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RESEARCH ARTICLE

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Cross-national differences in stakeholder management: Applying institutional theory and comparative capitalism framework

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Abstract

Drawing upon the research in institutional theory and comparative capitalism, the present study investigates how cross-national differences in the political, business, and economic institutional contexts of the United States, Italy, and Japan are associated with the ways in which companies in each of these countries prioritize and engage in their stakeholder engagement activities (SEAs). Using Porter and Kramer's framework, which classifies corporate social responsibility (CSR) activities as falling into four categories (good citizenship, mitigating harm from value chain, transforming value chain activities, and strategic philanthropy), we investigate how companies in the United States, Japan, and Italy prioritize and engage in these four SEAs. An analysis of data collected from 340 companies across these countries reveals that while companies in each of these three countries undertake the four types of SEAs, the prioritization and prevalence of the four types of SEAs vary from one country to the other, in ways that align with the prevailing institutional contexts of each country. The results contribute to a more nuanced understanding of why and how companies' approaches to CSR differ across countries. From a practitioner's perspective, the findings highlight the cultural specificity of CSR, implying that despite the global nature of CSR, the implementation of CSR needs to be tailored to a country's context.

KEYWORDS

comparative capitalism and CSR, cross-cultural CSR, institutional theory and CSR, stakeholder engagement activities, stakeholder management

1 | INTRODUCTION

Past research on corporate social responsibility (CSR) and stakeholder management shows that although more companies across the world have begun to adopt CSR practices, there are remarkable differences across country boundaries in terms of what constitutes CSR as well as how to address the expectations of various stakeholders (Blodgett et al., 2001; Gallego-Alvarez and Pucheta-Martínez, 2020; Kang & Moon, 2011; Katamba et al., 2016; Kumar et al., 2019). Although past research recognizes the importance of the relationship between CSR and culture and acknowledges that a company's approach to CSR is contingent upon the national context (Blodgett et al., 2001), the predominant focus of such cross-national CSR research has been on examining the impact of cultural values and norms on managers' perceptions of their responsibilities toward various stakeholders (Donleavy et al., 2008; Ho et al., 2012; Van der Laan Smith et al., 2010). Relatively less attention has been paid to empirically investigating how companies' approaches to CSR differ across countries and why this might be the case (Campbell, 2007). In addition, researchers in this area have noted that a major limitation with existing cross-national comparative studies of CSR is the lack of a clear theoretical "conceptualization of CSR beyond the firm-level and within wider institutional settings" (Kang & Moon, 2011, p. 88). The present study addresses this call for examining CSR within wider institutional settings by drawing upon the institutional theory and comparative capitalism frameworks to explain cross-country differences in CSR activities.

2 | PURPOSE OF THE PRESENT STUDY

Although cultural values and norms certainly influence managers' perceptions of their responsibilities toward stakeholders (Blodgett et al., 2001), the goal of the present study is to move beyond the role of values and norms in deciphering cross-national differences in CSR and stakeholder management practices by understanding how these practices are impacted by organizations' relationships with social, business, political, and economic institutional arrangements that are prevalent in a country. Managers interact with these institutions on an ongoing basis, and as a result, these institutions play an important role in influencing the corporate social behaviors observed in companies (Ben-Amar & Chelli, 2018; Freeman & Hasnaoui, 2011; Kumar et al., 2019). We draw upon the frameworks of institutional theory (Matten & Moon, 2008) and comparative capitalism (Aguilera et al., 2007; Deeg & Jackson, 2007; Hall & Soskice, 2001) to examine how an organization's approach to stakeholder management and CSR differ across countries. In doing so, we recognize that CSR remains contextualized in national institutional arrangements, resulting in differential CSR incentives and opportunities as well as stakeholder management activities across countries. In particular, we investigate how differences in the political, social, business, and economic institutional contexts of the United States, Italy, and Japan manifest in different CSR practices and consequently different choices and prioritization of stakeholder engagement activities (SEAs).

We use the SEAs scale (Boesso & Kumar, 2016) to assess how the prevalence and prioritization of the four categories of SEAs that companies undertake as they implement CSR (Porter & Kramer, 2006) differ across the United States, Italy, and Japan. These include good citizenship, mitigating harm from the value chain, transforming value chain activities, and strategic philanthropy. We then discuss how differences observed in these four SEAs may be attributed to variances that exist in the social, political, business, and economic institutional arrangements of these three countries. Our research contributes to the extant literature by demonstrating that variances observed in CSR and stakeholder management practices across countries can be attributed to cross-national differences in institutional frameworks and configurations, thus advancing cross-country CSR research beyond firm-level investigations to incorporate wider institutional settings (Campbell, 2007; Kang & Moon, 2011).

From a practitioner's perspective, the findings highlight that although stakeholder management and CSR may be "the hallmark of being a truly global idea" (Gjølberg, 2009, p. 10), the interpretation, adoption, and implementation of CSR and SEAs is inherently context-specific and nationally distinct. The findings of our research provide pragmatic insights into the nature of differences in CSR practices across countries as well as how best to manage such differences.

3 | INSTITUTIONAL ARRANGEMENTS, COMPARATIVE CAPITALISM, AND STAKEHOLDER MANAGEMENT

The framework of Institutional Theory allows us to conceptualize CSR within the wider institutional settings in which companies operate. Given the societal orientation that is embedded in stakeholder management and CSR, it is important to understand the mechanism by which national institutional arrangements shape a company's CSR policies and practices. In addition, the Comparative Capitalism framework also lends itself to be useful in understanding cross-national differences in CSR, as it takes into account the diversity of institutional landscapes, contemplates why such institutions differ across countries (Amable, 2003; Hall & Soskice, 2001) and examines how a variety of institutions interact to shape the resulting capitalistic environment in which businesses operate (Jackson & Deeg, 2008). Given that the theory of Comparative Capitalism is particularly concerned with how institutional diversity shapes different kinds of economic and business activities undertaken by organizations (Amable, 2003), it serves as a very useful framework to guide our understanding of cross-national differences in CSR and SEAs.

The three countries examined in this study—the United States, Italy, and Japan—all have notably different national institutional arrangements and different conceptions of capitalism. Based on Hall and Soskice's (2001) classification, the United States is clearly a liberal market economy (LME) and Japan a coordinated market economy (CME). Italy, being a country in the Mediterranean group (Amable, 2003), has a district industrial orientation (Whitley, 1999) and falls in a hybrid category—somewhere in between the extremes of an LME and CME. In the following section, we explain how the differences in the Institutional Theory and Comparative Capitalism of these three countries are likely to result in varying CSR policies and practices.

3.1 | Differences across the United States, Japan, and Italy

The institutional context that prevails in LMEs such as the United States incentivizes companies to assume individual responsibility for CSR initiatives. Given the market-based approach to economic activities in LMEs, stakeholder management, and CSR in the United States consists largely of voluntary activities whereby American companies generally independently articulate their CSR policies and programs. In such countries, while the national business system encourages companies to assume responsibilities that benefit the greater interest of society, companies are ultimately sovereign and are left to their own to identify company-specific opportunities for socially responsible behaviors. As such, the socially responsible policies and programs that are enacted by companies are voluntary and are primarily motivated by the perceived expectations of different stakeholders of the company. There exists a relative absence of formal, mandatory, and codified laws defining the responsibilities of companies for social issues including fair wages, sustainable working conditions, and workers' welfare. Instead, the system encourages companies to undertake independent responsibility for such issues of societal concerns.

Although many American companies may describe CSR as part of their strategic values past research shows that when choosing among different SEAs, American companies tend to choose activities that entertain both social and business value propositions (Porter & Kramer, 2006). As Maignan and Ralston (2002) have noted, American companies have a stronger instrumental motivation for CSR and they explicitly communicate claims regarding their socially responsible behaviors to their stakeholders. To the extent that companies view engagement in CSR initiatives as a strategically important move for the overall survival and growth of a business, American companies' ultimate focus is on assessing how company performance can be enhanced through their CSR policies and programs.

In contrast, CSR and stakeholder management in CMEs such as Japan is practiced in a "solidaristic" manner with an informal and shared understanding of "consensual managerialism" (Kang & Moon, 2011). Recent research examining contemporary Japanese CSR practices shows that in Japan, CSR is more intertwined in business practices (Brucksch & Grünschloß, 2009; Fukukawa & Teramato, 2009; Kumar et al., 2019) and is based on a "corporate conscience based governance" (Nakano, 2007) that requires managers to reflect on the expectations and demands of various stakeholders. In the Japanese context, CSR is interpreted as "those corporate principles and policies- *keiei rinen or hoshin*- that contribute to society via our business-*mon zukari*" (Fukukawa & Teramoto, 2009, p. 138) and have always influenced corporate activities of Japanese companies. Thus, although Japanese companies incorporate CSR in their business practices, much of the externally facing rhetoric that is typically associated with the adoption of CSR by companies in LMEs is absent in the Japanese context (Eweje, 2020; Kumar et al., 2019).

The national business system and institutional arrangement in Japan are characterized by high public ownership, patriarchal and long-term employment, and coordination and control systems that are based on long-term partnership (Matten & Moon, 2008). In such systems, CSR is not an externally motivated initiative but instead a set of actions that reflect the Japanese company's concern for societal interests within the broader set of formal and informal network of institutions in which it exists. As a result, the CSR policies and programs of Japanese companies are "motivated by the societal consensus on the legitimate role and contributions of corporations" (Matten & Moon, 2008, p. 410). Companies are encouraged, mandated, and even legally required to engage in corporate social obligations in collective rather than individual terms (Kobayashi et al., 2018; Nakano, 2007). Although companies may be collectively involved in formulating CSR policies, they do not articulate their own independent version of them nor do they make company-specific claims about these policies and initiatives. In other words, CSR policies are not seen as a choice made by individual companies but rather are expected to be universally adopted by all companies for the greater good of the society Endo (2020).

Finally, the national business system of Italy has some unique characteristics, including the historic role of the cooperative movement, the predominance of small and medium enterprises (SMEs), the co-existence of public and private enterprises at all levels, the national system of Chambers of Commerce, and the relatively active role played by the government in regulating various aspects of public and private enterprises. Over 80% of Italian companies employ less than 250 employees (hence classified as SMEs) and have deeply embedded relationships in their local communities (Perrini, 2006). These companies have a historical tradition of stakeholder management in the communities in which they operate. This tradition is an integral part of the country's business framework and is actively supported by the government, public initiatives, and trade associations. Given this context, gaining legitimacy and approval from local stakeholders such as employees, suppliers, public authorities, financial institutions, and community at large is critical to the success of Italian companies (Perrini, 2006). However, the CSR initiatives adopted by the vast majority of Italian companies are largely unsystematic, unstructured, and lack formalized processes (Russo & Tencati, 2009). The majority of Italian companies accrue social capital—the goodwill generated by their stakeholder engagement initiatives—through various informal corporate social engagements, which is the key to their long-term success.

When asked about their motivation for engaging in CSR, an interesting polarity emerged. Ninety percent of Italian companies reported that they were motivated to engage in CSR due to perceived benefits to the company's image; however, 76% of these companies also viewed CSR as essential to building relationships with their local community (Perrini et al., 2006). When surveyed, Italian companies reported that they engaged in a variety of CSR initiatives beyond those that are necessary for compliance with government and trade association regulations. Eighty-three percent of companies reported that they undertake social initiatives related to employee involvement, 75% sponsor causes viewed as important to different stakeholder groups, 51% make philanthropic contributions to causes deemed as important, and 47% make other types of financial contributions. These activities demonstrate both a strong relational and instrumental motivation for the SEAs of Italian companies (Russo & Tencati, 2009) and are indicative of the fact that Italian businesses generally view effective stakeholder management as "a license to operate" in their local communities.

4 | CSR SEAS

CSR and stakeholder management involve a complex mix of activities and companies employ a wide variety of social initiatives as they attempt to address the concerns of various stakeholders

(Choi & Wang, 2009; Hillman & Keim, 2001; Waddock & Graves, 1997). Therefore, it is important to meaningfully group the myriad of SEAs that companies engage in. To this end, we used the framework created by Porter and Kramer (2006), which classifies SEAs into four categories—good citizenship, mitigating harm from value chain activities, transforming value chain activities to benefit society, and strategic philanthropy—and examined cross-country differences across each of these four sets of SEAs.

The first category of SEAs—good corporate citizenship—involves an awareness of and an ability to act upon the general social concerns of a company's stakeholders and result largely in the creation of goodwill and enhanced relationships with stakeholders. This typically involves addressing social issues that are not directly related to a company's operations or performance. As Porter and Kramer (2006) describe, General Electric's commitment to “adopt” and performance financial and mentorship assistance underperforming high schools in the vicinity of several of its American plants is an example of good citizenship. Although such SEAs certainly enhance relationships with community partners and even drive employee morale, there is also an implicit expectation that the CSR activity will have a positive impact on the company's performance.

The next category of SEAs—mitigating harm that arises from an organization's value chain activities—involves trying to ensure that negative social and environmental impacts from various locations along an organization's value chain are minimized or even prevented in the first place. Examples of activities that fall under this category include modifying procurement and supply chain practices to avoid social harm—such as revising labor practices—or changing transportation options to minimize emissions. As one might imagine, a multitude of activities along the value chain might fall under this SEA classification and as a result, companies that seek to minimize such harm often employ checklists of common issues along the value chain, such as those relayed in the Global Reporting Initiative.

In the next category of SEAs are undertakings through which organizations attempt to proactively transform core value chain activities in such a way that results in not only societal and environmental benefit but also result in enhanced competitiveness for the company. An example of such an activity includes Toyota's initial launch of its first hybrid-electric vehicle, the Prius. Among the first of its kind, not only was Toyota able to cement a competitive advantage through an innovative technology that customers loved but also created a vehicle with a fraction of emissions as other similar-sized cars (Porter & Kramer, 2006).

Finally, whereas traditional philanthropy involves making financial and resource donations to those in need, strategic philanthropy “leverages capabilities to improve salient areas of the competitive context” (Porter & Kramer, 2006, p.13). In such cases, the philanthropic CSR effort is intertwined with a social issue in the organization's core value proposition. For example, Whole Foods' commitment to providing products with natural and healthy ingredients fueled its strategic philanthropy in funding the Animal Compassion Foundation—an organization that raises farm animals in more humane ways.

5 | DEVELOPMENT OF HYPOTHESES

As noted earlier, because there are marked differences in the institutional arrangements and in the forms of capitalism that exist in the United States, Japan, and Italy, it is reasonable to expect that the corporate social behavior of companies in these three countries will be motivated by different views about the role of business in society and that the principles behind the introduction of CSR efforts in these countries will be guided by different institutional requirements. Consequently, one would also expect that the different forms of SEAs will be enacted in these countries, depending on the needs of the company and its coordination with prevailing institutional frameworks. Although companies in each of the three countries might undertake the four types of SEAs described above, the prioritization of these four activities and the relative emphasis placed on them will very likely vary from one country to the other. We now examine each of the four categories of SEAs within the institutional contexts that exist the United States, Japan, and Italy and hypothesize their prevalence and importance for companies in these three countries.

5.1 | Cross-country differences in SEAs related to good citizenship

Good citizenship is an essential component of CSR and companies need to do it well in every country (Porter & Kramer, 2006). As noted earlier, the institutional context that exists in LMEs, such as the United States, encourages individual companies to identify opportunities for and articulate policies and program for socially responsible behaviors. This process of determining good citizenship efforts is typically based on the perceived expectations of different stakeholders. In addition, American companies also view stakeholder engagement as strategically important for their survival and growth and, as a result, explicitly communicate claims regarding their good citizenship behaviors.

On the other hand, good citizenship initiatives in CMEs such as Japan are being based on a shared understanding of the demands and expectations of different stakeholders. Companies in Japan act as good citizens based on a societal consensus of the expected role and contributions of companies. They neither articulate their own versions of such good citizenship behaviors nor do they make company-specific claims about them. Because the “corporate conscience-based governance” prevalent in Japan requires them to reflect on the demands of various stakeholders, Japanese companies will incorporate CSR initiatives related to good citizenship but they will do so without the explicit rhetoric of American companies (with respect to good citizenship efforts).

In the case of Italy, the national business system prevalent in the country requires companies to gain legitimacy and approval of local stakeholders. To this extent, good citizenship initiatives help build relationships, which are critical for companies' survival and growth. However, given the fact that the vast majority of Italian companies are SMEs and lack systematic, structured, and formal CSR processes

Perrini (2006), the scope of these activities, even while deemed critical, will likely be limited. Although Italian companies will be strongly motivated to engage in such good citizenship behaviors, their initiatives will vary based upon their own unique evaluations of stakeholder demands and the availability of resource for meeting these demands.

Although good citizenship related corporate behaviors will likely be deemed important in each of the three countries we study, companies in the United States will make more explicit use of such activities and hence will prioritize them more prominently and will place greater emphasis of such activities in their corporate social agenda than will companies in either Japan or Italy. We hypothesize that

Hypothesis 1. Good citizenship related SEAs will be prioritized more highly by companies in the United States than in Japan and Italy.

Hypothesis 1a. There will be a greater prevalence of good citizenship related SEAs among companies from the United States than those from Japan or Italy.

5.2 | Cross-country differences in SEAs related to mitigating value chain harm

The societal and regulatory frameworks that exist in a country encourage, mandate, and even legally require companies to engage in activities that mitigate harm arising from their value chain activities. If a company performs poorly or fails in meeting these expectations, they are penalized in the form of loss of reputation and monetary damages. Although the initiatives related to this SEA result in positive outcomes for a broad group of stakeholders, companies primarily engage in these activities because they coincide with their economic and regulatory interests (Kumar et al., 2016). They view these activities either as a "license for doing business" or as a way to optimize corporate self-interest. Given such motivations, companies are increasingly adopting a checklist approach to issues related to mitigating harm from their value chain, following the guidelines provided by organizations such as the Global Reporting Initiative (Porter & Kramer, 2006).

It is reasonable to believe that because SEAs related to mitigating harm from the value chain are, to a large extent, mandated by law or required by other regulatory agencies, companies in each of the three countries we study will prioritize these types of SEAs as relatively high. Beyond regulatory requirements, however, one may still expect differences in terms of how much emphasis companies in each of the three countries place on these activities because of normative societal expectations that are associated with these issues. As we noted earlier, as CSR activities increase in Japan, a paradigm shift has occurred regarding the significance of social and environmental issues (Brucksch & Grünschloß, 2009). Japanese companies are now extensively incorporating environmental and social issues in their corporate management processes in order to improve their competitiveness (Kobayashi et al., 2018). Therefore, we hypothesize that

Hypothesis 2. There will be no significant difference in the prioritization of SEAs related to mitigating harm from the value chain among companies from the United States, Japan, and Italy.

Hypothesis 2a. There will be a greater prevalence of SEAs related to mitigating harm from the value chain among Japanese companies than those from the United States and Italy.

5.3 | Cross-country differences in SEAs related to transforming value chain activities

SEAs related to transforming the value chain include many corporate social initiatives that seemingly overlap with those involved in mitigating value chain impact. However, the difference lies in the fact that companies engaging SEAs for transforming the value chain proactively identify, understand, and deal with the social and environmental problems that may arise from the value chain of the company's business activities. Companies engaging in these SEAs have a sense of environmental stewardship, as they mount a small number of initiatives specific to their core business operations, whose benefits are distinctive. Social initiatives in this category may also result from normative considerations and organizational commitment to take social initiatives that go beyond those that are legally mandated.

Because companies in the United States are embedded in a national business system that leaves CSR at the discretion of individual companies, the corporate social policies and programs that follow are the result of company-specific evaluations of various stakeholder groups and often combine both social and business value propositions. Given this institutional framework, when evaluating potential opportunities for transforming value chain activities, American companies will likely focus on assessing how their CSR initiatives will enhance company performance (Kumar et al., 2017).

In contrast, the Japanese national business system is characterized by coordination and control mechanisms that are based on long-term partnerships between the company and various stakeholders (Kobayashi et al., 2018). Although active corporate involvement in CSR is a relatively recent phenomenon in Japan, it "underlies a paradigm shift towards increased importance of environmental issues" (Brucksch & Grünschloß, 2009, p. 316). Researchers have that environmental and social issues have become a new dimension of corporate management for Japanese companies, as they have realized that "environmentally benign management can also improve their competitiveness" (Tanabe, 2005, p. 115). Japanese companies have realized that by focusing on voluntary improvements along their value chain a "win-win situation can be created for both the company undertaking social or environmental measures and stakeholders" (Brucksch & Grünschloß, 2009, p. 316). As a result, more and more Japanese companies have become involved in social activities designed to transform their value chains (Porter & Kramer, 2006).

As for Italy, despite their long tradition of stakeholder management and the government and public initiatives that support them, the scope of CSR activities of companies is somewhat limited to compliance of environmental issues and meeting related societal expectations. Although given the Italian national business system, companies have a strong relational and instrumental motivation for CSR, most companies have not yet invested in CSR in a strategic way (Perrini, 2006). To the extent that social initiatives related to transforming the value chain are based on strategic thinking, Italian companies may not be using these activities to a significant extent. We hypothesize that

Hypothesis 3. SEAs related to transforming the value chain will be prioritized more highly by companies in Japan than in the United States and Italy.

Hypothesis 3a. There will be a greater prevalence of SEAs related to transforming the value chain among companies from Japan than from the United States and Italy.

5.4 | Cross-country differences in SEAs related to strategic philanthropy

Corporate philanthropy traditionally involves making financial or other resource-based contributions to underprivileged entities. Such philanthropy has been largely justified on the grounds that it improves a company's image and strengthens the relationship with stakeholders, whose tacit or explicit support often matters for the company. When pursued strategically, however, philanthropy assumes greater instrumental motivation. Companies engaging in strategic philanthropy, choose to make contributions and invest in social aspects in ways that benefit society while simultaneously contributing to the firm's competitiveness (Porter & Kramer, 2006). If one examines the institutional frameworks that exist in the United States, Japan, and Italy, it would appear that Italian companies will have the strongest motivation to engage in activities associated with strategic philanthropy. From a social-normative perspective, Italian companies have a long tradition of philanthropic activities, which have allowed them to gain legitimacy and approval from local stakeholders that hold the key to their success. Such emphasis is also evident in the results of a study, which showed that nearly three quarters of Italian companies deem sponsorship of various causes to be an important aspect of their CSR agenda and more than half think that making philanthropic contributions to select stakeholders is a critical aspect of managing the company's CSR activities (Perrini, 2006).

As for the United States, American companies are known to make more corporate philanthropic contributions than their European counterparts (Maignan & Ralston, 2002), as strategic philanthropy is one of the many ways in which they try to enhance their credibility and earn the goodwill of stakeholders to protect the interests of the firm (Bertrand et al., 2018). Finally, although philanthropic activities have historically been a part of the corporate social agenda of Japanese companies (Nakano, 2007), other SEAs related to environmental and social issues take priority over such philanthropy. In addition, the emphasis on corporate philanthropy is also low because Japanese companies exhibit strong implicit CSR tendencies (Kumar et al., 2019). Thus, although the overall monetary value of philanthropic contributions made by Italian companies may be small in size compared to those made by American and Japanese companies, it remains a critical way for Italian firms to accrue “social capital” (Perini, 2006). It is, therefore, hypothesized that

Hypothesis 4. SEAs related to strategic philanthropy will be prioritized more highly by companies in the Italy than in the United States and Japan.

Hypothesis 4a. There will be a greater prevalence of SEAs related to strategic philanthropy among companies from Italy than from the United States or Japan.

6 | METHODOLOGY

6.1 | Sample and data collection

The sample for this study consisted of English-speaking, mid-level managers and business owners from 340 companies—119 from Japan, 113 from Italy, and 108 from the United States. The data used in this study were a part of a larger data set, which was collected in the United States and Italy using anonymous questionnaire (administered in English) that was administered while the managers attended a management seminar. In Japan, the data were collected via a mailed questionnaire that was translated into Japanese. The original English version of the questionnaire was translated into Japanese by a native Japanese co-author. The translation was double-checked by two additional Japanese natives, one a professor of accounting and the other an associate at the Osaka Research Center for Industry and Economy. Both of the individuals conducting the language translation check were proficient in English and due to the nature of their jobs had a good understanding of CSR. Once translated, the questionnaires were delivered to Japanese companies that were randomly selected from the Establishment Frame Database. The managers in our sample held positions that allowed them to have an understanding about the CSR and stakeholder management practices of their organizations.

6.2 | Method and measurement

This study used a previously validated instrument—the SEAs scale, validated by the researchers of this study in a previously published study (Boesso & Kumar, 2016). This scale follows the framework created by Porter and Kramer (2006), which meaningfully groups the myriad of SEAs that companies engage in, into four categories: good citizenship behaviors, mitigating harm from the value chain, activities to transform the value chain, and strategic philanthropic. The SEAs scale measures each of these four areas of stakeholder engagement by three individual items, thus providing a systematic evaluation of a company's SEAs.

The authors had previously provided extensive evidence of reliability (construct and test retest), validity (content, discriminant, and predictive), and factor structure of the scale (Boesso & Kumar, 2016). However, because we were using this scale in a cross-cultural context, we deemed it important to once again run a confirmatory factor analysis to confirm the existence of the four SEA groups. Our analysis confirmed the existence of four factors that aligned with the four categories of SEAs, with the items loading on each of the four subscales as expected. We also ran validity checks on the four individual subscales and found satisfactory evidence of construct validity.

7 | RESULTS

7.1 | Differences in the prioritization of the four SEAs

To understand how American, Japanese, and Italian companies prioritized the four SEAs, we examined variances in the means for each of the four SEAs across these three countries. Higher variance for a particular SEA indicates that the SEA has a higher priority compared to other SEAs. Conversely, lower variance for a particular SEA indicates that it has a lower priority than the other SEAs. Next, we compared the variance for each of the SEAs across the three countries. The country with the highest variance for an SEA allotted the highest priority to that particular SEA (among the three countries). This approach has been used by past strategy researchers (Simerly & Li, 2000), including those who examine CSR practices (Michelon et al., 2013; Wang & Choi, 2013). For example, Wang and Choi (2013) examined companies' inter-domain constancy of CSR initiatives toward various stakeholders using a similar analysis, while Michelon et al. (2013) used this method to study companies' strategic CSR focus.

Providing support for Hypothesis 1, the results presented in Table 1 show that companies from the United States prioritized good citizenship higher than companies from Japan and Italy. Lending support for Hypotheses 2 and 3, respectively, Japanese companies, on the other hand, prioritized mitigating harm from the value chain and transforming value chain activities higher than those in the United States and Italy. Finally, Italian companies prioritized strategic philanthropy related SEAs higher than companies from the United States and Japan, thus providing support for hypothesis.

7.2 | Differences in the prevalence of the four SEAs

Next, to examine the comparative differences in the prevalence of the four SEAs across the three countries, we ran a multivariate analysis of variance (MANOVA) test. The results, presented in Table 2, show that the prevalence of SEAs related to good citizenship is statistically different between the United States and Italy, with American companies engaging good citizenship SEAs significantly more frequently than Italian companies (M_{US} = 1.47 vs. M_{Italy} = 1.12). Additionally, although American companies also engaged in good citizenship SEAs more frequently than Japanese companies (M_{US} = 1.47 vs. M_{Japan} = 1.31), the difference was not statistically significant. Thus, we find only partial support for Hypothesis 1a.

Hypothesis 2a, which predicted a greater prevalence of SEAs related to mitigating harm from the value chain among Japanese companies, was not supported by the results of our analyses. Although Japanese companies engaged in more SEAs in this category than both American and Italian companies (M_{Japan} = 1.47 vs. M_{US} = 1.37 vs. M_{Italy} = 1.22), the differences were not statistically significant.

We found strong support for Hypothesis 3a, which predicted that Japanese companies engage in SEAs related to transforming the value chain more frequently than American and Italian companies. We found that Japanese companies tendencies to engage in such value chain transforming SEAs was significantly higher than either of the two other countries (M_{Japan} = 1.57 vs. M_{US} = 0.80 vs. M_{Italy} = 0.90).

Additionally, support was also found for Hypothesis 4, which had predicted that there will be a greater prevalence of strategic philanthropy among Italian companies than American and Japanese companies. As expected, Italian managers reported significantly higher levels of philanthropic SEAs than managers in either the United States or Japan (M_{Italy} = 1.47 vs. M_{US} = 0.96 vs. M_{Japan} = 0.58).

The difference in the prevalence of the four SEAs in the United States, Japan, and Italy are depicted in Figure 1. To summarize, we found that SEAs related to good citizenship are emphasized more by American companies than by those in Japan and Italy. On the other hand, Japanese companies emphasize mitigating harm from the value chain and transforming value chain activities more than companies from the other two countries. Finally, Italian companies emphasize strategic philanthropy more than companies in the United States and Japan.

TABLE 1 Prioritization of the four SEAs across the United States, Italy, and Japan

	Countries (institutional context)		
Stakeholder engagement activities (SEAs)	United States (LME)	Italy (hybrid)	Japan (CME)
Good citizenship	1	3	2
Mitigating value chain harms	2	3	1
Transforming value chain activities	3	2	1
Strategic philanthropy	2	1	3

Abbreviations: CME, coordinated market economy; LME, liberal market economy.

TABLE 2 ANOVA: Stakeholder engagement activities

Stakeholder engagement activities	Country	*N*	Mean	St. dev.	*F*	Sig.	Group differences
Good citizenship	Italy	113	1.12	0.85	4.25	**	IT–US*
	United States	108	1.47	0.88			
	Japan	119	1.31	0.92			
		N = 340					
Mitigation harm	Italy		1.22	0.87	1.90	NS	
	United States		1.37	1.00			
	Japan		1.47	1.04			
Transforming value chain	Italy		0.90	0.90	24.90	***	IT–JP* and US–JP*
	United States		0.80	0.84			
	Japan		1.57	0.93			
Strategic philanthropy	Italy		1.08	0.92	11.10	***	IT–JP* and US–JP*
	United States		0.96	0.84			
	Japan		0.58	0.71			

Abbreviations: ANOVA, analysis of variance; NS, not significant.
***$p < 0.001$. **$p < 0.01$. *$p < 0.05$.

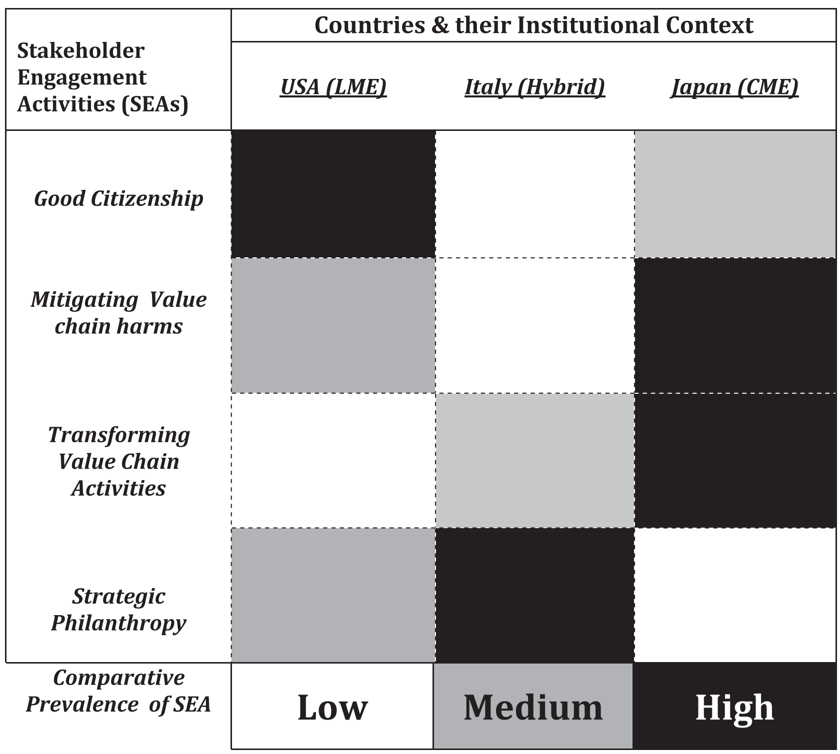

FIGURE 1 Comparative prevalence of stakeholder engagement activities: United States, Japan, and Italy

7.3 | Differences in the prevalence of specific activities related to the four SEAs

Because the results of our initial analyses provided support for many of ours hypotheses, we conducted further analyses for more nuanced insights into these differences. We proceeded to examine the individual activities associated with each of the four categories of SEAs. The results of this analysis are presented in Table 3.

In terms of good citizenship SEAs, we found statistically significant differences for two of the three items. Italian companies were more active in terms of stakeholder management efforts "aimed at managing good citizenship image of the company," than companies in the United States and Japan (M_{Italy} = 0.43 vs. M_{US} = 0.38 vs. M_{Japan} = 0.36). In addition, companies from the United States focused more on activities that resulted in pride for the company by "positive involvement in the community" than did

TABLE 3 MANOVA: Individual activities associated with the four SEAs

Stakeholder engagement activities	Country	Mean	Std dev.	*F* (Sig)	Group difference
The response that my company makes to various stakeholder groups is aimed at getting good public relations for the company.	Italy	0.43	0.49	0.67	Not significant
	United States	0.38	0.48		
	Japan	0.36	0.48		
The stakeholder management efforts of my company are aimed at managing good citizenship image of the company.	Italy	0.43	0.49	14.31***	IT–US* and IT–JP*
	United States	0.38	0.48		
	Japan	0.36	0.48		
My company takes pride in my company's positive involvement in the community.	Italy	0.35	0.47	8.95***	IT–US* and US–JP*
	United States	0.54	0.50		
	Japan	0.28	0.45		
My company systematically identifies and deals with the social and environmental impact of its activities.	Italy	0.38	0.48	1.30	Not significant
	United States	0.31	0.46		
	Japan	0.29	0.45		
My company tries to effectively deal with the negative impact of its operational activities (such as emission and waste disposal).	Italy	0.50	0.50	6.08***	IT–JP*
	United States	0.63	0.48		
	Japan	0.71	0.45		
My company tries to mitigate existing or anticipated adverse effects from its business activities (e.g., by creating improved logistics or improvement in the usage of natural resources).	Italy	0.35	0.47	1.98	Not significant
	United States	0.44	0.49		
	Japan	0.47	0.50		
My company finds ways in course of its business operations to contribute to the advancement of social conditions.	Italy	0.31	0.46	30.61***	IT–JP* and US–JP*
	United States	0.22	0.41		
	Japan	0.66	0.47		
My company attempts to incorporate operational issues that will create social impact to its business decisions.	Italy	0.22	0.41	3.60*	IT–JP*
	United States	0.25	0.43		
	Japan	0.37	0.48		
My company's strategy attempts to integrate business and social needs.	Italy	0.37	0.48	5.74**	IT–JP* and US–JP*
	United States	0.33	0.47		
	Japan	0.54	0.50		
My company is involved in constructive dialogue with local government, regulators, and community organizations to identify and financially support issues that matter to them.	Italy	0.54	0.50	16.37***	IT–JP* and US–JP*
	United States	0.45	0.50		
	Japan	0.20	0.40		
My company ranks various social issues related to its activities to create an explicit corporate philanthropic activity agenda.	Italy	0.31	0.46	2.47	Not significant
	United States	0.24	0.43		
	Japan	0.18	0.39		
My company has tried to launch/support social initiatives (such as supporting smaller businesses in the community, providing support for developing worker's skill/training in the community) whose social and business impacts are distinctive.	Italy	0.23	0.42	0.70	Not significant
	United States	0.27	0.44		
	Japan	0.20	0.40		

Abbreviations: MANOVA, multivariate analysis of variance, SEAs, stakeholder engagement activities.
$^{***}p < 0.001$. $^{**}p < 0.01$. $^{*}p < 0.05$.

either Japanese or Italian companies (M_{US} = 0.54 vs. M_{Italy} = 0.35 vs. M_{Japan} = 0.28).

With respect to SEAs related to mitigating harm from the value chain, the only statistically significant difference was between Japanese and Italian companies in terms of actions related to effectively dealing with "the negative impact of operational activities" (M_{Italy} = 0.50 vs. M_{Japan} = 0.71).

As depicted in Table 2, in the third category of SEAs (related to transforming value chain activities), we found statistically significant differences across all three activities. In each case, Japanese companies are engaging in this type of SEA more than American or Italian companies.

Finally, in terms of strategic philanthropy, we found that only one item ("creating constructive dialogue with local government, regulators and community organizations to identify and financially support issues") differed significantly across the three countries, with Italian companies reporting the highest frequency of this SEA (M_{Italy} = 0.54 vs. M_{US} = 0.45 vs. M_{Japan} = 0.20).

7.4 | Predictive validity of the study's framework

Because the preset study purported to show differences in the prioritization and prevalence of the SEAs of companies within the wider institutional setting that existed in each country, we tested the predictive probability of the differences found in the results using a logistic regression analysis, which estimates the probability of a binary response based on one or more predictor variable with a goal of correctly predicting the category of outcome for individual cases using the most parsimonious model (Thiel, 1969). Logistic regression analysis has been widely used in social science research for predicting the probability of a certain class or event existing (Harrell, 2001).

We included size of the company and competitive position as control variables, based on the recommendations of previous researchers (Brammer et al., 2006; Coombs & Gilley, 2005). As companies grow in size, they are more likely to face stakeholder pressure and thus more likely to engage in CSR initiatives (Burke et al., 1986). In addition, we also controlled for competitive position of the company because companies with stronger competitive positions are more likely to adopt CSR initiatives to positively influence their stakeholders (Stoian & Gilman, 2017).

The results presented in Table 4 show that when we "fit" the regression model to the data, the Logit model has a good fit (using chi-square as the measure of fit) for the three countries (74% for the United States, 71% for Italy, and 82% for Japan). These results provide further evidence that in fact, companies in different countries prioritize and emphasize the SEAs differently.

8 | DISCUSSION AND CONCLUSIONS

Previous scholars who have examined the relationship between national institutional frameworks and CSR have noticed that the diversity that exists in the institutional landscapes across countries tends to shape the corporate social behaviors of companies in those countries (Ben-Amar & Chelli, 2018; Boesso & Kumar, 2016; Kang & Moon, 2011; Kumar et al., 2019; Witt & Redding, 2013). Using the Institutional Theory and Comparative Capitalism framework, the present study tried to answer the following research questions. Is CSR contextualized in national institutional arrangements in ways that result in differential stakeholder management activities across countries? If so, then how do differences in the political, business, and economic institutional contexts of the United States, Italy, and Japan manifest in different choices and prioritization of SEAs? We provide below a brief discussion of the variations in the prioritization and prevalence of SEAs of companies across the United States, Italy, and Japan as noted in this study.

8.1 | SEAs of companies in the United States

The national business system in the United States promotes strong intercompany competition and companies, in general, have been found to have a short-term and financially focused orientation. In LMEs such as the United States, individual companies assume responsibility for their CSR initiatives, voluntarily formulate their own social policies and programs and make explicit corporate claims regarding their CSR initiatives. Given this institutional framework, we find that American companies give "good citizenship" related SEAs the highest *priority*. On the other hand, SEAs related to transforming the value chain related, which often involves collective actions and has a long-term focus, receive the lowest *prioritization* from American companies.

TABLE 4 Logistic regression

	Italy (1,0)			United States (1,0)			Japan (1,0)		
	B	Wald	Sig.	*B*	Wald	Sig.	*B*	Wald	Sig.
GC	−0.38	6.83	0.00	0.40	6.74	0.00	0.09	0.28	NS
MIT	−0.23	3.02	NS	0.06	0.20	NS	0.28	3.12	NS
VCS	−0.25	3.41	NS	−0.57	14.04	0.00	1.08	34.12	0.00
SP	0.51	11.41	0.00	−0.09	0.34	NS	−0.79	13.74	0.00
Size (1 = small)	−0.90	11.85	0.00	−1.62	32.14	0.00	3.24	65.72	0.00
Comp. advg.	−0.31	3.61	0.05	0.43	5.61	0.01	−0.05	0.05	NS
Constant	1.14	4.64	0.03	−1.21	4.66	0.03	−3.76	24.58	0.00
% correctly classified		71%			74%			82%	
Chi-square		45.42	0.00		74.60	0.00		182.3	0.00
Nagelkerke R^2		0.17			0.27			0.57	

Abbreviation: NS, not significant
***$p < 0.001$. **$p < 0.01$. *$p < 0.05$.

In terms of the *prevalence* of various CSR practices, good citizenship related SEAs are most prevalent among companies in the United States, followed by SEAs related to mitigating harm from the value chain, strategic philanthropy and transforming value chain activities. This is due to the fact that the institutional frameworks present in the United States country create a strong instrumental motivation for American companies and even though they consider CSR to be a part of their core values, they have a strong focus on assessing how the company's performance can be enhanced through their CSR initiatives.

8.2 | SEAs of companies in Japan

By contrast, in CMEs such as Japan, CSR is practiced in a more "solidaristic" manner, with a shared understanding about the role of companies within the wider society. Such a society-centered perspective results in values, rules, and norms that make companies sensitive to expectations regarding their role and contributions to the society in a somewhat different manner. Although good citizen-related SEAs are important for Japanese companies, SEAs related to transforming value chain take precedence over other SEAs. This is because the institutional frameworks present in Japan create an environment of "consensual managerialism," in which activities related to transforming value chain provide more effective ways to improve their competitiveness. As such, Japanese companies prioritize and emphasize transforming value chain activities higher than companies in the United States and Italy.

8.3 | SEAs of companies in Italy

Finally, the national business system present in Italy creates both a strong relational and instrumental motivation for companies to craft their CSR initiatives. In terms of the prevalence of the four SEAs, Italian companies engage in "good citizenship"-related SEAs most frequently because doing so allows them to gain legitimacy and approval from local stakeholders, who hold the key to their survival and growth. However, because the SEAs of companies in Italy are guided by socio-normative issues, Italian companies prioritize SEAs related to strategic philanthropy higher than companies in the United States or Japan.

9 | MANAGERIAL IMPLICATIONS

Given that the results of the present study, one could conclude that although CSR is considered strategically significant in organizations across the world, the principles behind its adoption and the determination of what constitutes CSR, remain embedded in a country's wider institutional context. Such findings have important implications for practitioners. Managers must realize that although CSR may be global in nature, like many other management practices, its implementation remains country specific. Given its cultural specificity, developing a standard approach to CSR that is upheld across countries may not be a pragmatic way to practice CSR. Rather, CSR practices need to be tailored to the institutional environments that exist in a given country. Also, because significant differences exist across countries in the prioritization and prevalence of various SEAs, managers can better serve their stakeholders and accrue reputational advantages for their company by focusing on those SEAs that are deemed important, given the socio-normative perspectives prevalent in the country.

10 | LIMITATIONS AND IMPLICATIONS FOR FUTURE RESEARCH

In assessing the results of this study, we would like to acknowledge some important limitations. First, although the choice of countries—the United States, Italy, and Japan—provided a nice spread in terms of differences in institutional frameworks, this was a choice of convenience. The study needs to be replicated in other countries with similar institutional frameworks to inspire confidence in the findings of this study. Second, data were collected from managers using survey methodology, which makes the data perceptual. Relying solely on perceptual data creates its own limitations. Future researchers could supplement the perceptual data with other data available in the public domain. Finally, although the scale used to measure SEAs was validated by the authors of this study, it needs revalidation by other researchers using different validation methodology, in other contexts.

Despite the limitations noted above this study makes some contributions to the literature and opens up some new avenues for future research. In general, this study contributes to the ongoing debate regarding convergence and divergence of stakeholder management practices across cultures (Child, 2000). From the perspective of advancing research in the domain of cross-cultural CSR, the study addressed the prior calls for a more serious theoretical enquiry of comparative CSR, based on the conceptualization of CSR beyond the firm level and within wider institutional settings. The finding that significant differences exist in the prevalence and prioritization of SEAs of companies across countries opens up some new avenues for cross-country research on CSR. Future researchers could investigate how companies' approaches to CSR differ across countries by supplementing survey measures with archival/publicly available data on various aspects of institutional frameworks. Future researchers could also combine cultural values framework with the framework used in this study to develop a deeper understanding of differences in cross-country CSR.

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