidence for the weakness of shareholder control can be seen in studies of corporate takeovers which find that they may not have the disciplinary function attributed to them (Franks and Mayer 1996).

Finally, there is the normative case that business and ethics must be connected in order to achieve both financial and social objectives (Freeman, Wicks and Parmar 2004). For example, global value chains require business deals that are attractive to stakeholders over time. Otherwise there may be defections which cause the deals to break down. As a result they argue that a stakeholder focus may also be shareholder friendly. Moreover, developing new products and services often requires involving customers, employees and suppliers to create and test new concepts – a process that would be weakened if the focus was only on shareholder gain. They argue further that the single-minded focus on maximizing shareholder value without any sense of moral constraint has been a contributory factor in many governance scandals in the US.

3. The Effect of Globalization and National Business Systems

3.1 Globalization's impact on stakeholders:

Globalization is not a new process (Cable 1999) but several factors related to the process have changed the balance of power between stakeholders in subtle ways. These include, *inter alia*; the rise of mass consumerism (Mandelbaum 2003 p20); the end of territoriality; the, 'death of distance'; instant communications and through the internet greater access to information (Dunning 2000 p22) and; the development of more liberal wholesale and retail credit markets.

3.1.1 Customers

From a customer perspective globalization provides greater choice of suppliers (Mandelbaum 2003, p289). Foreign Direct Investment (FDI) has caused the transfer of technology and skills to low cost locations, allowing customers to make fewer trade-offs between product specification and price. Moreover the development of the Internet and e-commerce mean that customers have greater access to the information needed to make informed comparisons on quality, specifications and price (Birkinshaw 2000 p58). The growth of consumer credit allows customers to exercise their choices more easily, transferring power from producers and making customers more important as stakeholders.

3.1.2 Employees

From a production perspective, globalization appears to have weakened some employees but strengthened others (Rajan and Zingales 2003, pp.90-91). Unskilled blue collar workers are more vulnerable to the transfer of work to locations where labour is cheaper and relatively unskilled white collar workers are vulnerable to outsourcing in countries like India, China and Russia, (Balfour, Grow and Greene 2003). However, globalization may have empowered highly skilled workers who are rewarded more generously in world markets for their scarce skills (Rajan and Zingales 2003, p84). So employees that have benefited from the changes in the structure of the value chain have become more important stakeholders, while at the same time others who do routine, unskilled work have become less important. Further evidence for this divergence is provided when the treatment and pay of workers and middle managers in America is compared and contrasted with the salaries of senior managers and in particular CEOs (Marens 2006) and the surprising finding that downsizing has not led to job losses, but rather to the same amount of work being done for less pay (Baumol, Blinder and Wolf 2003).

3.1.3 Governments

Many governments have elected to step back and appear willing to give up significant powers both in domestic markets through privatization and investment "beauty contests" designed to attract foreign direct investment (Mytelka 2000, pp.288-90) and through liberal trade policies such as the GATT and WTO regimes, as well as adopting codes of governance that make capital markets more transparent to foreign investors (Wallace and Zinkin 2005). This has led to an apparent disempowerment of governments as they become exposed to actions originating outside their territorial control (Beck 1998, p.66; Martin and Schumann 1997) and companies that find it easier to practice globalisation (Talalay 1999, p.209-11).

3.1.4 Communities

Many communities have been increasingly marginalised by the effects of global competition as managers have had to relocate factories and industries to stay competitive in order to meet their obligations to shareholders and to customers - hurting communities in order to stay in business as they do so. This lies at the heart of the debates about off-shoring, which it has been argued has increased the power of consumers and investors at the expense of employees and communities (Whitman 1999) – a view supported by the CEO of Wal-Mart.[11]

3.1.5 Owners

Owners may also have been weakened by the effects of globalization and better access to information. The resulting wider availability of funds may have had two effects on owners. First it may reduce the importance of privileged access to financiers which in turn may mean that owners cannot use capital rationing as a way of protecting the rents of incumbency. Freely available capital seeks out new products, processes and applications in an effort to create better returns and in the process helps new entrants, latecomers or market disrupters in ways that would have been impossible in the late 19th and early 20th centuries. This may weaken the position of incumbent owners versus other owners (Rajan and Zingales 2003, p.66). Second it may expose the internal capital market within large firms and highlight whenever firms are wasting funds investing in activities others can perform better. This has led to the vertical disintegration of the firm discussed earlier most particularly in multinationals which have created internal markets where business units have the right to compete globally for charters, allowing them to serve competitors' as well as other group business units (Birkinshaw 2000), which in turn has weakened owners' control (Rajan and Zingales 2003, p.91).

3.2 The Effect of National Business Systems on Stakeholder Significance

Despite the influence of globalisation, there is considerable evidence that the operational and financial performance of companies remains closely related to the national conditions in which they operate. Different national 'models of capitalism', have been conceptualised as national business systems (Whitley 1992a, 1992b, 1999), social systems of production (Hollingsworth and Boyer 1997), societal effects models (Maurice et al. 1980, 1986), national governance systems (Hollingsworth et al. 1994, Charkham 1994; Monks and Minow 1995, Chew 1997), and national capital market structures (Coombes and Watson 2001, Newell and Wilson 2002, Wallace and Zinkin 2005), which in turn may influence differences in stakeholder characteristics and CSR management (Williams and Zinkin 2006).

In this context, key factors influencing the difference in attitudes of stakeholders *between* countries include *inter alia*; (1) the nature and structure of the capital markets; (2) the role of consumption versus production in the economy; (3) the relative importance of employees as a result of different assumptions about employment of labour; and (4) the role of the State in the development trajectory of markets and industries. In the next section, we discuss these effects in the context of the five countries we have chosen for our study and develop some directional propositions in each case.

3.2.1 Stakeholders and national business systems in five countries

First, capital markets and the systems of corporate governance that are associated with them have developed differently. In Anglo-Saxon capital markets and models of governance, the nature of the markets themselves mean that shareholders have primacy, and the institutional framework often ensures that shareholder primacy is maintained through board independence; a regulatory environment promoting transparency of reporting and accountability to shareholders; a liquid capital market that allows for hostile takeovers; and finally a sophisticated and dispersed shareholding structure. In many other capital markets institutional frameworks promote the interests of shareholders less exclusively; boards are not independent; disclosure is limited and shareholders are not treated equally; the capital market is often illiquid, making it difficult for hostile takeovers; and ownership may be concentrated in family owned structures or in bank holdings (Coombes and Watson 2001; Wallace and Zinkin 2005).

The difference in approach to the development of capital markets in France, Germany and Japan reflects their historical development trajectories (Fukuyama 1995) and their tradition of communitarian capitalism (Thurow 1993, p.32). Both Germany and Japan had weak central governments at formative periods in their history, which forced people to become independent of the State in their attempts to create new industries. In France the State was strong, centralised, and, under Colbert actively engaged in industrial development and so in France there was, and still is greater reliance on the State, (Fukuyama 1995: 214). Unlike their US or UK counterparts, Japanese and German industrialists historically relied on bank finance rather than equity for funding, and in the case of the Japanese, banks were at the heart of each *zaibatsu*, and remained so in the post World War II *keiretsu* reconstruction of the disassembled *zaibatsu*. In Germany the industrial banks became specialists in particular industries and funded their development.

We would therefore expect, other things being equal, that in Anglo-Saxon environments, shareholders are granted more importance than in other capitalist systems.

Second, given the fact that both the US and the UK are countries with low savings rates and persistent trade deficits, we would also expect to see the consumer being given more importance than in other systems, where the historical focus has been on the supply side through interventionist trade development policies as in the case of France or Japan (Prestowitz 2005). As a result we would expect to see a greater willingness to protect producers at the expense of consumers, and this may in turn frame what is regarded as responsible behaviour, giving less emphasis to either shareholders or consumers. This may help explain why fewer companies have opted for vertical disintegration under the pressures of globalization than in the Anglo-Saxon world. Most specifically many German and Japanese companies, unlike their American counterparts, have chosen to remain as integrated as possible, in part because they fear the loss of intellectual property and tacit knowledge that comes from disintegration (Nahapiet and Ghoshal 1998, Nonaka and Takeuchi 1995), but also because they value their workforces differently from US firms (Berger 2006, p231).

Third, other developmental similarities between Germany and Japan affected their attitudes to and treatment of employees. Both regimes invested heavily in workplace education; the Germans through their apprenticeship system; the Japanese through lifelong employment. More important still was their only partial acceptance of the doctrines of Taylor and Ford. Unlike US businesses where Taylor was adopted wholeheartedly, with its consequent devaluation of labour, creation of distrust and adversarial, legalistic relationships between labour and management (Fukuyama 1995, p.226), the Germans maintained their craft-based thinking that allowed them to work in teams where workers showed initiative and where there were no rigid hierarchies of job classification preventing upward mobility of workers. The German *Meister* has discretion on how to deploy labour and who to promote, unlike in France where there are rigidly determined national pay scales that meant that the only way a worker could earn more was to move up the pay scale, just as civil servants do everywhere (Fukuyama 1995, pp.233-242). The trust that exists in the German system allows supervisors discretion in the knowledge they will not be taken advantage of, and this ensures there is no separation between conception of work and its execution (Sabel 1981, p.20). Such an approach makes it more difficult to outsource work and send it offshore to low trust cultures where workers are not expected to be flexible or demonstrate independent problem solving.

The same is true of Japanese workers, who are encouraged through lean manufacturing pioneered by Toyota, quality circles and suggestions to take charge of the production process – the exact opposite of Taylorism (Fukuyama 1995, p259): Such a system depends on reciprocity and trust, which has often been lacking in the US or the UK as a result of their industrial relations history (Womack et al 1991, p.99, Marens 2006), which in turn is a reflection of the primacy of shareholders over other stakeholder (though in the UK there was also the element of class dividing workers from managers and owners). It should therefore not come as a surprise that Japanese management do not wish to offshore work – they regard their educated, flexible workforces as too precious (Berger 2006, p.231). In downturns, Japanese firms will first discharge their part-time employees (in whom there in no such repository of tacit knowledge), followed by reductions in bonuses and then across- the-board management pay cuts. Only if these efforts have proved to be inadequate will the unions be approached for employee pay cuts (Abbeglen and Stalk 1985, p.197).

As a result we would expect to see German and Japanese companies held accountable for the development and training of employees, whereas in France we would expect the State to be held accountable, both as a result of a long history of dirigisme, but also as a result of the nationally determined pay scales with their rigidly imposed stratification which disenfranchises both unions and companies at the local level (Fukuyama 1995, p.234). In the UK, we would expect the State to be held accountable as a result of the recent history of government sponsored retraining schemes, combined with the past tradition of class cleavage, separating workers from managers, and mangers from owners. We would expect the US to be somewhere in between given the historical absence of class warfare.

Finally, as far as governments are concerned, the US and the UK have both adopted laissez-faire approaches to industrial development, though there was a brief, if unsuccessful attempt to promote industrial policy in the UK under the Labour Government of Harold Wilson in the late 1960s and early 1970s. The Japanese, French and Germans have all tried to use industrial policy to create industries capable of competing in world markets with greater or lesser degrees of success. We would therefore expect governments to feature more prominently as stakeholders in the non-Anglo-Saxon countries.

4. Methodology

In order to evaluate our propositions we used data from an extensive survey of stakeholder attitudes to CSR, which is published annually by GlobeScan Ltd and first appeared as the *Environics Millennium Poll* in 2000. In each year the survey covers a fully stratified, representative sample of around 1,000 respondents in each of a wide selection of countries around the world. The responses are obtained from face-to-face or telephone interviews and at the country level, results are accurate to within +/- 3.1 percent. We use data from the 2003 cohort for the five countries in our study. Some general characteristics of the data are presented in Table 1.

< INSERT TABLE 1 HERE>

Our stakeholder groups are defined as (1) shareholders; (2) employees of large companies and; (3) consumers. Clearly all respondents are consumers in a broad sense, so our categories should be interpreted as consumers who are also shareholders, consumers who also work in large companies and consumers who are neither shareholders nor employees in large firms. Large firms are defined as those with 1,000 or more employees. We excluded those who were both shareholders and employees of large companies and also those who gave no response or were otherwise not identifiable.

We chose one question on the general role of firms, ten questions on specific CSR issues and one question on behaviour. These are presented in Table 2. Since the data are categorical and unlikely to follow a normal distribution, we test the set of general hypotheses about the regularities that distinguish stakeholders using standard $\chi^2(df)$ tests of association between the responses of members of each group, where *df* are the degrees of freedom (see for example Newbold 1995, p.415-19). We perform the tests across the stakeholder groups both within countries and also between countries. The results are shown in Tables 3-5, since the analysis revealed more differences between countries we present the results in that format. The tests of association within countries are shown on the final line.

< INSERT TABLES 2, 3, 4 & 5 HERE >

5. Findings

Overall we find that stakeholder concerns for CSR issues do tend to be high and on many issues the proportion who hold companies either mostly or completely responsible is often above 70-80%, for example on the environment and in anti-discrimination issues. On other issues the results are more mixed, for example on human rights, poverty reduction and applying equal quality standards, stakeholders take various positions across countries, although within countries there is very much less diversity. We turn to these issues in detail next.

5.1 Differences within countries

Overall we find very few differences between stakeholder groups within countries and indeed in Japan we found no significant differences at all. In the UK the only difference is behavioural, shareholders punish more often than the other groups. In France all stakeholder groups show a greater preference for CSR rather than a profit motive in the general aims of firms, although the difference is only significant at the 10% level. On specific issues in France, the only difference arose in attitudes to prices. French consumers held firms more responsible for maintaining low prices than the other groups. In Germany, consumers held companies responsible for supply chain issues less often and employees held companies more responsible for education and training. This is also true in the US where employees also hold companies more responsible for education & training and for supply chain issues but hold companies less responsible for maintaining low prices. Otherwise US employees hold similar views to consumers. US shareholders also hold companies less responsible for the environment, education & training and poverty reduction than the other stakeholder groups. They are also more inclined to punish firms for poor CSR by switching purchases.

In general stakeholders appear to hold companies responsible for CSR issues to similar degrees. There is very little evidence of significant and clearly defined differences between the stakeholder groups within each country, even given the US results, which are a little more varied than elsewhere.

5.2 Differences between countries

When it comes to differences between countries we find very much more variation. We first discuss these on an issue by issue basis and then on an overall country basis.

On the general issue of the role of companies, two countries Japan and France stand out. In both of these countries all stakeholder groups are more likely to choose an ethical role for firms. In Japan this proportion is almost two-thirds of the sample in each group. In Germany, the US and the UK there is a preference for a mixed role in each of the groups. The US and UK have higher proportions choosing this option especially in the UK, perhaps reflecting the success of the CSR movement in the UK.

On the environment, overall stakeholders hold firms responsible to a very high degree, the proportion saying firms are mostly or completely responsible is above 80% in all cases. The highest scores come amongst Japanese and German shareholders and for consumers in the US they are slightly lower. Those for employees are not significantly different across countries.

Companies are also held highly responsible for equality and non-discrimination in the workplace. Japanese stakeholders have slightly lower scores, the proportion who hold firms completely responsible for these issues ranges from 50% to just over 60% compared to the US and UK where the range is close to 80% and above. US shareholders have the highest score overall and almost 90% hold companies mostly or completely responsible for equality issues. Amongst German consumers and French employees the scores are slightly lower, perhaps reflecting the greater involvement of state regulation in these areas.

The issue of applying equal quality standards across countries provides more mixed results. In Germany and Japan the scores are relatively low across all stakeholder groups when compared to France, US and UK where the scores are all high. In the US and UK employee concerns are particularly high, 94.4% and 84.2% respectively. This difference may be the result of a deeply ingrained tradition of quality in Germany and Japan where workers feel they are trusted to contribute to quality, as opposed to the alienation from the quality process inherent in the Taylor-Fordist modes of production adopted in the Anglo-Saxon world.

The impact of outsourcing may also be reflected in the responses to the question on supply chain management. Generally all stakeholders hold companies responsible for these issues but outliers appear to be France and the UK where scores are higher in all cases relative to Germany and the US. However these differences are marginal and are statistically significant only at the 10% level.

On the other workplace issue of education and training the results are mixed. All stakeholders in France have low scores here and in Germany, surprisingly, given the apprenticeship programmes, consumers and particularly shareholders do not hold companies responsible for this issue. In the UK scores are higher in all stakeholder groups and in the US they are highest amongst employees, where as we saw before the difference is also significant within the country.

Our market oriented issue, maintaining low prices, provides mixed results. Scores are lower amongst each stakeholder group in France, where prices have more often been subject to regulation in the past. In the US, scores tend to be higher and nearly 79% of US consumers hold companies mostly or completely responsible for maintaining low prices. This may reflect the less regulated nature of the Anglo-Saxon markets where competition by companies is expected to keep prices down, and in the US where there is a history of distrust of cartels reflected in its draconian anti-trust laws.

On the other market oriented issue, profits and taxation, the results are more alike with more than 70% of all stakeholders in all companies seeing this as the responsibility of companies. The US is an outlier here since its scores tend to be relatively high, especially amongst shareholders and employees.

One surprising result, given the emphasis on the issue in many company CSR reports, is that stakeholders do not hold companies responsible for charity and community issues in general– lending weight to the proposition that corporate philanthropy is, at best, “borrowed virtue” (Crook 2005). In France, Germany and Japan the proportions holding companies mostly or completely responsible for these issues are typically below 40%. In the US and UK the scores in these categories are higher, perhaps reflecting a greater emphasis on CSR as philanthropy in these countries. Although the scores are above 50% in US and UK, they are still low relative to issues such as the environment or discrimination. The highest scores are amongst US employees.

Similarly, stakeholders do not hold companies responsible for poverty reduction and there are only two cases, US employees and UK consumers, where the combined scores on 'mostly or completely responsible' exceed 60%. Scores in France are the lowest and are below 40% in all stakeholder groups. This result is also seen in the issue of human rights, which forms the foundation of the UN Global Compact. Scores are lowest in France and Japan and highest in UK and Germany across all stakeholder groups.

The variation in attitudes is reflected in a variation in the propensity to punish firms overall. In Germany, the US and the UK stakeholders are more likely to punish companies in the market place whereas in France and Japan the tendency is lower in each group.

5.3 Summary and discussion

When it comes to comparing stakeholders across countries there appear to be some regularities. One clear feature is the relatively mild variation between the US and UK results. On most issues stakeholders in these two countries hold companies responsible to similar degrees and as in the case of charity and community contributions or in the propensity to punish for example these appear to be different to the other three countries. Stakeholders in France and Japan are more likely to prefer an ethical role for firms but do not see this as extending into protection of human rights, which is not considered to be the responsibility of companies by stakeholders in either country.

In Germany and Japan all stakeholder groups have similar views on quality standards, which they do not hold companies responsible for to the same extent as stakeholders in the other countries, whereas in the other countries this concern is very high. This may reflect the impact of outsourcing on US and UK employees who often feel that they have lost jobs to lower quality production facilities overseas. A more corporatist approach to craftsmanship in the workplace in Germany and Japan may explain the lower results there since all stakeholders share responsibility for quality in the workplace, not just the company.

Overall though, two countries stand out as being most consistently different from the others. In France stakeholders hold companies less responsible for a number of issues including maintaining low prices, education and training in the workforce, charity and community contributions, protection of human rights and supporting measures to reduce poverty. This is not because the French are less ethical since all stakeholders in France have a higher tendency to prefer ethics over profits. Instead it is more likely to be due to a history of closer government regulation in France and a wider sense that these issues are the responsibility of government not private firms.

By contrast in the US, generally speaking stakeholders hold companies more responsible for many of the CSR issues and especially those from which the French demur. There is also a much wider variation amongst stakeholders within the US and for example in poverty reduction almost twice as many employees as shareholders hold companies responsible for this issue – perhaps a result of the history of affirmative action and the focus companies place on meeting diversity targets. A significantly larger proportion of employees hold firms responsible for education and training and for maintaining standards through the supply chain. These issues may reflect the more laissez-faire approach to these issues in the US with government not being regarded as the appropriate driver unlike France.

6. Conclusions

The differences between stakeholder attitudes to CSR appear nowhere near as stark as is often claimed. We find relatively few differences within countries but find differences between countries which are often quite significant. This is good for firms but raises questions for stakeholder theory and many CSR lobbyists.

For firms it means that the CSR strategies they adopt within a country could be simpler since they do not need to accommodate competing stakeholder demands – because these demands are actually very similar.

However, multinationals in particular need to consider carefully whether the approaches they adopt in one country are suitable to others. The evidence suggests that on some issues care is required and that a differentiated approach may prove necessary depending on the development trajectory of the country and the role the State has played historically therein. For example, we see firms being held less responsible in France than in the US or UK in a number of areas and this may reflect the distinguished tradition of State intervention in French economic history. Again there are indications that the corporatist traditions of Germany and Japan may affect the way quality issues are seen.

For stakeholder theory our work is not devastating since we can show that all stakeholders are very concerned about CSR issues. Nonetheless it does raise questions as to whether we need to treat stakeholders as separate groups in a CSR context in a given country or whether a "one-CSR policy-fits-all" approach may be equally valid. This suggests that compartmentalising CSR approaches, projects and research into discrete stakeholder groups may not be necessary or fruitful. It may be more efficient to focus on general issues and leave the specifics to the market on a country-by-country basis.

This study has focused in the first instance on countries of similar levels of GDP per capita and socio-political development, reflecting previous findings that some of the key drivers of consumer attitudes to CSR are related to these issues (Williams and Zinkin 2006). The fact that we found significant variation suggests that more attention needs to be given to the development trajectories followed by countries when considering stakeholder responses to CSR issues. Consequently we would expect future research across countries with more disparate levels of income per head to show even more varied results, making the role of CSR for multinationals, as opposed to SMEs, a more complex and multi-faceted issue.

A further issue for future research is the extent of co-ordination and organisation within and between stakeholder groups when it comes to CSR activism. Our data looks at individuals only, whereas it must be recognised that in many countries stakeholder action is effectively delegated to third parties such as trade unions and mutual funds and other financial institutions. The role of such groups is clearly different in different socio-political environments and is of course a consequence of the development trajectory of different countries. The implications of these institutional arrangements is worthy of further study.

As a parting thought, it is worthwhile remembering that, even in the US, visionary companies that have a mission and a cluster of objectives of which making money is only one, and not necessarily the primary one, make more money than companies that are purely profit driven (Collins and Porras 1997) . This may be a reflection of the consequences of the loyalty effect (Reichheld 1996) or of the fact that investing in loyal and engaged employees pays off handsomely (Pfeffer and Vega 1999, Pfeffer 1995) despite American companies behaving in ways designed to downgrade employees and middle management while rewarding senior management and shareholders at their expense (Marens, 2006)

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Table 1: Summary Statistics for the Sample

	France	Germany	Japan	UK	USA
Sample	1003	1000	731	1002	1000
Shareholders	132	310	116	280	411
Income	3.67	3.33	3.37	3.66	3.23
	(1.37)	(1.40)	(1.15)	(2.83)	(1.17)
Age	53.70	45.44	53.68	51.65	52.87
	(15.67)	(13.29)	(15.03)	(14.1)	(15.62)
Education Level	2.20	2.42	2.24	2.01	2.50
	(0.81)	(0.52)	(0.60)	(0.71)	(0.52)
Gender	57.6%	52.3%	51.7%	55.7%	52.1%
Internet	51.5%	70.0%	57.8%	70.0%	76.6%
Consumers	677	417	403	422	359
Income	2.48	2.53	2.79	2.67	2.14
	(1.34)	(1.43)	(1.19)	(1.52)	(1.08)
Age	48.07	43.09	45.30	47.95	2.14
	(18.68)	(16.76)	(16.44)	(17.75)	(1.08)
Education Level	1.88	2.22	2.24	1.69	2.09
	(0.76)	(0.61)	(0.60)	(0.85)	(0.57)
Gender	44.2%	42.7%	54.1%	42.2%	40.4%
Internet	30.9%	53.8%	57.8%	48.1%	49.3%
Employees	123	119	117	130	67
Income	2.99	3.17	2.95	3.43	2.47
	(1.37)	(1.50)	(1.13)	(1.27)	(0.96)
Age	43.82	39.75	47.63	36.61	42.19
	(17.59)	(14.39)	(17.12)	(13.22)	(16.23)
Education Level	2.02	2.15	2.28	1.91	2.15
	(0.73)	(0.58)	(0.67)	(0.85)	(0.57)
Gender	56.1%	45.4%	43.6%	38.5%	52.2%
Internet	43.9%	62.2%	53.0%	66.2%	62.7%
Mixed category responses	71	154	95	170	163

Standard Deviations in parentheses; Income is average quintile groups (1)-(5); Age is average age in years; Education level is average of three groups (1) Primary, (2) Secondary, (3) College; Gender is % Male; Internet is % have used the internet in the last six months

Table 2: GlobeScan 2003 Survey Questions

<u>General Role of Firms</u>:

People have different views on the role of large companies in society. In your view, <u>should</u> large companies . . .?

1 – Focus on making a profit, paying taxes and providing employment in ways that obey all laws
2 – Do all this in ways that set higher ethical standards, going beyond what is required by law, and actively helping build a better society for all
3 – Operate somewhere between these two points of view

<u>Specific Issues</u>:[a,b]

*I am now going to read a list of things some people say **<u>should be</u>** part of the responsibilities of large companies. For each one, please tell me to what extent you think companies **<u>should be held responsible</u>**. In answering, please use a scale of 1 to 5, where 1 is "not held responsible," 3 is "held partially responsible" and 5 is "held completely responsible." Remember, the higher the number, the more responsible. What about . . .?*

1.	Environment	Ensuring its products and operations **do not harm** the environment
2.	Supply Chain	Ensuring that all materials it uses to make its products have been produced in a socially and environmentally responsible manner
3.	Education	Improving education and skills in communities where they operate
4.	Poverty	Helping reduce extreme poverty
5.	Charity and Community	Supporting charities and community projects
6.	Profits and Taxation	Operating profitably and paying its fair share of taxes
7.	Discrimination	Treating all employees and job applicants fairly, regardless of gender, race, religion or sexual orientation
8.	Human Rights	Reducing human rights abuses in the world
9.	Prices	Providing good quality products and services at the lowest possible price
10.	Quality Standards	Applying the same high standards everywhere it operates in the world

<u>Punishment</u>:

In the past year, have you considered punishing a company you see as <u>not</u> socially responsible by either refusing to buy their products or speaking critically about the company to others? Would you say you have …?

1 – Not considered doing this
2 – Considered this, but didn't actually do it, or
3 – You have actually done this in the past year

Notes: (a) In each case, the metric applied was as follows; 1 – Not held responsible; 2 – Mostly not held responsible; 3 – Held partially responsible; 4 – Held mostly responsible; 5 – Held completely responsible. (b) There is some variation in the survey coverage in Japan where the questions on education and training, poverty and the supply chain were not asked.

Table 3: General Attitudes: The Role of Firms

Shareholders					
	France	Germany	Japan	US	UK
Profit	20.8%	30.7%	14.7%	13.4%	14.4%
CSR	44.6%	22.7%	65.1%	29.9%	26.4%
Both	34.6%	46.6%	20.2%	56.7%	59.2%
χ^2(df)	124.185	[0.000]			
Consumers					
Profit	33.4%	28.3%	13.7%	18.1%	12.2%
CSR	36.8%	28.7%	63.7%	31.2%	26.6%
Both	29.7%	43.0%	22.6%	50.7%	61.2%
χ^2(df)	266.263	[0.000]			
Employees					
Profit	29.9%	29.1%	11.2%	18.8%	7.8%
CSR	38.5%	32.5%	65.4%	28.1%	24.0%
Both	31.6%	38.5%	23.4%	53.1%	68.2%
χ^2(df)	90.055	[0.000]			
Within Country Tests: χ^2(df)	8.241	5.678	0.927	6.593	4.654
	[0.083]	[0.225]	[0.880]	[0.360]	[0.325]

Probability values in brackets

Table 4: Stakeholder Responses to Specific CSR Issues

	Environment				
	France	Germany	Japan	US	UK
Shareholders					
1: Not held responsible	1.4%	1.3%	0.0%	1.8%	3.6%
2: Mostly not held responsible	2.8%	1.3%	0.0%	1.4%	3.6%
3: Held partly responsible	11.3%	8.5%	8.7%	12.3%	8.8%
4: Held mostly responsible	4.2%	8.5%	12.2%	18.3%	12.4%
5: Held completely responsible	80.3%	80.4%	79.1%	66.2%	71.5%
4 and 5 Together	84.5%	88.9%	91.3%	84.5%	83.9%
χ^2(df)	28.102	[0.031]			
Consumers					
1: Not held responsible	2.3%	4.4%	0.5%	1.2%	2.9%
2: Mostly not held responsible	1.8%	1.5%	0.8%	1.7%	2.4%
3: Held partly responsible	15.8%	11.2%	12.0%	17.4%	11.1%
4: Held mostly responsible	10.2%	9.7%	14.8%	9.3%	13.5%
5: Held completely responsible	69.9%	73.3%	72.0%	70.3%	70.0%
4 and 5 Together	80.1%	83.0%	86.8%	79.7%	83.6%
χ^2(df)	26.370	[0.049]			
Employees					
1: Not held responsible	1.5%	1.7%	1.7%	10.3%	4.1%
2: Mostly not held responsible	1.5%	0.0%	1.7%	0.0%	4.1%
3: Held partly responsible	13.8%	10.3%	12.2%	6.9%	6.8%
4: Held mostly responsible	9.2%	10.3%	13.0%	13.8%	5.5%
5: Held completely responsible	73.8%	77.6%	71.3%	69.0%	79.5%
4 and 5 Together	83.1%	87.9%	84.3%	82.8%	84.9%
χ^2(df)	16.630	[0.410]			
Within Country Tests: χ^2(df)	7.080	6.417	7.391	22.168	5.862
	[0.528]	[0.712]	[0.495]	[0.014]	[0.663]

	Discrimination				
	France	Germany	Japan	US	UK
Shareholders					
1: Not held responsible	6.6%	5.7%	1.7%	3.1%	0.7%
2: Mostly not held responsible	0.0%	1.3%	3.4%	1.0%	1.4%
3: Held partly responsible	9.8%	9.6%	22.4%	6.8%	12.6%
4: Held mostly responsible	14.8%	7.6%	11.2%	9.9%	9.1%
5: Held completely responsible	68.9%	75.8%	61.2%	79.1%	76.2%
4 and 5 Together	83.6%	83.4%	72.4%	89.0%	85.3%
χ^2(df)	35.186	[0.004]			
Consumers					
1: Not held responsible	4.2%	4.3%	0.8%	6.6%	3.3%
2: Mostly not held responsible	1.9%	1.9%	1.8%	1.1%	3.3%
3: Held partly responsible	12.9%	14.8%	22.0%	8.2%	7.5%
4: Held mostly responsible	7.4%	6.7%	16.5%	6.0%	5.7%
5: Held completely responsible	73.5%	72.4%	59.0%	78.1%	80.2%
4 and 5 Together	81.0%	79.0%	75.5%	84.2%	85.8%
χ^2(df)	87.408	[0.000]			
Employees					
1: Not held responsible	3.6%	8.3%	1.8%	2.6%	3.5%
2: Mostly not held responsible	3.6%	0.0%	0.9%	0.0%	3.5%
3: Held partly responsible	16.1%	6.7%	25.4%	10.5%	5.3%
4: Held mostly responsible	5.4%	13.3%	21.9%	7.9%	3.5%
5: Held completely responsible	71.4%	71.7%	50.0%	78.9%	84.2%
4 and 5 Together	76.8%	85.0%	71.9%	86.8%	87.7%
χ^2(df)	47.907	[0.000]			
Within Country Tests: χ^2(df)	7.791	9.119	9.425	7.341	10.302
	[0.454]	[0.332]	[0.308]	[0.693]	[0.244]

	Quality Standards				
	France	Germany	Japan	US	UK
Shareholders					
1: Not held responsible	5.0%	3.2%	3.4%	1.6%	2.8%
2: Mostly not held responsible	3.3%	3.8%	7.8%	0.5%	2.8%
3: Held partly responsible	11.7%	30.1%	37.1%	11.6%	9.8%
4: Held mostly responsible	13.3%	12.8%	25.0%	13.2%	12.6%
5: Held completely responsible	66.7%	50.0%	26.7%	73.2%	72.0%
4 and 5 Together	80.0%	62.8%	51.7%	86.3%	84.6%
χ^2(df)	98.273	[0.000]			
Consumers					
1: Not held responsible	3.3%	3.8%	3.0%	4.4%	3.8%
2: Mostly not held responsible	3.3%	3.8%	7.0%	1.1%	2.4%
3: Held partly responsible	20.7%	32.9%	40.9%	15.6%	18.9%
4: Held mostly responsible	11.0%	18.1%	23.1%	11.1%	10.4%
5: Held completely responsible	61.7%	41.4%	26.1%	67.8%	64.6%
4 and 5 Together	72.7%	59.5%	49.1%	78.9%	75.0%
χ^2(df)	166.623	[0.000]			
Employees					
1: Not held responsible	1.8%	3.3%	1.8%	0.0%	1.8%
2: Mostly not held responsible	7.3%	6.7%	4.4%	0.0%	1.8%
3: Held partly responsible	25.5%	33.3%	42.1%	5.6%	12.3%
4: Held mostly responsible	10.9%	8.3%	24.6%	13.9%	7.0%
5: Held completely responsible	54.5%	48.3%	27.2%	80.6%	77.2%
4 and 5 Together	65.5%	56.7%	51.8%	94.4%	84.2%
χ^2(df)	64.574	[0.000]			
Within Country Tests: χ^2(df)	6.700	6.553	2.484	10.734	8.754
	[0.569]	[0.586]	[0.962]	[0.379]	[0.390]

	Prices				
	France	Germany	Japan	US	UK
Shareholders					
1: Not held responsible	0.0%	4.5%	0.9%	2.1%	2.8%
2: Mostly not held responsible	8.5%	1.9%	4.3%	2.1%	3.5%
3: Held partly responsible	40.7%	30.6%	26.7%	17.5%	23.2%
4: Held mostly responsible	15.3%	15.9%	25.0%	15.9%	10.6%
5: Held completely responsible	35.6%	47.1%	43.1%	62.4%	59.9%
4 and 5 Together	50.8%	63.1%	68.1%	78.3%	70.4%
χ^2(df)	43.756	[0.000]			
Consumers					
1: Not held responsible	4.6%	3.8%	1.2%	5.4%	4.7%
2: Mostly not held responsible	2.0%	3.8%	2.5%	3.8%	3.3%
3: Held partly responsible	31.3%	23.0%	28.9%	12.0%	18.8%
4: Held mostly responsible	13.4%	19.6%	22.4%	9.2%	16.9%
5: Held completely responsible	48.9%	49.8%	44.9%	69.6%	56.3%
4 and 5 Together	62.2%	69.4%	67.3%	78.8%	73.2%
χ^2(df)	68.734	[0.000]			
Employees					
1: Not held responsible	1.8%	1.7%	0.0%	5.4%	0.0%
2: Mostly not held responsible	3.6%	1.7%	1.8%	0.0%	1.7%
3: Held partly responsible	37.5%	26.7%	27.2%	24.3%	31.0%
4: Held mostly responsible	17.9%	16.7%	23.7%	16.2%	15.5%
5: Held completely responsible	39.3%	53.3%	47.4%	54.1%	51.7%
4 and 5 Together	57.1%	70.0%	71.1%	70.3%	67.2%
χ^2(df)	14.864	[0.535]			
Within Country Tests: χ^2(df)	15.196	5.479	3.735	16.371	11.369
	[0.055]	[0.706]	[0.880]	[0.089]	[0.182]

	Education			
	France	Germany	US	UK
Shareholders				
1: Not held responsible	11.9%	9.2%	6.0%	2.9%
2: Mostly not held responsible	6.0%	8.6%	8.3%	5.1%
3: Held partly responsible	35.8%	43.4%	35.3%	33.6%
4: Held mostly responsible	10.4%	7.2%	19.3%	18.2%
5: Held completely responsible	35.8%	31.6%	31.2%	40.1%
4 and 5 Together	46.3%	38.8%	50.5%	58.4%
χ^2(df)	24.257	[0.084]		
Consumers				
1: Not held responsible	9.6%	6.8%	7.6%	6.7%
2: Mostly not held responsible	7.8%	4.4%	4.7%	3.3%
3: Held partly responsible	37.9%	35.1%	25.0%	23.0%
4: Held mostly responsible	13.4%	13.7%	16.9%	18.7%
5: Held completely responsible	31.4%	40.0%	45.9%	48.3%
4 and 5 Together	44.7%	53.7%	62.8%	67.0%
χ^2(df)	33.758	[0.001]		
Employees				
1: Not held responsible	8.2%	0.0%	10.3%	6.8%
2: Mostly not held responsible	3.3%	3.5%	3.4%	6.8%
3: Held partly responsible	52.5%	31.6%	20.7%	26.0%
4: Held mostly responsible	8.2%	10.5%	0.0%	19.2%
5: Held completely responsible	27.9%	54.4%	65.5%	41.1%
4 and 5 Together	36.1%	64.9%	65.5%	60.3%
χ^2(df)	31.296	[0.002]		
Within Country Tests: χ^2(df)	7.080	19.649	27.061	9.030
	[0.524]	[0.012]	[0.003]	[0.340]

Probability values in brackets

Table 4 (continued): Stakeholder Responses to Specific CSR Issues

	Charity & Community					Human Rights				
	France	Germany	Japan	US	UK	France	Germany	Japan	US	UK
Shareholders										
1: Not held responsible	22.9%	6.6%	2.6%	5.0%	5.1%	21.7%	5.7%	6.1%	6.9%	6.3%
2: Mostly not held responsible	14.3%	7.9%	6.9%	7.3%	3.6%	5.0%	1.9%	17.4%	4.8%	4.9%
3: Held partly responsible	38.6%	45.4%	59.5%	37.6%	37.2%	33.3%	20.4%	46.1%	28.0%	23.2%
4: Held mostly responsible	8.6%	20.4%	19.8%	20.2%	22.6%	8.3%	18.5%	16.5%	13.8%	12.7%
5: Held completely responsible	15.7%	19.7%	11.2%	29.8%	31.4%	31.7%	53.5%	13.9%	46.6%	52.8%
4 and 5 Together	24.3%	40.1%	31.0%	50.0%	54.0%	40.0%	72.0%	30.4%	60.3%	65.5%
χ^2(df)	71.524	[0.000]				99.541	[0.000]			
Consumers										
1: Not held responsible	15.2%	2.5%	5.3%	5.3%	3.9%	18.1%	5.2%	7.7%	5.0%	4.3%
2: Mostly not held responsible	12.5%	5.9%	7.3%	8.2%	3.9%	10.3%	2.9%	10.2%	5.6%	7.7%
3: Held partly responsible	42.9%	48.5%	47.9%	32.2%	36.7%	31.3%	23.8%	47.6%	23.5%	20.7%
4: Held mostly responsible	12.8%	18.1%	22.9%	20.5%	18.8%	8.4%	13.8%	14.8%	10.6%	13.5%
5: Held completely responsible	16.7%	25.0%	16.6%	33.9%	36.7%	31.9%	54.3%	19.7%	55.3%	53.8%
4 and 5 Together	29.5%	43.1%	39.5%	54.4%	55.6%	40.3%	68.1%	34.5%	65.9%	67.3%
χ^2(df)	114.934	[0.000]				185.669	[0.000]			
Employees										
1: Not held responsible	17.5%	5.3%	1.8%	10.3%	9.6%	14.3%	6.7%	6.3%	8.3%	5.4%
2: Mostly not held responsible	15.9%	8.8%	8.1%	0.0%	5.5%	14.3%	3.3%	4.5%	8.3%	0.0%
3: Held partly responsible	34.9%	52.6%	53.2%	27.6%	31.5%	26.8%	23.3%	51.8%	25.0%	17.9%
4: Held mostly responsible	7.9%	14.0%	23.4%	13.8%	20.5%	16.1%	13.3%	17.9%	5.6%	16.1%
5: Held completely responsible	23.8%	19.3%	13.5%	48.3%	32.9%	28.6%	53.3%	19.6%	52.8%	60.7%
4 and 5 Together	31.7%	33.3%	36.9%	62.1%	53.4%	44.6%	66.7%	37.5%	58.3%	76.8%
χ^2(df)	51.637	[0.000]				61.940	[0.000]			
Within Country Tests: χ^2(df)	6.892	7.075	8.420	10.417	5.611	7.079	2.615	12.236	7.488	6.914
	[0.548]	[0.529]	[0.394]	[0.405]	[0.691]	[0.528]	[0.956]	[0.141]	[0.679]	[0.546]

	Poverty				Supply Chain				Profit & Taxes				
	France	Germany	US	UK	France	Germany	US	UK	France	Germany	Japan	US	UK
Shareholders													
1: Not held responsible	15.5%	5.3%	14.3%	8.1%	0.0%	3.9%	4.5%	5.8%	5.8%	2.0%	0.9%	2.3%	1.5%
2: Mostly not held responsible	12.7%	9.3%	14.3%	6.7%	0.0%	0.7%	3.2%	1.5%	1.4%	2.0%	4.3%	0.9%	2.2%
3: Held partly responsible	43.7%	38.4%	33.6%	27.4%	21.1%	17.8%	19.1%	13.1%	17.4%	15.7%	22.4%	8.7%	16.1%
4: Held mostly responsible	9.9%	14.6%	10.6%	16.3%	9.9%	20.4%	20.0%	12.4%	11.6%	15.0%	19.0%	8.7%	9.5%
5: Held completely responsible	18.3%	32.5%	27.2%	41.5%	69.0%	57.2%	53.2%	67.2%	63.8%	65.4%	53.4%	79.5%	70.8%
4 and 5 Together	28.2%	47.0%	37.8%	57.8%	78.9%	77.6%	73.2%	79.6%	75.4%	80.4%	72.4%	88.1%	80.3%
χ^2(df)	37.328	[0.002]			26.664	[0.045]			37.155	[0.002]			
Consumers													
1: Not held responsible	19.8%	3.4%	7.5%	5.9%	1.8%	1.5%	3.4%	1.9%	3.6%	3.0%	0.5%	2.9%	2.9%
2: Mostly not held responsible	11.1%	8.3%	9.2%	5.9%	0.9%	1.5%	3.4%	3.9%	3.0%	3.0%	2.0%	2.9%	2.0%
3: Held partly responsible	37.2%	35.3%	28.3%	23.9%	18.6%	25.9%	19.5%	12.1%	17.4%	21.8%	20.6%	11.0%	23.9%
4: Held mostly responsible	8.4%	15.2%	8.7%	14.1%	10.5%	11.2%	13.2%	17.4%	11.7%	15.3%	22.8%	14.5%	15.1%
5: Held completely responsible	23.4%	37.7%	46.2%	50.2%	68.3%	60.0%	60.3%	64.7%	64.4%	56.9%	54.1%	68.8%	56.1%
4 and 5 Together	31.8%	52.9%	54.9%	64.4%	78.7%	71.2%	73.6%	82.1%	76.0%	72.3%	76.9%	83.2%	71.2%
χ^2(df)	92.668	[0.000]			32.419	[0.009]			41.691	[0.000]			
Employees													
1: Not held responsible	19.0%	5.3%	10.3%	6.9%	1.5%	0.0%	10.3%	2.7%	4.8%	3.5%	0.0%	6.9%	2.7%
2: Mostly not held responsible	7.9%	3.5%	0.0%	4.2%	1.5%	0.0%	0.0%	4.1%	3.2%	1.8%	0.9%	0.0%	2.7%
3: Held partly responsible	36.5%	36.8%	27.6%	29.2%	13.8%	21.1%	10.3%	9.6%	20.6%	22.8%	23.0%	6.9%	23.3%
4: Held mostly responsible	4.8%	8.8%	13.8%	11.1%	12.3%	8.8%	0.0%	13.7%	7.9%	10.5%	22.1%	10.3%	12.3%
5: Held completely responsible	31.7%	45.6%	48.3%	48.6%	70.8%	70.2%	79.3%	69.9%	63.5%	61.4%	54.0%	75.9%	58.9%
4 and 5 Together	36.5%	54.4%	62.1%	59.7%	83.1%	78.9%	79.3%	83.6%	71.4%	71.9%	76.1%	86.2%	71.2%
χ^2(df)	20.626	[0.193]			24.958	[0.071]			35.012	[0.004]			
Within Country Tests: χ^2(df)	5.748	6.152	25.419	4.126	3.541	15.451	18.681	7.862	2.306	7.745	5.102	12.138	8.529
	[0.675]	[0.627]	[0.005]	[0.846]	[0.896]	[0.051]	[0.045]	[0.447]	[0.970]	[0.784]	[0.747]	[0.276]	[0.384]

Probability values in brackets

Table 5: Behavioural Differences: Propensity to Punish

	France	Germany	Japan	US	UK
Shareholders					
Not Punished	20.8%	25.6%	21.7%	27.5%	34.9%
Considered but did not	44.6%	28.6%	47.0%	27.3%	27.3%
Have actually punished	34.6%	45.8%	31.3%	45.2%	37.8%
χ^2(df)	38.114	[0.000]			
Consumers					
Not Punished	62.5%	35.7%	33.8%	39.7%	46.9%
Considered but did not	13.7%	26.2%	41.8%	27.4%	23.2%
Have actually punished	23.7%	38.1%	24.4%	32.9%	29.9%
χ^2(df)	169.615	[0.000]			
Employees					
Not Punished	65.5%	31.9%	29.8%	36.4%	40.3%
Considered but did not	10.9%	29.3%	43.0%	30.3%	27.9%
Have actually punished	23.5%	38.8%	27.2%	33.3%	31.8%
χ^2(df)	50.339	[0.000]			
Within Country Tests: χ^2(df)	4.325	8.852	6.537	20.559	10.553
	[0.364]	[0.065]	[0.162]	[0.002]	[0.032]

Probability values in brackets

ENDNOTES

[1] The Sullivan Principles deal primarily with human rights and labor rights with some emphasis on environmental protection. For details, see http://www.thesullivanfoundation.org/gsp/principles/gsp/default.asp visited on September 27th 2005

[2] The Equator Principles require signatory banks undertaking project finance in excess of US$ 50 million per project to do detailed environmental protection audits and to ensure that the borrowers do what is recommended in the audits. (2003), As of September 26th 2005, 33 leading banks have signed up, including one Japanese bank. See http://www.equator-principles.com/ for the full text of the principles, visited on September 26th 2005.

[3] CSR is defined by the WBCSD as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life." From the World Business Council for Sustainable Development website at http://www.wbcsd.org/ visited on September 27th 2005

[4] "Even if corporate profit and shareholder gain are not thereby enhanced, the corporation, in the conduct of its business 1) is obliged, to the same extent as a natural person, to act within the boundaries set by the law; 2) may take into account ethical considerations that are reasonably regarded as appropriate to the responsible conduct of business; 3) may devote a reasonable amount of resources to public welfare, humanitarian, educational and philanthropic purposes" *American Law Institute*

[5] The ICGN approach to the OECD principles has been to endorse the Corporate Objective (Principle 1) as follows: "The overriding objective of the corporation should be to optimize over time the returns to its shareholders. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the corporation should endeavor to ensure the long-term viability of its business, and to manage effectively its relationships with stakeholders" (Monks and Minow 2001, p.255)

[6] This sets a narrower standard to the American Law Institute which allows for the devotion of "a reasonable amount of resources to public welfare, humanitarian, educational and philanthropic purposes"

[7] "Strategy has to be based on information about markets, customers, and non-customers; about technology in one's own industry and others; about worldwide finance; and about the changing world economy. For that is where the results are. Inside an organization there are only cost centers. The only profit center is a customer whose check has not bounced" Drucker, P., (1998, p.20).

[8] These concepts have antecedents in the Johnson and Johnson, 'Credo' of 1935 which puts the interests of customers first, then those of the employees, followed by those of the communities in which Johnson and Johnson do business, with the shareholders coming last.

[9] Further support for this risk management approach can be found in the argument that organizations that incorporate "societally legitimated, rationalized elements in their formal structures maximize their legitimacy and increase their resources and survival capability" (Meyer and Rowan 1991, p.53).

[10] As evidenced by the effective targeting of Nike, Disney, Wal-Mart and Kathie Lee Gifford on environmental or labour rights issues (O'Connell et al 2005).

[11] "We are much better off if we can buy merchandise made in the United States. I spent two years going around this country trying to talk people into manufacturing here. We would pay more to buy it here because the manufacturing facilities in those towns [would create jobs for all] those people who shopped in our stores…But for the most part people in this country have just abandoned the manufacturing process. They say, "I want to sell to you, but I don't want the responsibility for the buildings, and employees [and health care] I want to source it somewhere else". So we were forced to source merchandise in other places in the world. One of my concerns is that, with the manufacturing out of this country, one day we'll all be selling hamburgers to each other", Lee Scott Jnr, quoted in *The World is Flat*, pp164-165