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The Communication of Corporate Social Responsibility: United States and European Union Multinational Corporations

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ABSTRACT. This study explores corporate social responsibility (CSR) by conducting a cross-cultural analysis of communication of CSR activities in a total of 16 U.S. and European corporations. Drawing on previous research contrasting two major approaches to CSR initiatives, it was proposed that U.S. companies would tend to communicate about and justify CSR using economic or bottom-line terms and arguments whereas European companies would rely more heavily on language or theories of citizenship, corporate accountability, or moral commitment. Results supported this expectation of difference, with some modification. Specifically, results

indicated that EU companies do not value sustainability to the exclusion of financial elements, but instead project sustainability commitments in addition to financial commitments. Further, U.S.-based companies focused more heavily on financial justifications whereas EU-based companies incorporated *both* financial and sustainability elements in justifying their CSR activities. In addition, wide variance was found in both the prevalence and use of specific CSR-related terminology. Cross-cultural distinctions in this use create implications with regard to measurability and evidence of both strategic and bottom-line impact. Directions for further research are discussed.

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KEY WORDS: corporate social responsibility, corporate communications, transnational comparative analysis, social reporting

In 1906, a definition of the corporation submitted by Ambrose Bierce in his *Devil's Dictionary*, noted that a corporation is “an ingenious device for obtaining individual profit without individual responsibility” (Bierce, 1906, reprint 1993). Consider however, how astonished Bierce would be in light of recent and often successful claims of individual liability on the part of corporate leadership in some American and European firms. Beyond that liability assessed against individual decision-makers (or for the prominent lack of decisions, in some circumstances), there is a growing trend toward holding corporations responsible *as corporations* for their impact on the social fabric of the systems in which they conduct their business.

In general terms, corporate social responsibility (CSR)¹ encompasses the responsibilities that

businesses have to the societies within which these businesses operate. The European Commission defines CSR as “a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment” (European Commission, 2001). Specifically, CSR suggests that a business identify its stakeholder groups and incorporate its needs and values within its strategic and operational decision-making process. Advocates for CSR have several bases for their contentions that a business should go above and beyond the maximization of profits or at least that CSR activities contribute to that objective. The arguments for CSR are based in both economics and ethics (or “citizenship”). These arguments are not meant to be exclusionary nor all-encompassing; they simply assist in discussing areas of differentiation.

The dual motivations of CSR

The *economic* argument (sometimes termed the “enlightened self-interest” model) states that the incorporation of CSR can lead to differentiation and competitive market advantage for the business, something that can be branded for the present and future (Carroll, 1979, 1991). This supports the notion that higher levels of the good *sublate* the lower; in other words, the higher good of social progress completes and perfects the lower goods of collaboration (e.g., the corporation’s commitment to profit) or individual satisfaction (e.g., an increase in compensation) by making them more expansive (Morelli and Morelli, 1997). A number of examples illustrate this basic insight with regard to social progress: the rule of law can enhance individual freedoms; investment of capital in new technologies can yield greater profits in the future; the social objective of alleviating poverty can create new market opportunities and increase profitability. As Porter and Kramer (2002) explain, this sublation is not simply a mere halo effect for the corporation but can result in an actual improvement in its competitive context, whether defined as the natural, social, political, or economic environment within which it operates. In fact, they contend, “philanthropy can often be the *most* cost-effective way for a company to improve its competitive context, enabling companies to leverage the efforts

and infrastructure of nonprofits and other institutions” (2002, p. 61, emphasis added).

Indeed, there exist examples where companies have implemented a strong CSR policy and have thereby been successful in the establishment of a positive brand, such as BP and Nike. Nike received extraordinarily harsh criticism in the 1990s when it was discovered that its global suppliers – *not* Nike – were mistreating their workers (Balinger, 2001; Hartman et al., 2003). Yet, after almost a decade of effort that included expenditures of time, personnel, and financial commitments to CSR programs that ranged from microlending to education to health-care (Hartman et al., 2003), Nike emerged in late 2006 with accolades including a ranking in the Top Ten of the SustainAbility Global Reporters Program, which evaluates leading practices in corporate sustainability reporting and published in partnership with the United Nations Environment Programme and Standard and Poor’s (SustainAbility, 2006b). Accordingly, under this larger economics umbrella, one would find arguments based in the reduction of risk, market reputation, brand image, stakeholder relationships, and long-term strategic interests (Porter, 1998; Porter and Kramer, 2002). In their recent discourse on strategic CSR, Porter and Kramer (2006) strive to articulate the nature of the relationship between a company’s CSR efforts and the interests of society in those activities. In explaining the critical and strategic nature of the interdependence, the authors clarify, “a company must integrate a social perspective into the core frameworks it already uses to understand competition and guide its business strategy” (2006, p. 84).

From a *citizenship* or *ethical* perspective, CSR proponents argue that corporations reap the benefits of serving as a community citizen and therefore owe a congruent contributory obligation to that community, in other words, “it is the right thing to do” (Kang and Wood, 1995). Carroll (1979, 1998) further delineates this responsibility, separating the ethical obligation to do what is right, just and fair from the philanthropic responsibility to contribute to various kinds of social, educational, recreational, or cultural purposes. Matten and Crane (2005), in evaluating Carroll’s stratification, contend that the role of citizenship as a powerful motivator towards CSR has not yet been firmly and consistently established. However, they do submit that there is

evidence of a growing trend within CSR discourse in the early 21st century of language surrounding corporate citizenship and a commitment toward its integration (Matten and Crane, 2005, Table I). Matten and Crane strived to build on this more rich usage to create a clearer definition of citizenship in the corporate context, and perhaps also to differentiate it from the enlightened self-interest model, above. Yet, as Carroll's philanthropic formulation of citizenship becomes more mainstream, it has apparently evolved into a more sophisticated form of strategic philanthropy that involves the satisfaction of the demands of the firms multiple stakeholders (Wood and Logsdon, 2001). As such, the distinction between the citizenship and economic approaches becomes blurred and there is presently little debate relating to whether CSR is an important business strategy since it seeks to address the concerns of most of its stakeholders: consumers, employees, suppliers, non-governmental agencies, and others.

Though neither the economic nor the citizenship perspective is universally nor exclusively accepted in CSR practice, they represent the most predominant motivations for engaging in CSR. Companies seeking to engage in CSR may consider many contextual variables such as national culture, geography, or social and economic morays in deciding which CSR perspective to adopt. As such, how firms ultimately conceptualize and implement CSR may vary widely. For example, Maignan (2001) found geographical distinctions in how companies choose to engage in CSR. Specifically, Maignan found that French and German consumers appear more willing to actively support responsible businesses than their U.S. counterparts. While U.S. consumers value highly corporate economic responsibilities, French and German consumers are most concerned about businesses conforming to legal and ethical standards.

Matten and Moon (2006) argued that cultural distinctions in societal expectations that may undermine other, perhaps more superficial, differences in cross-Atlantic corporate approaches. Specifically, the researchers suggest that the business and social structures of Europe as compared to the U.S. foster a different role for the corporation within those structures. They conclude that "the USA's comparatively *greater* deployment of CSR to address a *wider* range of issues is explained by the fact that in

Europe these issues would be addressed through institutional capacities in which corporations would be implicated but not solely responsible" (2006, p. 17). The implications are that EU firms are far less likely therefore to discuss their responsibilities in explicit terms.

Pointing to its decision to offer healthcare benefits to part-time workers, Matten and Moon offer Starbucks (one of the firms included in our analysis) as an example of a U.S. firm engaged in CSR efforts that might not naturally occur in the European environment. The authors explain that these benefits would not ever be considered by a British or German corporation. This is not because these firms are less concerned with the health of part-time workers, but because those workers are otherwise covered by national health plans in those countries or because employers are required to provide coverage.

Despite the precious few examples from the extant literature above, there is reason to believe that significant difference may exist between U.S. and European approaches to CSR. Thus, in the present research we sought to examine whether or not systematic differences exists between the U.S. and EU. To do so we first develop broad research expectations by drawing upon the dual conceptualization of CSR motivations (economic vs. citizenship). Here, we posit that one area in which U.S. and EU companies will differ significantly is in regard to how they choose to communicate about their CSR activities. To test these propositions, we examine the annual social reports of companies from both the U.S. and EU. As such, this research does not represent the CSR activities of organizations in some objective sense, but rather the method by which they seek to galvanize their targeted stakeholders' attention and commitment.

United States and European perspectives on CSR

As with other areas of corporate decision-making and leadership, European firms have matured to some extent on a track distinct from their U.S. counterparts. In 2001, the European Union outpaced the U.S. when it published the *Green Paper Promoting a European Framework for Corporate Social Responsibility*, as a capstone for more than 30 years of

attention to these issues (Brum, 2003; European Commission, 2001). The stated objective of this publication was to launch a global debate for the purpose of promoting a new European framework for CSR. Though criticized by some as not sufficiently far-reaching (Active Citizenship Network, 2001; International Institute for Environment and Development, 2001), it is certainly beyond anything that had yet been promulgated in the U.S. with regard to CSR and was well-received by European firms. In contrast, executives in U.S.-based multinationals have been slow to develop practices and even slower in agreeing to report on such practices through the Global Reporting Initiatives or other efforts. The report hypothesizes that U.S. firms disclose based on legal requirements while European firms go beyond those requirements (*Fortune*, 2005). Whether this U.S. reluctance towards transparency is due to a fear of litigation, a concern that government promotion of CSR may represent the first step in a slippery slope toward global regulation of global business, or other factors, is not clear; and it is this lack of understanding that serves as a strong motivation behind for the current research.² The *Green Paper* suggested that CSR in Europe was motivated by the following four factors (European Commission, 2001, p. 7): (1) New concerns and expectations from citizens, consumers, public authorities, and investors in the context of globalization and large scale industrial change; (2) social criteria are increasingly influencing the investment decisions of individuals and institutions both as consumers and as investors; (3) increased concern about the damage caused by economic activity to the environment; and (4) transparency of business activities brought about by the media and modern information and communication technologies.

The *Fortune Global 100 Accountability List* also evidences this lag with European firms averaging a score of 40, while U.S. firms returned an average score of 24. A significant difference was found in U.S. corporations' ratings on stakeholder engagement and assurance criteria. Broad distinctions were also reported with regard to compliance with internationally recognized standards on labor, human rights, and environmental standards. While 88% of European firms report initiatives surrounding compliance with these or other voluntary reporting mechanisms, fewer than 25% of U.S.-based firms

engage in these practices. U.S. government support for such programs is similarly lackluster. Though the U.S. signed comprehensive Guidelines issued by the OECD that cover issues such as human rights, the environment, corruption, labor standards, and other issues of corporate behavior, little has been done to publicize the Guidelines or to make the national contact point person effective.

To the contrary, European governments, in addition to the EU Commission, offer broad-based support to corporate initiatives with regard to CSR. For instance, the Belgian government is striving to establish a social labeling program; the Danish government created the Copenhagen Centre in 1998 to generate CSR-based partnerships between business, society, and government; France has established requirements for social and environmental reporting; and the U.K. has a minister devoted to CSR (Brum, 2003).³

Clearly subject to different regulatory environments, varying social standards and countervailing cultural tendencies, European-based multinational corporations provide us with an effective foil from which to conduct the most searing analysis of U.S.-based multinationals. It was found in 2003 that 81% of senior executives of large, U.S.-based businesses anticipated that sustainability practices will be essential or very important to their companies' strategic mission over the next 2 years (Ascolese, 2003). The nature of this attention is also different in the U.S. and in Europe. In Europe, the focus is on the economic, social and environmental impact of products, and services. When U.S. executives discuss sustainability, they are most often referring to positioning for long-term profitability, as well as management oversight and compensation issues. If one were to follow the corporate investments, environmental impacts receive more funding in Europe than in the U.S. (24% of European firms expected to increase funding compared to 15% in the U.S.), while U.S. firms expected to increase funding instead for corporate governance issues, working conditions, and benefits (Ascolese, 2003).

In fact, however, it should be noted that one possible challenge in the measurement of this particular issue may rest in the terminology used. As will be discussed in greater detail later in this analysis, the term "sustainability" is subject to enormous

range in its definition, interpretation, and actual use. Consequently, when executives refer to sustainability, they may be referencing different issues, depending on their region, industry, or reporting mechanism. Similarly, depending on the reporting arena, the discussion in the next section may refer to the reporting environment as sustainability reporting, social, or corporate reporting.

Communicating the CSR message

Notwithstanding the motivation for the engagement – whether economics or citizenship – firms must ultimately communicate their rationale for CSR engagement with stakeholders. As such, the focus of the current study is not the *actual* motivation behind a firm's CSR efforts, but instead the *perception* of that motivation created by the firm's public communications. To communicate their CSR message effectively, firms have several choices. Depending on the audience to whom the communication is addressed, messages that convey some or all of the following, often overlapping economic and citizenship justifications may be disseminated (among others): (a) CSR is in the company's long-term strategic interest (whether due to explicit stakeholder pressure, implicit benefits from particular stakeholder groups, the creation of a stronger social fabric in which to run the business, and other impact factors); (b) CSR reduces the risk to the firm of negative impact to reputation from other quadrants of the firm's activities, of legal liability, of diminished stock value from negative publicity; (c) CSR protects a firm's reputation or brand image; (d) CSR may allow the firm to attract and retain valuable employees and maintain high morale; (e) CSR reflects a corporation's social contract-based obligation to "offer something back" to the community in which it does business; (f) CSR is the right thing to do, according to universal values, fundamental values of a particular social network, and/or a particular corporation's values; and (g) CSR offers an exchange between the corporation and its stakeholders, offering the stakeholders valuable corporate support (in a variety of forms) in exchange for permission to operate and grow in that community.

The source of the corporate justification for CSR may in fact be embedded in the cultural values and

stakeholder expectations to which the organization is subject throughout its maturation process. Americans, in particular, have become more aware of and accordingly more interested in corporate communication about CSR activities in recent years. A majority of Americans consider issues relating to corporate citizenship when making investment and purchasing decisions (CSRwire, 2001). In fact, the American general public takes the lead in actually reviewing this information and reading reports. However, only approximately 30% of American-based CEOs believe that communication about CSR initiatives impact the firm's reputation a "significant amount," while a striking 94% of European-based CEOs believe in that impact (Hill & Knowlton, 2003).

Perhaps on this basis of distinct perceptions of value, corporate communications vary widely between U.S.- and EU-based multinationals. Context (U.K.) (2005a) conducted an analysis in 2005 of the reporting practices of the largest 100 U.S. companies on the S&P500 Index ("US 100") in comparison with the FTSE Eurofirst 100 Index ("Euro 100"). Of their key findings, they reported that, while only 36% of the US 100 report on environmental and social performance, 84% of the Euro 100 do so. While only 2% of the US 100 provide independent outside audits of their reports, 52% of the Euro 100 do so. In a similar vein, Dutch consulting firm Pleon surveyed 495 readers of CSR reports from 58 countries and found that "English-speaking countries tend to be more motivated by the business case and social license to operate, while continental Europe is more concerned with competitive ranking" (Klein et al., 2005).

These distinctions can make critical differences in how stakeholders perceive similar messages sent by the organizations involved. Manohka (2004) applied Jean Baudrillard's (1981, 1996) analysis of signifiers (words) to the language employed in CSR communications. Baudrillard demonstrated how signifiers are no longer connected to signifieds (meanings) or referents (things). Instead, our communication styles have developed such that signifiers now randomly attach myriad qualities to commodities (such as self-confidence to deodorant) without requisite links to their functionality or material utility. Manohka explains that this transpired because of an evolution in our focus from producing things to

selling them and extends Baudrillard's (1996) perceptions to CSR as a new signifier noting:

"If Baudrillard in his works ... observes that in the advanced capitalism advertised commodities generate desire by merging fantasies with banalities and the erotic with the economic, then it follows that with the development of business ethics, the moral/ethical is merged with the material/economic... In the light of pressure put on corporations by civil society, I would argue that firms originally started developing socially responsible policies to seek political/social legitimacy rather than boost their sales. However, through the publicity that the firms engage in, informing the public about their social contributions, it is plausible to assert that, indirectly, a new form of a signifier is developing (p. 60)."

Since brand loyalty is critical, the question becomes how to maintain it. Manohka suggests the vital need of an emotional attachment, an investment "with certain *overtones* that would keep the buyers loyal to a specific brand." CSR could be considered an overtone, sufficiently connecting the consumer to the product or service such that loyalty is the ultimate result. Such is the case when one sees consumers persuaded by the CSR efforts of firms with regard to human rights, environmentalism or even the support of research to find a cure for breast cancer. And it is not limited to consumers. When the corporate executives at Ben & Jerry's refused to sell to Unilever, they were ultimately persuaded by a conversation with Unilever's CEO about Unilever funding programs for hospitals in Vietnam and schools in Ghana (*The Economist*, 2001). However, the signifier is only effective if the stakeholder can be persuaded to accept the link from the signifier to the particular quality sought. The effectiveness of this link will necessarily vary from language to language and culture to culture.

The language used to communicate CSR-related activities offers a clear window into the nature of the corporate motivations, themselves. By evaluating the language of public communications, one is able to determine the audience the firm may be trying to impact and the means by which it hopes to do so. In a 2005 announcement about an increase in funding for green technology research, General Electric CEO Jeffrey Immelt explained that it was *not* a "self-

sacrificing attempt to save the planet," but instead because GE planned "to make money doing it" (Zadek, 2005). One can see therefore how Immelt is placing GE squarely within the economics model of CSR discussed earlier, rather than the citizenship model of motivation. One sees similar language with regard to socially responsible investing. In connection with incorporating social and environmental factors into investment decisions, former U.S. Vice-President Al Gore, now chair of Generation Investment Management, explained that "there is no doubt it will be core to tomorrow's successful investment strategies and practice" (Zadek, 2005). In a 2004 global study that focused on the way in which firms define corporate values, researchers found that 69% of European-based firms include social responsibility or corporate citizenship in their values statements, while only 58% of North American firms do so (Van Lee et al., 2004).

The critical importance of the language and messages used to communicate about CSR is demonstrated by the broad variety in the approaches to CSR used by firms cross-culturally (Lessem, 1979). Crane and Matten (2005) contend that shareholder value, with an emphasis on short-term economic gain, dominates the U.S. perspective on stakeholder management while European firms utilize a multi-stakeholder approach on the assumption that satisfying multiple stakeholders may lead to shareholder value and satisfies a social responsibility. This is a perspective that strongly reiterates research done previously that found that, while U.S. firms were likely to implement CSR programs for opportunistic competitive advantage and for financial objectives, European firms were likely to engage in similar practices as part of a long-term strategy (Estes et al., 2004). In addition, the study found that, while both sectors viewed employees, communities, and the government as their primary stakeholders, U.S. firms then included financial markets while EU firms next included competitors. Interestingly, this latter research did find that both sectors were on an evolutionary path toward a broader theme of sustainable development.

Despite their fruitful examinations, these earlier studies focused primarily on *whether* and *what* firms reported. These studies serve as an important foundation for exploring the degree to which firms rely on a particular motivational rationale to communi-

cate their CSR activities to stakeholders. Placed with in the context of the dual motivations discussed above (i.e., economic vs. citizenship), we expect that U.S. companies will tend to communicate about and justify CSR using the economic model, through economic or bottom-line terminology and arguments and that European companies will tend to use language or theories of the ethical, citizenship model, using language relating to corporate accountability or moral commitment. Given the paucity of research in this area, the present research should be considered exploratory in nature.

Methods

Sample

In our effort to explore the nature of the CSR communication from each region (U.S. and Europe), it was critical to identify those organizations that are perceived as effective communicators in those particular regions. For this reason, we sought exemplary multinationals in this arena rather than simply a representative class in order to ensure a comparison of best practices rather than averages. To achieve this objective in compiling the list of European companies, we identified the three most significant rating systems for social responsibility in European multinational corporations: the FTSE4-Good Index Series, the Dow Jones Sustainability Index EURO STOXX, and the Ethibel Sustainability Index, all described in detail, below. Our initial inclusion criteria required that a company appeared on at least two of the three indices.

The FTSE4Good Index Series, established in 2001, is designed to measure the performance of companies that meet criteria requirements in five areas of globally recognized corporate responsibility standards (FTSE4Good, 2006): (a) Working toward environmental sustainability; (b) Developing positive relationships with stakeholders; (c) Upholding and supporting universal human rights; (d) Ensuring good supply chain labor standards; and (e) countering bribery. The FTSE4Good Index Series categorically excludes companies that have been identified as having business interests in the following industries: Tobacco producers, manufacturers of either whole, strategic parts, or platforms for nuclear

weapon systems, manufacturers of whole weapons systems, owners or operators of nuclear power stations, and companies involved in the extraction or processing of uranium.

First published in October, 2001, the Dow Jones Sustainability Index (DJSI) EURO STOXX is comprised of the leading companies in terms of sustainability from Europe and the Eurozone. The DJSI STOXX Index tracks the financial performance of those corporations of the Dow Jones STOXX 600 Index that are in the top 20% in terms of sustainability. The DJSI EURO STOXX Index is the Eurozone subset of the DJSI STOXX Index. The DJSI STOXX Index and its subsets are subject to annual and quarterly reviews to ensure accurate representation and composition. The weights in the Index are float-adjusted weightings with the individual components selected according to a sustainability assessment that identifies the leading sustainability-driven companies in each industry. In order to gather information, questionnaires specific to each of the DJSI sectors are distributed to the CEOs and heads of investor relations of all the companies in each sector. Though this completed company questionnaire is the most important source of information for the assessment, the Index is also based on company documentation, stakeholder reports and individual contacts within the organizations. The criteria for representation are contained in Table I.

The Ethibel Sustainability Index was created in 2002 in partnership with Standard and Poor's and is designed to approximate the sector weights in the S&P Global 1200 (Sustainable Investment Institute, 2006). The Index actually comprises four free-float weighted indexes containing the best-in-class companies with respect to sustainability across sectors and regions globally, in Europe, the Americas, and Asia Pacific. The focus of the ESI is twofold – sustainable development and stakeholder involvement (Sustainable Investment Institute, 2006):

Sustainable development focuses on the content of the research. All the aspects of the social responsibility of a company, including its social, environmental and economic-ethical policy, are taken into account: the people-planet-profit approach. A specific aspect of the Ethibel research process is the permanent dialogue with all the stakeholders, including the company, at every stage of the research and evaluation process.

TABLE I
DJSI EURO STOXX Index: corporate sustainability assessment criteria

Dimension	Criteria	Weighting (%)
Economic	Codes of Conduct/Compliance/Corruption & Bribery	4.8
	Corporate Governance	4.8
	Customer Relationship Management	4.2
	Investor Relations	4.2
	Risk & Crisis Management	4.8
	Industry Specific Criteria	Depends on Industry
Environment	Environmental Policy/Management	4.8
	Environmental Performance (Eco-Efficiency)	6.0
	Environmental Reporting ^a	2.4
	Industry Specific Criteria	Depends on Industry
Social	Corporate Citizenship/Philanthropy	3
	Stakeholders Engagement	4.2
	Labor Practice Indicators	4.8
	Human Capital Development	4.8
	Social Reporting ^a	2.4
	Talent Attraction & Retention	4.8
	Industry Specific Criteria	Depends on Industry

^aCriteria assessed based on publicly available information only.

Adapted from DJSI (2006) <http://www.sustainability-index.com/html/assessment/criteria.html>, SAM Indexes GmbH.

Ethibel's screening process consists of four evaluation areas: internal social policy, environmental policy, external social policy, and ethical economic policy. Contrary to other indices, Ethibel does not apply negative criteria; accordingly, the involvement or participation of a company in particular areas of production, technologies or practices does not automatically lead to exclusion.

At the time of this analysis, 40 corporations satisfied our preliminary screening filter by appearing on two of the three above indices of European organizations. In compiling our list for inclusion of U.S.-based multinational corporations, we identified the three most significant rating systems for social responsibility in US0-based multinational corporations: the FTSE4Good Index Series discussed above, the Dow Jones Sustainability North America Index (DJSI North America), launched in 2005, and the Ethibel Sustainability Index for the U.S. (Sustainable Investment Institute, 2006). The DJSI North America Index tracks the financial performance of those corporations of

the Dow Jones largest 600 North American companies that are in the top 20% in terms of sustainability. As of 2005, 111 firms (93 from the U.S. and 18 from Canada) were included. At the time of our analysis, 19 corporations satisfied our preliminary screening filter.

Content

Once we identified our preliminary lists of exemplary corporations from the perspectives of stakeholder perception, we compiled the publicly available annual social reports of each firm in connection with CSR. If a social report for the corporation was not publicly available or was not accessible for download or other form of electronic access, that organization was excluded from the current study. For those phase one organizations without ready access to social reports via websites, the authors sought to personally contact appropriate representatives for an electronic version via other

means. Only when that was not possible was the organization then excluded. Four segments of each social or GRI report was accessed for each company: the letter from the chair of the board of directors or other executive (where available), discussions of supply chain activities, information regarding activities surrounding the environment, and information with regard to treatment of workers and/or human rights efforts. Where organizations did not have sufficient or qualifying information on any of the above topics, they were excluded from consideration in final analysis. Once all social reports were evaluated, our effective sample consisted of the reports of eight EU-based multinationals (Adidas Salomon, British Petroleum, Deutsche Telekom, Ericsson, Henkel, H & M, Nokia, and Volkswagen) and eight U.S.-based multinationals (Agilent, Citigroup, Hewlett Packard, Johnson & Johnson, Lowe's, Pitney-Bowes, Starbucks, and Verizon) (See Appendix B).

To conduct key word and word combination searches, we utilized a computer content analysis program, Nvivo. Nvivo is specifically designed to assist in the analysis of data that are not easily quantifiable or numerically reported, such as that contained in the social reports reviewed in the current study. We separated our analysis into two term nodes: financial and sustainable with sub-terms that would be sought in each category (see Table II). Since the author team consists of native American-English speakers, the original terms as conceived were submitted to a panel of European English-speaking business ethics scholars in order to determine whether there were additional terms that should be included or modified given possible disparities among the cultures. Based on their responses, minor modifications were made.

Results

In examining differences between U.S. and EU companies, we began by running the widest net search using all terms of both nodes on all documents and using a Boolean search to ensure that all variations of a particular term were gathered (for example, "sustain" would also rein in "sustainable" and "sustainability"). Overall, U.S. reports include

TABLE II

Terms used to represent financial and sustainable nodes

Financial node	Sustainable node
Bottom-line	Accountable
Budget	Citizen
Finance	Code of Conduct
Investor	Community
Operating	CSR
Profit	Responsible
Return	Social
Revenue	Society
Shareholder	Stakeholder
Stockholder	Sustain

306 instances of terms in the *sustainable* node in 27 documents with an average of 38 instances per report. The EU reports included 304 instances of the same terms in 31 documents with an average of 38.25 instances per report. Interestingly, the variance of sustainability instances within country was far greater for the U.S. (SD = 36.43) than for the EU (SD = 17.58). These results suggest that while there is little difference overall between U.S. and EU in terms of the prevalence of sustainability terms, there is much greater consistency of this practice within the EU reports (see Table III).

Regarding financial terms, U.S. reports mention 109 instances of the terms in the *financial* node in 21 documents (mean = 13.62) and EU reports mention 66 instances in 16 reports (mean = 7.0). These results indicate significant differences in the overall prevalence of financial terms. Here again, however, the variance is far greater for U.S. countries (SD = 12.39) vs. EU (SD = 5.95) (see Table IV).

The above results are supportive of our general expectation that U.S. companies will tend to communicate about and justify CSR using economic or bottom-line terms more heavily than sustainability terms while EU companies favor sustainability terms over economic ones. We next conducted analyses whereby each company was examined in connection with each of the four major sections of the full report. The results showed that terms relating to sustainability and economics were present in all four report sections (i.e., chairman, employee, environ-

TABLE III
Analysis of “sustainable” node

	Chairman	Employees	Environment	Suppliers	Totals
Companies (EU)					
Adidas Salomon	11	8	7	5	31
British Petroleum	15	2	10	3	30
Deutsche Telekom	22	20	27	9	78
Ericsson	21	8	1	14	44
Henkel	13	5	18	3	39
H & M	13		10	10	33
Nokia	7	4	6	11	28
Volkswagen	9	3	4	5	21
Totals	111	50	83	60	304
Companies (U.S.)					
Agilent	6		11	6	23
Citigroup	5	2	99		106
Hewlett Packard	12	8	16	45	81
Johnson & Johnson	8	3	7	2	20
Lowe’s	1	1	3		5
Pitney Bowes	6	2		6	14
Starbucks	18	2	17	6	43
Verizon	8	4	2		14
Totals	64	22	155	65	306

TABLE IV
Analysis of “financial” node

	Chairman	Employees	Environment	Suppliers	Total
Companies (U.S.)					
Agilent	2	4	4		10
Citigroup	10	3	23		36
Hewlett Packard	3		24	1	28
Johnson & Johnson	2	6	7	2	17
Lowe’s		3			3
Pitney Bowes	1	2	3		6
Starbucks	1	2	3		6
Verizon	2		1		3
Totals	21	20	65	3	109
Companies (EU)					
Adidas Salomon				2	2
British Petroleum	9		7	1	17
Deutsche Telekom	1	2	10		13
Ericsson	5	2	1		8
Henkel	1	1	1		3
H & M	1				1
Nokia	6		3	1	10
Volkswagen		2			2
Totals	23	7	22	4	56

ment, suppliers) for both EU and U.S. firms. For EU companies, the largest clustering of terms related to sustainability (36%) appeared in the chairman's section. For U.S. companies, however, the majority of sustainability terms appeared in the section on environment (51%). Similarly, with respect to financial or economic terms, EU companies had equally distributed instances between the chairman and environment sections while U.S. companies' financial terms appeared mostly in the section on the environment (59%). The results demonstrate that, when choosing to communicate about CSR activities, both U.S. and EU firms rely heavily on messages connected to the environment. In addition, EU firms appear to be communicating their CSR message vigorously from the top with strong prevalence of sustainability terms coming from the chairman.

In addition to the prevalence of terminology, it is valuable to note the literal context within which these terms were found and utilized. We therefore analyzed the context of each appearance of the words in both nodes for recurring themes both among and between the two populations. Consider the distinctions identified in the use of the term "community" by firms in the EU and the U.S.

Community

Throughout their reports, EU-based multinationals in our study consistently referred to the term "community" in connection with a corporation's *role* in the external community. To the contrary, the U.S. corporations included in our analysis approached the term "community" in terms of their *responsibilities* to their surrounding communities. Notice the differences in the language used in the following illustrative examples from the EU firms included in our study:

- Adidas-Salomon: "We reviewed our community involvement activities"
- British Petroleum: "We identified three areas for community investment"
- Henkel: "[We engaged] in a dialogue with [our] communities"
- Nokia: "Community involvement goes beyond core business activities" (describes engagement)

The following examples were drawn from several of the U.S.-based multinationals included in our study:

- HP: "it is our goal to build trust by leaving each community in which we do business better for our presence"... Committed to being "an economic, intellectual, and social asset to each country and community where we do business."
- Johnson & Johnson: "our shareholders will prosper if we serve our patients and customers, our employees, the communities in which we live and work."
- Pitney Bowes: "Pitney Bowes is committed to promoting programs that benefit the safety, health and well being of our employees in the community we serve."

Citizen

The importance of language chosen in communicating values and the resulting practical impact is also demonstrated when one compares the use of the term "citizen" in the reports studied. The term "citizen" (as well as its offshoots, "citizenship," and others) is not mentioned as often in the EU reports as it is in those issues by the U.S. multinationals. There were only 8 occurrences in the EU documents as compared to 27 occurrences in the U.S. reports over all eight corporations. Furthermore, in the U.S. reports, there is a consistent reiteration of a strong link between profits and citizenship. The EU reports do not seem to tie citizenship with economics at all. Some representative occurrences of citizen from U.S. documentation include:

- Agilent: "Our corporate citizenship efforts strengthen Agilent's long-term competitiveness and help improve the viability of our many communities, and we will continue to make these efforts a priority."
- Citigroup: Has a "citizenship report." Seeks "opportunities to use the strength of Citigroup's franchise, global reach and financial resources to make a difference in the communities where our employees live and work."

- Hewlett Packard: “The idea that companies can build shareowner value by striving to make both a profit and a contribution is not just a cornerstone of good corporate citizenship; it is still the foundation of everything we do at HP.... Global citizenship is not just a corporate responsibility, but also a prime business opportunity to grow our company in new ways.”

In contrast, the comments from the few EU reports where there is a mention are as follows:

- Adidas: Goal to become a true Corporate Citizen (sets targets)
- Deutsche Telekom: Discusses being a good corporate citizen as contributing actively to the positive development of our society and environment, and being committed to sustainability.
- Henkel: “Henkel is part of society and sees itself as a ‘good citizen.’ Our involvement in many different social activities goes well beyond our business interests and deep into the communities where we operate.”

Sustainability

The third area of our inquiry with regard to terminology was the term, “sustainability.” Contrary to our previous investigation, with regard to the term “sustainability,” cross-Atlantic usage was relatively consistent. This might stem from a consistent increase in attention to issues of sustainability across the board in corporate boardrooms, which is not surprising given the fact that more than 2,500 firms worldwide publish some type of stand-alone report on citizenship, sustainability, environmental, and/or social concerns (Layzer Sherwood, 2006). Instead, the interesting elements of this exploration included the variety of forms of term usage and the reliance on common understanding of “principles of sustainability.”

With regard to the usage of the term “sustainability,” the vast number of ways in which the term is used across the board is extraordinary. It is used as a buzzword in every possible meaning. In one CEO letter (BP), alone, it is used in 8 varied manners:

- Corporate longevity (“BP’s sustainability as a group”)
- Shareholder value (“To succeed, we need to [deliver shareholder value] in a way that is profitable, consistent and sustainable.”)
- Continued performance (“To deliver sustainable performance”)
- Renewable resources (“a sustainable environment”)
- Principles of environmentalism (“principles of sustainability”)
- Continued supply chain protections (“sustainable security of supply”)
- Ongoing human resources activities (“sustained, consistent actions by the group’s 102,900 people worldwide”)
- Measurement and assessment (“sustainability reporting”)

The varied usage is relevant in part to our analysis since there is also some reliance by corporations in both regions on some common understanding of “principles of sustainability.” If the term is used in so many different ways, it would then seem counter-intuitive to rely on the fact that one shares a common understanding of to what these “principles of sustainability” would actually refer. For example, consider the references in the following reports:

- BP: “To achieve our purpose, we follow a strategy that is itself founded on the principles of sustainability.”
- Deutsche Telekom: “We are committed to the principles of sustainability... The men and women who work for Deutsche Telekom are the key to our sustainability policy. They live by the principles of sustainability every day.”
- Ericsson: “The principles of sustainable development ... are all integral parts of our values and ways of working.”

Discussion

The present study set out to examine potential differences in the communication of CSR activities between firms based in the U.S. and EU. Following research suggesting that differences in CSR practices

exist, we posited that U.S.-based companies would favor more heavily economic justifications for engaging in CSR while EU-based organizations would favor sustainability arguments in order to bolster their actions in stakeholder communications. Relying on qualitative data from 8 U.S.- and 8 EU-based companies, we sought to investigate not only the absolute and relative prevalence of major CSR terms included in company social reports but also to understand how these terms are being used to represent CSR activities contextually.

What stands out most is that, based on a small yet representative sample of organizations, some clear differences were evident in these organizations' publicly stated approaches to CSR. From a strictly prevalence perspective, our results indicated that both EU- and U.S.-based companies are seeking to project a positive image with regard to sustainability, peppering their social reports with a significant number of sustainability terms. Yet, a closer examination of this finding shows that the overall results may be somewhat misleading. Specifically, our results showed that EU companies were all equally engaged in reporting sustainability while U.S.-based companies were less systematic overall. For example, Citigroup and Hewlett Packard mentioned a total of 106 and 81 sustainability terms, respectively, while Lowe's and Verizon mentioned 5 and 14, respectively. Thus, although the total number of sustainability justifications is roughly equal to EU companies, our expectations were confirmed in that 60% of the sustainability terms for the U.S. companies emanate from 25% or two firms. As such, it may be appropriate to treat those organizations as outliers and conclude that EU organizations report far more engagement in sustainability than do U.S.-based companies.

The disparity in sustainability prevalence was illuminated further by the findings demonstrating the myriad ways in which the term sustainability is used within the reports. Our results point to the ambiguity of the term, and the tendency to use it to connote commitment to anything deemed important rather than specifically focused on socially related commitments. Although beyond the scope of our data, this finding may imply that wide use of the term sustainable without regard to actual CSR practices is indicative of a certain degree of inauthenticity.

Regarding companies' use of terms related to financial justifications, we found that U.S.-based companies are far more likely to rely on financial terms than are EU firms. Here again, there was considerable variance in the prevalence of usage. In particular, 74% of the instances of financial terms for U.S.-based companies was derived from three firms (38%) whereas EU companies showed considerably less variance overall.

Overall, an examination of both the sustainability and financial terms indicate that EU companies do not value sustainability to the *exclusion* of financial elements as we expected, but instead that these companies project sustainability commitments in *addition* to financial commitments. Said differently, U.S.-based companies, on average, seem to be more concerned with financial justifications whereas EU-based companies seem to incorporate *both* financial and sustainability elements in justifying their CSR activities.

In addition to prevalence, our study also sought to understand how the use of actual words, their meaning and contexts might differ between their use by U.S. and EU firms. For instance, the results showed that EU firms were much more likely to invoke the term "community" in references to the firms' primary embedded *role* within the community. That is, EU organizations use community to communicate their role as inextricable from their immediate task environment or system. Conversely, U.S. corporations proffered the term "community" to communicate their *responsibilities* to their environment, with the sense that they were separate but connected to the community. The practical implication of the distinctions in these approaches is the quantifiable difference in measurability. One could argue that responsibilities are measurable while roles are more difficult to evaluate. Therefore, it might be easier to determine whether a U.S. firm upheld a stated responsibility to the community than if an EU firm fulfilled a particular role within the community.

Our contextual analysis of the term "citizen" and its derivative terms yielded further insights in relation to measurability. While the prevalence analysis demonstrated that the term "citizen" is not mentioned as often in the EU reports as it is in those issues by the U.S. multinationals, the U.S. reports also evidenced a consistent reiteration of strong link between profits and citizenship. On the contrary,

the EU reports do not seem to tie regularly citizenship to economics. In making their case for CSR activity, it may be advisable for EU firms to strengthen their communication of the link between economics and citizenship. As discussed earlier in connection with the duality involved in the definition of CSR, the challenge with the citizenship approach from its origins has been with its measurability in terms of bottom line impact. Without measurability, there may be little evidence of impact. Without evidence of impact, there is less opportunity for feedback to investors which *has the potential* to translate into fewer dollars (or euros) to support the next interest in CSR. Of course, this connection is only relevant if bottom-line impact is sought as a measurable objective. However, from the opposite perspective, it may also be advised that U.S. firms encourage stakeholders to recognize the long-term benefits of a commitment to CSR as a strategy rather than a solitary focus on short-term measurable results.

Finally, the term, “sustainability” is used often by firms to communicate their CSR rationale. Contrary to communications surrounding community and citizenship, the term “sustainability” was used quite consistently by both U.S. and EU organizations. This might stem from a consistent increase in attention to issues of sustainability globally in corporate boardrooms, which is not surprising given the fact that more than 2,500 firms worldwide publish some type of stand-alone report on citizenship, sustainability, environmental, and/or social concerns (Layzer Sherwood, 2006). More provocative, however, are the myriad meanings with which the term sustainability has been associated. To be clear, our results showed that a common understanding of “sustainability” does not exist and firms use the term with wide-reaching meanings. This conclusion has significant implications with regard to our discussion of measurability, above. Given the variety of definitions and interpretations, the presumption that all understand what is meant by “principles of sustainability” might lead to challenges in later assessment or measurability regarding whether the principles actually have been met or violated.

Few studies are without limitations; the present study is no exception. First, though exploratory in nature, our study was limited in the small sample

from which conclusions were drawn. Indeed, the present study found some interesting trends but; given the sample size, we are certainly far from definitive conclusions. Second, we employed simple counts of terms rather than a content analysis of how each term was applied in each instance. Such an analysis allows for a richer understanding of the intended messages to which we inferred throughout. Third, we did not control for whom or how the reports were written. It is quite possible that any convergence of results stems not from actual differences in communication, but differences (or similarities) in the public relations firms or consultants who frequently help craft such reports based on industry best practices.

Looking forward, many fruitful avenues for future research exist. In particular, the present study explored differences between U.S. and EU firms without considerations of corporate culture. Culture likely plays a role in how an organization decides to communicate their CSR activities as well as how stakeholders view such communication. For example, it is quite possible that a firm whose organizational culture strongly supports economic rationales would be seen by stakeholders as betraying their primary responsibilities when choosing a citizenship approach to CSR. Similarly, organizational history may also factor heavily into organizations’ approaches to CSR communication. Firms with vivid histories of CSR debacles or charismatic founders, who were perhaps anti-CSR, may find it more difficult to communicate their CSR intentions with any degree of perceived authenticity. These firms may choose to withhold or temper much of their reporting so as to not be seen as inauthentic, regardless of their actual CSR activity. Future research would benefit greatly from increased contextualization of the organizations themselves, their dominant culture and history. In addition, the original analysis required investigator-identified terms; therefore a second-phase analysis involving an alternative method of language examination would be valuable. Bias-free cluster analysis using systematic elicitation methods for word retrievals would allow the development of recommendations regarding the most effective means by which to communicate surrounding CSR to a cross-cultural audience in terms that are most meaningful to both constituencies while continuing

to communicate the critical aspects of a firm's CSR program. Each of these areas of further research will allow us to quantify and catalog our conclusions to a greater extent and provide more specific recommendations.

Appendix A

List of abbreviations used in this article

CSR: Corporate Social Responsibility
 EU: European Union
 U.S.: United States
 GRI: Global Reporting Initiatives
 N100: Top 100 companies in 16 countries
 G250: Top 250 firms of Fortune 5000
 S&P 500: Standard and Poor's Index of 500 companies in the U.S. economy
 FTSE: Financial Times Stock Exchange
 FTSE4Good: An index series designed by FTSE to measure the performance of companies that meet globally recognized corporate responsibility standards.
 ESI: Ethibel Sustainability Index
 BP: British Petroleum
 HP: Hewlett Packard
 J&J: Johnson & Johnson

Appendix B: List of documents and sources used in the analysis

(all documents accessed during spring/summer, 2006)

European reports

- *Adidas-Salomon Social and Environmental Report 2004*. St Ives Westerham. Edenbridge 2005, http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/taking_on_the_challenges_social_and_environmental_report_2004.pdf
- *BP Sustainability Report 2004*. Beacon Press. England 2005, http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/S/Sustainability_Report_2004.pdf

- *Deutsche Telekom 2005 Human Resources and Sustainability Report*. Darmstadt, 2005, http://download-dtag.t-online.de/englisch/company/9-sustainability/PUN_2005_engl.pdf
- *Ericsson Sustainability Report 2004*. Stockholm, 2005, http://www.ericsson.com/sustainability/download/pdf/sustainability_report_2004.pdf
- *H&M Corporate Social Responsibility Report 2004*. Stockholm, 2005, http://www.eyemag.se/core/items/200505/372/HM_csr_report_04.pdf
- *Henkel Sustainability Report 2004*. Dusseldorf, 2005, http://www.henkel.com/int_henkel/she/binarydata/images/SustainabilityReport_2004.pdf
- *Nokia Corporate Responsibility Report 2004*. Espoo, Finland, 2005, http://www.nokia.com/NOKIA_COM_1/About_Nokia/crr2004en.pdf
- *Volkswagen Sustainability Report 2005/2006*. Wolfsburg, 2005, http://eng.volkswagen-mediaservices.com/medias_publish/ms/content/en/broschueren/2005/12/09/sustainability_report.standard.gid-oeffentlichkeit.html

U.S. reports

- *Agilent Environment and Social Responsibility Report 2004*. Palo Alto, 2005, (web format) http://www.agilent.com/environment/esr/2004_ESR_Report.html
- *Citigroup Citizenship Report 2004*. New York City, 2005, http://www.citigroup.com/citigroup/citizen/community/data/citizen04_en.pdf
- *Hewlett Packard 2005 Global Citizenship Report*. Palo Alto, 2006, http://www.hp.com/hpinfo/globalcitizenship/gcreport/?jumpid=reg_R1002_USEN
- *Johnson & Johnson 2004 Sustainability Report*. New Brunswick, 2006, http://www.jnj.com/community/environment/publications/2004_environ.pdf
- *Lowes 2004 Social Responsibility Report*. Charlotte, 2005, <http://images.lowes.com/animate/2004SocialResponsibilityenglish2.pdf>
- *Pitney Bowes Environmental Health & Safety Progress Report 2001*. Stamford, 2002, <http://>

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- Starbucks Corporate Social Responsibility Fiscal 2005 Annual Report. Seattle, 2006, http://www.starbucks.com/aboutus/FY05_CSR_Total.pdf
- Verizon Corporate Responsibility 2004. Washington, 2004, <http://multimedia.verizon.com/responsibility/pdf/CorporateResponsibilityReport.pdf>

Notes

¹. For a complete list of abbreviations used in this article, please see Appendix A.

². One study did in fact find very similar levels of prevalence of CSR policies in European and North American firms, when corrected for the inclusion of Mexico (Welford, 2005, p. 41).

³. It is perhaps important to note here that, for purposes of this particular research, corporations based in the U.K. are considered to be part of the group of European multinationals since they are clearly not part of the U.S.-based multinationals, if only from a geographical perspective. This is plainly in contrast to Klein et al.'s study (2005) where he included the U.K. in his group of English-speaking countries, which also included the U.S., Canada, Australia, and New Zealand, and not his group of other European countries because "the responses of U.K. participants showed a greater similarity with the United States and Commonwealth countries than with non-English-speaking European countries." (p. 19).

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