The Spirits of Corporate Social Responsibility:  
Senior Executive Perceptions of the Role of the Firm in Society in  
Germany, Hong Kong, Japan, South Korea, and the United States

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ABSTRACT
We report our findings on cross-societal variations in values about CSR in senior executives from five economies. We find that executives in all five are concerned with the roles of their firms in society, with those in Japan most so and those in Hong Kong least so. However, executives in each context have different conceptualizations of how firms contribute to society. The data suggest variation along three dimensions: implicit vs. explicit CSR, stakeholder-oriented vs. production-oriented CSR within implicit CSR, and different main stakeholders within stakeholder-oriented CSR. We discuss the implications for future research on CSR and comparative business systems.

INTRODUCTION
Prior research has established that there are national variations in the nature and outcomes of corporate social responsibility (CSR) activities (Campbell, 2006; Matten and Moon, 2008; Crouch, 2009; Gjølberg, 2009). There is also argument and evidence that these variations are partially driven by underlying cross-societal institutional differences (e.g. Aguilera and Jackson, 2003; Campbell, 2006; Midun et al., 2006; Matten and Moon, 2008; Amaeshi and Amao, 2009; Gjølberg, 2009; Jackson and Apostolakou, 2010).

At the same time, many questions about comparative CSR remain open. Two such questions are of special relevance to this paper. First, there is the challenge of categorizing CSR regimes. Most authors imply or identify two (e.g. Aguilera and Jackson, 2003; Campbell, 2006; Matten and Moon, 2008; Jackson and Apostolakou, 2010) or three (Amaeshi and Amao, 2009) types. These classifications usually draw on Hall and Soskice’s (2001) work on Varieties of Capitalism (VoC), distinguishing between coordinated and liberal market economies (CMEs and LMEs) and occasionally allowing for a third, “mixed” type.

This is problematic on theoretical and empirical grounds. Concerning theory, the conclusion from subsequent discourse on the VoC model has been that there is a need for extending and amending VoC theory, or indeed for a new theory altogether (for a review, cf. Hancké et al., 2007). Empirically, the VoC model was not designed to account for the multitude of institutional structures outside the Anglo-Saxon countries, Western Europe, and Japan (Whitley, 1999; Redding and Witt, 2007). Chapple and Moon (2005), for instance, find that each of seven Asian countries studied seems to have its own approach to CSR. This additional variety may have mattered relatively less a decade ago when the countries in the VoC model accounted for most of the world’s economic activity. Today, economies outside the VoC scope make up more than half of world GDP (Economist, 2011). As these economies further increase their relative weight, theory needs to evolve to account of them to remain relevant.

Second, little is known in a systematic and comparative way about the values and behaviors of those people to ultimately determine the CSR activities of firms: senior executives. The decision to allocate resources, and to change the organization—as when deciding CSR commitments—usually starts and ends with the management board (Hambrick and Mason, 1984; Carpenter et al., 2004). Furthermore, through well-known processes (e.g., Oliver, 1991; Fligstein, 2001; North, 2005), senior executives are in powerful positions to subvert and shape the institutional structures in which firms are embedded, including those related to CSR. By contrast, the existing comparative literature usually emphasizes institutional constraints, which one could argue, following Granovetter (1985), runs the risk

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1 This paper treats institutions as “humanly devised constraints that structure human interaction” (North, 1994, p. 360). They are conceptually separate from values, a term that in this paper refers to internalized beliefs about appropriate ends and means.
of oversocializing CSR. In reality, executive values and behaviors are likely to be important co-determinants of institutions governing CSR, and thus also of varieties of CSR.

In this paper, we seek to make an empirical and conceptual contribution to both of these large and interconnected questions. Following an inductive approach, we first present comparative empirical evidence about the values of senior executives as they relate to CSR. Our data stem from interviews with 73 top executives representing the corporate crème de la crème of five economies: Germany, Hong Kong, Japan, South Korea, and the United States. We then interpret the data and their implications for existing theory in CSR and further conceptual development. Among others, we find that there seem to be at least three dimensions of cross-societal variations concerning CSR. We conclude with a discussion of limitations and avenues for further research.

DATA AND METHODS

Sample
Below, we present an exploration of cross-societal variations in values of senior executives concerning CSR. To keep the scope of this paper manageable, and in response to criticism that CSR means too many different things to too many people (Auld et al., 2008), we chose to construe CSR as firms’ responsibility toward society as a whole (as opposed to any specific stakeholders or other confined groups).

We explored the values of senior executives of major firms in five economies: Germany, Hong Kong, Japan, South Korea, and the United States. Prior research had suggested a reciprocal link between cultural variables such as values and the institutional shape of business systems (Redding, 1990; Whitley, 1999; Hall and Soskice, 2001). To maximize variance in the sample and aid later interpretation, we consequently chose to include in our sample the leading exponent of each major type of business systems as identified in Whitley’s (1999) typology. This typology was at the time of our project design the most comprehensive classification scheme available, and it still stands out for its ability to accommodate Asian business systems. Included in our sample are Germany as leading representative of collaborative capitalism; Hong Kong, of fragmented capitalism; Japan, of highly coordinated capitalism; South Korea, of state organized capitalism; and the United States, of compartmentalized capitalism. Given high levels of structural similarity and geographic proximity between a sixth type envisioned by Whitley, coordinated industrial districts, and collaborative types (e.g., in the German context), we subsumed the coordinated industrial district type under collaborative capitalism.

Viewed through the lens of Hall and Soskice’s (2001) varieties of capitalism approach, which as discussed underlies much of the existing comparative literature on CSR, our sample includes three coordinated market economies (CMEs)—Germany, Japan, South Korea—and two liberal market economies (LMEs)—Hong Kong and the United States.

Data Collection
We obtained our data by conducting interviews with senior executives (hereafter simply “executives”) of major firms, defined as local firms that were either listed on the respective stock exchanges or would in principle have qualified for listing.

The interviews took place between June 2002 and April 2003 for all economies other than the United States, where they occurred between February 2004 and August 2007. Despite the longer time frame, US views were apparently static during that period, with the data showing no evidence of a systematic difference between earlier and later interviews.

Overall, we interviewed 73 executives: 17 in Germany, 10 in Hong Kong, 17 in Japan, 15 in South Korea, and 14 in the United States (Appendix A). All sample sizes meet the
minimum requirement of 4–10 suggested in the literature for exploratory research of this type (Eisenhardt, 1989; Yin, 1989).

Our interviewees represented the corporate crème de la crème in each economy (Appendix A). Because of differences in corporate governance structures and attendant titles and terminology, the positions of our interviewees varied by country. For Germany, executives included management and supervisory board members; for Japan, management board members; and for Hong Kong, South Korea, and the United States, members of the top management team. Common denominators across these groups were membership of the board or top management team; responsibility at the highest level for making company strategy—in Barnard’s (1938) phrase, to “formulate and define purpose;” and a role in communicating purpose and in gaining the cooperation needed for its implementation.

In three countries, we also included recently retired executives, as these individuals often continue to play influential roles. Retired management board members in Germany often join supervisory boards of their own or other firms. In the United States, retired top management team members often serve as outside directors on corporate boards. In both countries, these individuals are thus in formal positions to advise and influence corporate strategy. Retired board members in Japan often remain at their firms as advisors. Though without formal role in company decisions, respect for seniority (Witt, 2006) means executives will take their views into account.

We drew our samples to capture the views of those in ultimate managerial control of the leading firms in the respective economy, not to yield groups with identical characteristics across the five economies. Unless otherwise noted in the Results section, later analysis revealed no systematic within-country differences in replies that might have been driven by individual-level factors. Specifically, we explored industry effects for Germany, Japan, and the United States; for Hong Kong and Korea, this was not sensible as virtually all executives worked in conglomerates spanning several different industries. In Hong Kong and Korea, we examined whether being a professional manager or a member of the owning family of the firm resulted in different answers; this analysis was not sensible for the other three countries as all managers were professional managers without large shareholdings in their companies. We further explored the possibility of age effects that might, for instance, lead to different answers for active and retired executives.

We secured access to executives through existing connections and introductions. As is typical for qualitative research of this kind (Redding, 1990; Uzzi, 1997), our sample is neither random nor complete. We minimized the risk of sampling bias by using multiple independent sources to obtain introductions to interviewees, and our analytical method for identifying the main elements of rationale (detailed below) is robust against outlier opinions.

We used semi-structured, in-depth interviews (Spradley, 1979; Redding, 1990) to collect our data. This interview format is useful for the kind of exploratory research presented here because it combines fixed questions with flexible order and room for interviewees to introduce and discuss elements not anticipated in the interview schedule. The interview schedule queried executives about the reasons for the existence of the firm and the ideal shape of the economy. In this paper, we report our findings on how executives conceptualized the role of the firm in society within the context of the first topic (Appendix B).

We conducted all interviews in a face-to-face setting. Excluding time spent on introductory and concluding remarks, average interview duration was about one hour per executive in all economies except the United States, where it was about 45 minutes. We recorded all interviews with consent of the interviewees with the understanding that contents are not for attribution. Interviews in Germany and Japan were in the respective native languages, with the exception of one interview in Japan, where the interviewee chose English.
Interviews in the other economies were in English. In the South Korean case, two interviews required the use of interpreters; the quality of interpretation was subsequently verified with the help of a Korean native speaker research assistant.

Data Analysis
We used interpretative content analysis of the interview data to identify the main elements of the rationales of the interviewees. We extracted all propositions (statements with meaning related to our research topic) from verbatim transcriptions of the interviews, working throughout in the original languages to avoid loss of meaning in translation. As this is an exploratory study, we followed practice in ethnographic content analysis and let the coding categories (labels classifying propositions by meaning) emerge from the interview contents rather than impose our own (Altheide, 1987; Redding, 1990; Krippendorff, 2004). We gathered some 4,000 propositions across the study, which were all brought into the analysis as the core units of our data.

We further assigned a value ranging from -3 to +3 to each proposition. A “3” means that the proposition points to action undertaken by the interviewee, such as “I have maximized shareholder value.” A “2” denotes a proposition expressing unequivocal support, such as “Shareholder value is why the firm exists.” A “1” indicates tentative agreement, as in “I think shareholder value is why the firm exists.” And a “0” suggests indifference, as in “I do not care whether or not we produce shareholder value.” Positive values denote affirmation, negative values—descending in analogous steps of weak denial, strong denial, action taken—rejection. For each coding category, we calculated the mean across all propositions included in that category to obtain an overall measure of affect.

We verified coding reliability by having research assistants, with no prior role in coding and the requisite language skills, extract propositions and assign categories to them. Each research assistant received about one hour of explanations of the coding process. Using a list of coding categories, the assistants coded a random sample of the interview transcriptions, amounting to between five and six percent of the total length of all transcriptions from the respective sample. Intercoder agreement was for Germany was 91.5 percent (expected by chance alone: 7.2 percent), for Hong Kong, 90.0 percent (22.8 percent), for Japan, 86.4 percent (8.0 percent), for South Korea, 87.9 percent (20.8 percent), and for the United States, 90.5 percent (23.1 percent). Cohen’s kappa (Cohen, 1960) as a measure of intercoder agreement was 0.91, 0.87, 0.85, 0.85, and 0.88, respectively, all well above the most stringent thresholds of 0.75 to 0.80 proposed in the literature (Popping, 1988; Banerjee et al., 1999).

As stated before, the focus of this paper is on the role of firms in society as a whole, as opposed to other angles on CSR, such as relations with subsections of society such as stakeholders or specific issues such as environmental protection and sustainability. To identify the relevant propositions, we followed a recursive search pattern. We began by examining all parts of the interview transcriptions containing propositions concerning “society/community,” “charity/philanthropy,” or “CSR.” Through conceptual linkages drawn by the interviewees in relating to these points, we identified relevant additional coding categories, such as “employment” and “innovation.” Finally, on the basis of the executives’ elaborations of these categories and the connections they drew, we derived an overall picture of the respective value systems.

RESULTS
Germany
Seventy-one percent of the executives identified society as a stakeholder, with a positive affect of +1.8. Dominant theme in this context was the notion that society was a beneficiary
from firms’ providing needed goods and services. Accordingly, a common theme across all industries was the meeting of basic societal needs and of market demand:

“Our firm is an undertaking that has dedicated itself to the provision of basic needs.”
“A firm principally exists because it has an opportunity in the market, because it is needed, and because it satisfies consumer wishes.”

Especially executives from finance and other industries providing fundamental goods or services (e.g., metals, building materials, utilities) tended to stress the contribution of their firms to enabling economic activity in general. One banker, for instance, opined:

“A bank is anyway, next to the fact that it makes a profit, an affair that is relevant to society to the highest degree, as it offers loans, and loans are the lifeblood of an economy.”

Other executives, especially those from other industries, tended to point to the value of their products in making possible life in society as we know it and driving forward social progress through innovation:

“All these are technologies that are absolutely necessary for the living together of humans, without them today’s life would not be possible.”
“If you are a manufacturing firm, you should, I am very much a natural scientist there, equally bring innovation to society. And that society is provided for with the products is self-evident.”

Inherent in many propositions with this theme was a sense that firm activities and firm survival are not discretionary, but an obligation toward society. As one executive put it, survival was a matter also of “a duty to provide to the market.”

There was no wide consensus on other pathways to serving society. No executive considered society as a primary stakeholder in terms of allocating profits from the sale of goods and services. Three executives mentioned the importance of providing employment, arguing that “creating employment for a large number of people is an extraordinarily important task. If it were not fulfilled, an entire people would be, so to say, breadless.”

Three executives pointed to charity, though two of them did so in the context of discussing the role of charitable foundations as major shareholders, while the third downplayed the social aspect by suggesting that public relations was a major driver for charity.

**Hong Kong**

The most salient social aspect in the views of Hong Kong executives was charity, which was mentioned by sixty percent of executives with a positive affect of +2.0. However, the sense conveyed by the interviewees is that charity, while noble and an obligation, was a secondary rationale contingent on successful attainment of wealth:

“The firm is to invest the minimum and make a lot of money. After I make a lot of money, then I think social work is one of the ways I spend my money.”

Accordingly, strong engagement in charity was more seen as a nascent phenomenon, with people voicing doubts “how active it is or how serious the local companies are on this subject,” and others attesting merely that “in Hong Kong, you begin to see this.”

By definition, charity represents a contribution to the society in which businesses or their owners are embedded. Half of the executives referred to society, with a positive affect of +2.1. The interviewees expressed the linkage between charity and society in statements such as this:

“The possibility to use wealth, to use the creation of wealth to engage in philanthropy, not only to have it for one’s own purposes or to work toward
family goals, but also to try to have sufficient savings and income that makes it possible to support society.”

In addition, contributing to society also seemed to be one way of attaining status—“what they can contribute society, these are more admired,” as one executive put it. Noteworthy is further that for some executives, this category also appeared to involve a certain sense of Hong Kong patriotism. For instance, one executive expressed admiration for companies that create

“a lot of employment and make a lot of money for Hong Kong, and they are guiding the growth of Hong Kong economy and… guided Hong Kong in the technology and so bring Hong Kong to another stage of success.”

In addition, the provision of employment emerged as a minor theme, with 30 percent of the executives making reference to it.

Japan

Society at large emerged as highly salient in the mental landscape of Japanese executives, with 88 percent of interviews referring to it with average affect of +1.8. This proportion is not only higher than in any other society studied in this paper, it also the highest for any major coding category for Japan, including shareholders and employees. Society in this context truly seems to be primary, as suggested in the following statement by an interviewee:

“For the benefit of the employees, for the benefit of society—the dividends for the investment of those shareholders and all that, I also think that is important, but in the end, taking a long-term view, the most important thing is to what extent one can contribute to society.”

Similarly, there is considerable concern with how society perceives the firm:

“For a manager, the most important thing is not to improve the business results during one’s time. Rather, I think it is extremely important that when one passes [things] on to the next manager, to what extent the firm is one whose shape is accepted by society and that one can ensure the permanence of the firm.”

Five other executives echoed the idea of permanence of the company.

While there was considerable agreement among Japanese executives that contributing to society is important, there was no similar expressed consensus on the ways in which this contribution should materialize. Most executives left things at referring to the concept itself ("shakai kouken") without elaborating.

Forty-one percent of executives pointed to the importance of providing employment, mostly in the negative sense of avoiding redundancies. Thirty-five percent of executives suggested that their firms had engaged in charity in contexts such as maintaining concert halls or providing funding for children’s education. Twenty-nine percent pointed to innovation, arguing, for instance, that “developing technology and, in that way, contributing to the progress of society is the greatest contribution to society.”

Unusual about the Japanese case was further that about a quarter of executives made it explicit that service to society extended to other societies outside of Japan. For instance, one executive stated:

“As an individual manager, I think the most important thing is it has to be a company that can continue to contribute to society in its own way in the respective country, including overseas.”

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2 In line with ethnographic practice, all quotations are as spoken and translated as directly as possible. We refrained from fixing grammatical or semantical issues.
The reasons for this perceived need to emphasize the universal applicability of the principle of serving society are unclear.

**South Korea**

Two-thirds of South Korean executives referred to society, with an average affect of +1.7. Statements on this category came in a number of guises. Some executives emphasized a general need to be “a good citizen for the society.” Only one executive put society first, stating, “I think that the purpose of the business is to serve the society.” Most executives stressed a sense of duty to contribute to society by various means:

“I think [we] do have obligation to… make this society more livable.”

“We have to return the profit, some of the profit back to society.”

“We have to leave something in society. So we created a big foundation.”

Inherent in these statements were the notion of profits as an enabler of contributing to society and charity as a means of doing so.

Seventy-three percent executives referred to charity, with a positive affect of +1.9. The consensus here was on donations to worthy causes, such as education, health care, and cultural activities:

“So once the corporation makes money, they try to contribute to society. Like the welfare foundation. They support the cultural activity, the music, dance, performance, live performance, and the social activity the health care center, the hospital.”

“Main category of donation may be caring homeless child, second is helping people by end of the year, and volunteer outreach activities of employees. The other one is contribution to some social organizations. The last one is supporting financial status of schools.”

The notion of contributing to society was further linked to the objective of national development. This element had relatively lower salience, but still 53 percent of interviewees touched on it with an average affect of +1.8. Underlying this category was the notion that in addition to generating wealth, advancing the interests of the nation through economic development represented a rationale for engaging in business. Typical were statements such as these:

“Still we are low level of income and concerning the international standard, or some investors’, so we are still eager to focus on the economic growth, development.”

“If I rank the importance, job creation, I think job creation the most important. And then, the second is the development of all related industry, the other related industry. If [our] industry develops, we have the high technology, state of the art technology, this will push the related industries to improve. So the development of the other industry is the second important issue.”

What stood out about these answers is that with one exception, the interviewees referring to development tended to be relatively senior in age, with half of them being professional managers and the other half, owners of their enterprises. This suggests that the development motive may be fading over time, and a follow-up study a decade later may well find it to be no longer salient.

Twenty percent of executives further emphasized the importance of innovation, and 13 percent, of providing employment.

**United States**

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3 Industry disguised to protect the identity of the interviewee.
Seventy-one percent of executives referred to society, often also referring to “community.” Affect was +1.4, which is the lowest affect for any of the major categories reported in this paper. This category was the only case for which we found a substantial industry effect: While all executives in manufacturing firms referred to society or community, only 40 percent of financial services executives did so. Viewed in the context of the 2008 financial crisis, which followed our interviews, the data suggest that at the root of the financial crisis may not only have been insufficient regulatory oversight, but also a proliferation of financial executives with deviant value systems. Future research on this point may help understand the risk of future financial crises.

Only two interviewees identified service to society as a primary objective of the firm. Others pointed to the role of society as a beneficiary, be it through the production of goods and services or, reminiscent of Adam Smith, in the assertion that “by all that profit seeking, we end up with something much better for society.” The majority, however, saw society as a constituency “to be very conscious of—as long as there is some benefit to the bottom line”—more specifically, a constraint on the pursuit of shareholder value:

“You want to be a good citizen in the community, but not because good citizenship is good, but because if you are not a good citizen, you will be punished and you will not be able to make a profit for your shareholders.”

“And they also need to worry about the long term aspect of their reputation within the community because eventually that is going to hurt the shareholders if they are not worried about that as well.”

Contributing to society was thus clearly a “secondary objective.”

The contribution to society the interviewees identified most commonly was the provision of employment, mentioned by half of the executives, with high positive affect:

“I mean you are generating jobs. I mean, if you think of it, maybe the biggest contribution at the end of the day, other than the products themselves, is generating jobs.”

Forty-three percent of interviewees pointed to innovation, though in most cases, they did not clearly link this aspect to society. Fourteen percent—two interviewees—made reference to charity, though one of them emphasized that his company was “getting into charities which indirectly benefit us,” thus again suggesting that charity was a secondary objective.

**INTERPRETATION AND IMPLICATIONS**

Table 1 summarizes the results of our analysis in terms of salience of society-related categories among the executives of the five economies. In all economies, at least half of executives discussed society. Charity emerged as leading category in Hong Kong and South Korea but was negligible in the mindsets of Germans and Americans. The provision of employment was most important in the context of the United States and Japan, but relatively unimportant otherwise. Innovation was fairly unimportant except for the United States. In addition, two societies featured additional important elements connected to the role of the firm in society: production in Germany and national development in South Korea.

*** Table 1 about here ***

Among these societies, Hong Kong stands out as the only one in which executives conveyed a clear sense that contributing to society was a voluntary endeavor rather than one that is societally expected. The relative emphasis on charity, to be pursued for the sake of attaining status once one has attained wealth, is consistent with this interpretation, as is the repeated reference in the interviews to charity being a nascent phenomenon. Hong Kong executives thus emerge as exponents of explicit CSR (Matten and Moon, 2008).

The prioritizing of wealth generation in Hong Kong reflects the earlier finding by Redding (1990) that in the world of Chinese sense-making among business leaders outside
In our data, explicit CSR is evident only in Hong Kong. Executives in the other societies all conveyed a sense of responding to societal expectations. Following Matten and Moon (2008), this suggests that from the perspective of executives, these four economies represent cases of implicit CSR. Beyond this basic commonality, however, we see clear distinctions in the conceptualization of the channels through which CSR is to be executed.

South Korea shares with Hong Kong a strong role for charity. However, unlike their Hong Kong counterparts, South Korean executives conveyed a sense that charity was a duty to society. In part, this conviction may be driven by moral convictions, but it also stands to reason that charity represents a tool to deflect public criticism of the high levels of economic concentration and political power attained by large Korean corporations.

The relative importance attached to charity may also be connected in an inverse relationship to the notion of serving the purpose of national development. This second element seems to be fading from executive thinking, as evident in the split between younger and older executives already noted. This is consistent with the attainment of OECD standards of living, which make a continued focus on development unnecessary, but also a reorientation away from serving developmental state needs following the perceived bankruptcy of the model during the 1997/8 Asian Financial Crisis. As the national development imperative disappears, Korean firms and their leaders need to find other channels by which to remain legitimate in the eyes of the Korean people. Charity seems to have become their channel of choice.

Noteworthy is that the two societies emphasizing charity share a common structural factor: family control of leading businesses. This enables family members to commit company resources to charity, possibly enabling them to reap benefits such as reputational gains while sharing the costs with minority shareholders. For instance, in 2006, the then chairman of Samsung made a donation of about US$825 million to atone for scandals, with the money apparently coming out of corporate coffers. In societies with a more dispersed shareholder structure, such as that of the United States, similar corporate largesse on behalf of senior executives would be unthinkable.

Japanese executives were most emphatic about the need of firms to contribute to and be accepted by society. This emphasis on the usefulness of the firm to society is reminiscent of Tokugawa-era management thought among Japanese merchant houses. Under the Tokugawa shogunate (1603-1868), merchants were under pressure to justify the value of their activities to society, and merchant house constitutions consequently underscored the importance of working for the public good (cf. Hirschmeier and Yui, 1981). As many of today’s leading businesses descended from these merchant houses, it is likely that some of this society orientation has survived.

At the same time, as Table 1 shows, the main avenue of contribution to society remained unspecified, as none of the categories was salient among a majority of respondents. Based on our reading of the entire interview transcriptions, a possible interpretation is that to Japanese executives, the notion of serving society was implicit in companies’ providing for their stakeholders. Foremost among these various stakeholders featured their employees, which were mentioned by 82 percent of executives and whose well-being was often equated with the raison d’être of the firm.

The thinking of US executives with respect to CSR was remarkable in several ways. One is that US executives were unusually clear in assessing societal concerns as secondary,
with primacy accorded to shareholder interests. Society is a constraint requiring management to attain the primary objective of creating shareholder value. A second is the relatively strong emphasis on the provision of employment as a contribution to society, a claim that may ring hollow in the aftermath of the US financial crisis but was credible for most of the noughties. Noteworthy is further the relatively high value attached to innovation, which is consistent with US strength in radical innovation (Hall and Soskice, 2001; Akkermans et al., 2009).

Germany emerged as a unique case. While the other three societies with implicit CSR tended to focus on one type of stakeholder—the state and society as a whole in Korea, employees in Japan, and shareholders in the United States—German executives chose to emphasize the societal value of production in itself. This is consistent with the high rate of engineering doctorates among German executives outside the financial sector, which is likely to condition executives’ views to focus on the productive function of the firm. Given the long history of science and scientific management driving German firms (Guillén, 1994; Murmann, 2003), this present view is likely to be a result of path dependency having set and sustained Germany on a distinctive trajectory.

Table 2 summarizes our findings. We maintain the distinction between explicit and implicit CSR (Matten and Moon, 2008). At the same time, we discern two further dimensions within the implicit camp: First, a group of societies with stakeholder-oriented implicit CSR, and Germany with production-oriented implicit CSR. And second, variation within the stakeholder-oriented implicit CSR camp by the main object of executives’ attention: State and/or society in Korea, with a residual developmental agenda now transitioning to a general charity-centered approach; employees in Japan; and shareholders in the United States.

*** Table 2 about here ***

Implications
Our findings suggest implications for existing theories related to CSR and future theory building. First, we find a tension between the existing distinction between implicit vs. explicit CSR (Matten and Moon, 2008) and the empirical patterns evident in our data. With the exception of Hong Kong, a large majority of executives in each economy agree on the importance of taking into account society in the running of the firm. Furthermore, again with the exception of Hong Kong, there is no sense that responsibilities toward society represent voluntary corporate action. This suggests that executives in these four societies tend to view their relationships with society as “implicit” (Matten and Moon, 2008), governed by attendant formal and informal rules, while Hong Kongers apparently tend to fall into the “explicit” camp, in which no such rules exist.

While this conforms to expectations for Germany, Hong Kong, Japan, and South Korea, it is at odds with expectations for the United States (Matten and Moon, 2008). This does not directly cast doubt on the construct validity of implicit and explicit CSR as such, which is why we retain it in our interpretation as represented in Table 2. However, it is potentially problematic in terms of empirical leverage, as the dichotomy was explicitly created with the United States as a reference point for the explicit category (cf. Matten and Moon, 2008: 419). If further research corroborates our finding that the United States also falls into the implicit category, the question becomes how many economies, other than Hong Kong’s, can actually be characterized as having explicit CSR.

Second, we find considerably more dimensions of variations than most existing typologies of CSR account for, as already discussed in the introduction. Our data suggest that at least in terms of the values held by those executives who decide on the overall scope and direction of CSR activities within their firms, there are at least three nested dimensions
with at least five possible outcomes. As more emerging markets evolve mature business systems, this diversity is likely to grow further, as suggested by the finding by Chapple and Moon (2005) that each of seven Asian countries studied seems to have its own approach to CSR. This suggests a need for more complex frameworks allowing for greater diversity in outcomes.

Third, turning to the wider theoretical field as it may be illuminated by these findings, two issues emerge. First is the principle of equifinality within systems thinking (Emery, 1981), later expanded by Kauffman (1995) with his notion of system elements self-organizing into autocatalytic sets that function in a stable manner and self-replicate. Second, a complex model can be offered to encompass and integrate variables across disciplines, such a model being able to place the question of rationale among the list of key determinants of societally specific formulae for economic coordination and control. We consider now these two issues.

Equifinality allows for a wide range of internal configurations within the functioning of complex adaptive systems such as those considered here as national business systems. For example, a configuration might be a set of connections arguably existing between belief systems, historical events, emergent government policies and political philosophy, resulting institutions in finance and employment, norms governing authority and cooperation, forms of economic coordination, and so on. Such varied configurations can achieve the same outcome when seen comparatively and are thus equip-final. The variety of such means can be visible inside a society, where several formulae may stabilize, as clearly for Germany in the contrast between the Mittelstand configuration and that of the large industrial combines. And—at a different level of analysis—it is clearly visible between societies.

The issue of many routes to the same destination begs the question: what destination? The answer is that all firms need to find a point of accommodation with their society that allows them to be accepted as legitimate institutions. As Weber (1930, p. 30) pointed out:

Along with clarity of vision and ability to act it is only by virtue of the very definite and highly developed ethical qualities that it has been possible for entrepreneurs to command the indispensable confidence of customers and workmen.

Analyzing the current state of this challenge around the world, McCloskey (2006, p. 507) has reminded us of the original concern of Adam Smith with the need for moral sentiments in economic leaders. She observes that “forgetting Smith in a commercial society has orphaned the virtues. It is the ethical tragedy of the modern West.”

So the destination is an attempted state of balance between the firm and its constituencies that leaves the firm free to continue doing what it does. In free societies the key component of perceived “decency” tends to rest on perceptions of elite virtue, and fair treatment of stakeholders. For workers this may mean avoiding extremes of inequality (or at least to demonstrate sincere commitment to equality). For customers it might be the product quality that builds loyalty. The significance of this role of virtue in society as a claim to legitimacy by an elite is embedded in Western traditions, most clearly those of the Enlightenment. But it is also clearly visible in the Confucian ideal in the definition of gentlemanly conduct, and it may be evident here in the cases of Hong Kong and South Korea—two deeply Confucian societies—as expressed through concern with charity. Its Japanese variant may well be reflecting the subtly different re-enacting of the Confucian ideal within the reading of it by Tokugawa (Clark, 1979).

The continuing challenge of maintaining the legitimacy balance is evident in the Western literature devoted to its critique in changing times (Gray, 1998; McCloskey, 2006; Judt, 2010; Rogers, 2011). Given such persistent recent questioning of purpose within
economic systems, “rationale,” or the reasons for the existence of the firm as shared by its dominant elite, needs to play a significant part in the explanation of business systems.

The interplay of values shared by subgroups, and the wider societal consensus on ideas (to the extent that it exists), may be understood in terms of two features: the dividing up of values and beliefs into specific realms of meaning or “semantic spaces;” and the use of more holistic models to acknowledge the complexity of elements.

As to discrete provinces of meaning, each space may be seen as overlapping with an arena in which shared meanings are crucial to social functioning (Sorge, 2005; Redding, 2008). Primary among these are occupational arenas. So senior executives have a space within which exist commonly understood terms of reference and of meaning. So too have accountants, nurses, bus conductors, university students. These semantic spaces are the context for making sense of the roles and relations people in them need to adopt to interact with the rest of society (Weick, 1995). They are an outcome of what Berger and Luckmann (1966) called secondary socialization. At the same time these spaces are not free of external influences, and the wider society penetrates them with basic tenets and ideals that provide a universal ground base across the society. So executives may vary in their choice of where to put the firm’s economic surplus, or how to reduce its operating expenses, but are in most cases unlikely to break the wider law or deprive people of rights the society has adopted as essential. Such wider ideals guiding societal action have been discussed and presented by Bond and Leung (2004) with their empirically supported concept of societally distinct social axioms.

The second issue concerns the overall explanatory framework, and the challenge of making this work as something other than a set of lists. There needs to be a driving logic of the kind recently proposed by Dworkin (2011) in his advocacy of holistic description for values, laws, and institutions. He portrays all true values as embedded in an interlocking network and only explicable in terms of such connections. For those connections to be part of an explanatory theory requires an argument about determinacy of the kind visible in Whitley’s (1999, 2007) treatments of the evolution of distinct business systems. The data we have presented would fit into such a theory along the following lines:

(a) The evolving of stable (but evolving) patterns of values in the semantic space of the senior executive world of a particular societal business system occurs in interaction with parallel and evolving values about how power is legitimized and how cooperation is achieved across the society.

(b) The total set of meanings that make up a society’s cultural heritage interact constantly and reciprocally with its set of institutions, and the role of the latter is to interpret the former into stable patterns of desired societal order.

(c) The workings of the economy may be seen as forms of coordination and control and they are embedded in the institutions and the meaning systems. They may be categorized as three dimensions of coordination, whereby processes of exchange become regularized, controllable, and replicable. These are (1) the pulling together of cooperative units such as firms, (2) the forms of cooperation and competition between such units whereby the economy works, and (3) the particular ways in which cooperation is achieved by management within the units.

It is possible to trace the connections across such a holistic model (Redding, 2005; Redding and Witt, 2007). In that exercise the kind of data considered here can be placed in an explanatory format that meets Dworkin’s call for values such as responsibility, duty, and equality to be more fully intelligible; in other words, for their defining demands to be made identifiable and for the context and constraints of their origins to be appreciated. Such analysis also permits the effects of executive values to be traced in the world of corporate action. How executives make strategy, how in Barnard’s (1938) term they formulate and
define purposes, arguably has a bearing on the shaping of a firm’s strategically relevant competencies and social actions. This remains a crucial but little understood element in CSR and comparative business systems theory.

CONCLUSION

In this paper, we have reported our findings on cross-societal variations in values concerning CSR in senior executives from five economies. We found that in all of them, executives were concerned with the roles of their firms in society, with those in Japan most so and those in Hong Kong least so. However, executives in each context had different values on how firms contribute to society. There was variation along three dimensions, as summarized in Table 2: implicit vs. explicit CSR, stakeholder-oriented vs. production-oriented CSR within implicit CSR, and different sets of main stakeholders within stakeholder-oriented CSR. As discussed, this finding suggests a need to elaborate existing frameworks of comparative CSR further, possibly by drawing on the works of Whitley (1999) and Redding (2005) on comparative business systems in doing so.

As all empirical research, this study has limitations. Most of the methodological limitations we have discussed in the Data and Methods section. Worth reiterating is that as is typical for this type of research, our samples were not random. Despite countermeasures to counteract a possible selection bias, as explained earlier, we cannot guarantee that our results generalize to the entire populations of senior executives in the respective economies.

It is further possible that executives shared not their own views on CSR but what to them seemed societally acceptable and expected. This divergence between espoused and expressed values is an inherent risk in interview research (and indeed, with respect to espoused values and manifest behavior, in behavioral research more generally). We believe such divergence was unlikely, not least because we had promised anonymity, as a result of which we heard a number of replies that were clearly societally unacceptable. However, it seems to us that even if executives did not report their own values but instead reflected their perception of societal expectations, our results are still meaningful in that the variations by economy clearly demonstrate a societal effect.

We further note that what we reported here represents not national values, or culture, but values held within a specific, highly influential subgroup of society. While most accounts treat values and culture in an aggregated fashion, usually as a “national” feature, societies are not that tidy (Archer, 1996). Berger and Luckmann (1966) in their definition of culture as the social construction of reality laid stress on the way in which secondary socialization created discrete provinces of meaning in a society. Different subgroups of society are thus likely to hold distinct values about a given issue, and we would expect, for instance, that trade unionists in the five economies would give somewhat different answers.

Our paper opens up several avenues for further research. As the previous paragraph has hinted, such research might explore the values concerning CSR of other influential subgroups in the political economy, such as trade union activists, non-government organizations, or politicians. While we cannot predict precisely what such research might unearth, it seems to us that it might permit further insights into the question of contestation of values and attendant evolution of institutional structures (cf. North, 2005).

A second avenue would be to extend this research to other societal contexts. If there is indeed a connection between business systems and executive values, then such research should find similar value systems about CSR in countries belonging to the same types of business systems (Whitley, 1999). Such findings would make a useful contribution to efforts to categorize CSR and transcend the current issues with dichotomous typologies.

A third direction of research would be to explore how these values change over time. Lingering in the background of any cross-national comparison is the question of convergence.
Since our data are cross-sectional, they do not allow any conclusions whether a process of convergence is in progress. What we can say, however, is that the time of our interviews, executives values in the five economies were far from a state of convergence. Research on institutions and culture has not found a clear trend, noting convergence, divergence, stability, and at times also crossvergence (divergence in some respects, convergence in others) (cf. Witt, 2008; Witt and Redding, 2009). We suspect the same tendencies would show in a longitudinal study of executives’ values, which would have important implications for issues such as how to evaluate CSR policies of firms across different societies.

Finally, future research should also explore the question whether the variations in values we have found have implications for the actual practice of CSR in the respective economies. For instance, if South Korean executives strongly emphasize charity as an avenue for CSR, then to the extent these values matter, their emphasis should also be visible in actual CSR practice of South Korean firms. Evidence making this connection could provide welcome empirical support for recent theoretical arguments linking culture and values to institutions and corporate practice (Fligstein, 2001; Hall and Soskice, 2001; North, 2005; Redding, 2005).
APPENDIX A. INTERVIEWEES

Germany

• Dr. Uwe-Ernst Bufe, former CEO, Degussa
• Leonhard H. Fischer, management board member, Allianz & Dresdner Bank
• Peter Fischl, CFO, Infineon
• Dr. Carl Hahn, former CEO, VW
• Dr. Wolf Klinz, former CEO, AGIV; President, Chamber of Commerce and Industry, Frankfurt (Main)
• Hilmar Kopper, former CEO, Deutsche Bank
• Dr. Dietmar Kuhnt, CEO, RWE
• Dr. Ulrich Middelmann, Vice-CEO, ThyssenKrupp
• Dr. Werner Schmidt, former CEO, VW
• Dr. Ronaldo Schmitz, former management board member, Deutsche Bank
• Dr. Harald Schröder, former Vice CEO, Merck
• Dr. Henning Schulte-Noelle, CEO, Allianz
• Dr. Heinrich v. Pierer, CEO, Siemens
• Kurt F. Viermetz, Chairman Supervisory Board, HypoVereinsbank
• Dr. Herbert Wörner, former management board member, Bosch; former CEO, Bosch
• Siemens Haushaltsgeraete
• Dr. Jürgen Zech, former CEO, Gerling
• Anonymous, CEO, one of Germany's 30 largest public firms

Hong Kong:

• Ronnie Chan, President & CEO, Hang Lung Ltd.
• Philip Chen, Director and COO, Cathay Pacific
• Paul Chow, CEO, Hong Kong Stock Exchange
• Roger King, Member of the Board, Orient Overseas (Int.) Ltd.
• Peter T. C. Lee, Chairman, Hysan
• Michael K. H. Leung, Managing Director, Peoples Telephone Co. Ltd.
• Sir Dr. David Li, Chairman & CEO, The Bank of East Asia Ltd.
• Dr. Helmut Sohmen, Chairman and President, World-Wide Shipping Group Ltd.
• Sir Gordon Wu, Chairman, Hopewell Holdings Ltd.
• William Ho, Managing Director, Growth Investments Ltd.

Japan

• Yoshikazu Hanawa, Chairman, Nissan
• Toru Hashimoto, former Chairman, Fuji Bank
• Terukazu Inoue, Special Auditor, Toyota
• Takeo Inokuchi, Chairman and President, Mitsui Sumitomo Insurance
• Masami Ito, President, Ito Ham
• Tetsuro Kawakami, former Chairman, Sumitomo Electric
• Yorihiko Kojima, Senior Executive Vice-President, Mitsubishi Corp.
• Akira Uehara, President, Taisho Seiyaku
• Kaneichi Maehara, former board member, Sumitomo Life Insurance, Chairman, Sumitomo Life Research Institute
• Minoru Makihara, Chairman, Mitsubishi Corp.
• Hiroshi Nagata, Executive Vice-President & board member, Mitsui & Co.
• Taizo Nishimuro, Chairman, Toshiba
• Akira Nishikawa, President & CEO, Mitsubishi Materials
• Koichi Ohmuro, Senior Managing Director & Senior Executive Officer, Mitsui Fudosan
• Masahiro Sakane, President, Komatsu Machinery
• Teruo Shimamura, President & COO, Nikon
• Yasuhiko Watanabe, former board member, Bank of Tokyo Mitsubishi, Senior Managing Director, Mitsubishi Estate

**South Korea:**
• Moon-Seok Kang, President & CEO, Dong-A Pharmaceutical Co.
• Dr. Shin Ho Kang, Chairman, Dong-A Pharmaceutical Co.
• Dr. Dong-Jin Kim, President & CEO, Hyundai Motor Company
• Dong Yun Kim, Vice Chairman and CEO, Telson
• Dr. Joon Kim, Senior Managing Director, Kyungbang
• Milton S. Kim, Chairman, IT’S TV
• Syng J. Kim, Vice Chairman & CEO, SK Global
• Yongsung Kim, CEO, Neoplux Capital
• Dr. Chong S. Lee, Executive Vice President, LG Card
• Soo Young Lee, Chairman, DC Chemical
• Dr. Y. T. Lee, Chairman, TriGem Computer
• Yoon-Woo Lee, President & CEO, Samsung Electronics
• Chong Y. Pae, President & CEO, Samsung Corporation
• Yong Sung Park, Chairman, Doosan Heavy Industries & Construction
• Minsok Suh, Chairman & CEO, Dong-Il Corporation

**United States**
• Michael Alexander, former Managing Director, FASB, former Executive Partner, Touche Ross International
• Robert M. Baylis, former Vice-Chairman, CSFB
• Donald W. Blair, CFO & Vice President, Nike
• J. Frank Brown, former Global Advisory Services Leader, PricewaterhouseCoopers
• Doug Elix, Senior Vice-President & Group Executive Sales and Distribution, IBM
• Jon T. Elsasser, Director Corporate Relations, Timken
• Richard Goodman, CFO, PepsiCo
• Robert J. Herbold, former COO, Microsoft
• Arnold G. Langbo, former CEO & Chairman, Kellogg’s
• James A. Lawrence, Vice Chairman & CFO, General Mills
• Victor J. Menezes, Senior Vice-Chairman, Citigroup
• Leo F. Mullin, former CEO, Delta Airlines
• Mike A. Neal, Vice-Chairman, GE, Chairman, GE Capital Services
• Joseph L. Rice, III, Senior Partner, Clayton Dubilier & Rice
APPENDIX B. INTERVIEW SCHEDULE

• If you had to choose the most important reason for your firm being in existence (beyond operating efficiently to survive), what would it be? Why is it important for it to survive?
• What is the firm ultimately for? Accepting a list of reasons, what comes first and why?
• What firms do you admire most and why?
• What business leaders do you admire most and why?
• When you retire what will you look back on as having achieved?
• What should the contribution of the economy be to the society at large, in addition to generating wealth?
• How should the wealth be distributed and why?
REFERENCES


Table 1. Percentages of Executives Referring to Society-Related Categories

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Hong Kong</th>
<th>Japan</th>
<th>South Korea</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society</td>
<td>71%</td>
<td>50%</td>
<td>88%</td>
<td>67%</td>
<td>71%</td>
</tr>
<tr>
<td>Charity</td>
<td>18%</td>
<td>60%</td>
<td>35%</td>
<td>73%</td>
<td>14%</td>
</tr>
<tr>
<td>Employment</td>
<td>18%</td>
<td>30%</td>
<td>41%</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td>Innovation</td>
<td>18%</td>
<td>10%</td>
<td>29%</td>
<td>20%</td>
<td>43%</td>
</tr>
<tr>
<td>Related salient aspects of serving society</td>
<td>production, 82%</td>
<td>-</td>
<td>-</td>
<td>national development, 53%</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 2. Categorization of CSR Orientations

<table>
<thead>
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<th>Explicit CSR</th>
<th>Implicit CSR</th>
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<tbody>
<tr>
<td></td>
<td>Stakeholder-Oriented</td>
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<tr>
<td></td>
<td>State/Society-Oriented: South Korea</td>
</tr>
<tr>
<td></td>
<td>Employee-Oriented: Japan</td>
</tr>
<tr>
<td></td>
<td>Shareholder-Oriented: United States</td>
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