

**Commitment to Corporate Social and Environmental Responsibility:  
An Insight into Contrasting Perspectives in China and the U.S.**

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**Abstract**

This cross-national study investigates antecedents and outcomes of corporate responsibility (CR) stakeholder practices in the contrasting contexts of China and the U.S. In general, we found partial support for the proposition that the divergence of CR stakeholder practices across nations is dependent on the institutional environments of business as well as on organizational culture. Whereas customer and community stakeholder practices were found to be more prevalent in U.S. companies, supplier stakeholder practices were more prevalent in Chinese companies. In addition, we found cross-national convergence in the positive relationship between a clan organizational culture orientation and CR practices prevalence for both Chinese and U.S. companies. Finally, the relationship between the prevalence of CR practices and business outcomes (financial performance, corporate reputation, and employee commitment) varied depending on the type of CR practice and country.

Keywords: Corporate responsibility  
Stakeholders  
China  
U.S.

## INTRODUCTION

The most salient theme emerging from recent research on business ethics is that corporations should go beyond profit-making to actively engage in social and environmental responsibility practices (Cone et al., 2003; European Baha'i Business Forum, 2001; Harvard Business Review, 2003). Although advanced industrialized economies (e.g. the U.S., Canada, Japan, the U.K., and various Western European countries) have long been leaders in the practice of corporate responsibility (Clarkson, 1995; Hopkins, 2003; Maignan et al., 1999; Maignan and Ralston, 2002; OECD, 2001), there is increasing evidence that the idea of corporate social and environmental responsibility has gained currency in developing countries as a result of globalization of the world economy (Birch and Moon 2004; Chambers et al. 2003; Hopkins, 2003). Behind this growing trend of cross-national convergence of corporate responsibility (CR), little is known about the differences in the prevalence, pattern, and benefits of CR between developed and lesser developed countries.

To address these key issues, we conducted an exploratory comparative study of CR practices in the contrasting contexts of China and the US. Whereas China is a transitional economy and a relative late comer to the implementation of CR practices, the U.S. is the most developed market economy where CR has a long track records (e.g., Hopkins, 2003). In this study, we were particularly interested in discerning the extent to which the antecedents and business outcomes of CR practices are cross-nationally generalizable. In the remainder of this paper, we first review the literature regarding CR practices. Then we develop hypotheses regarding institutional and organizational culture influences on the adoption and business outcomes of CR practices concerned with different stakeholder groups in China and the U.S.

Next we report the methodology and results of this study, and conclude with a discussion of our major findings.

## **CORPORATE RESPONSIBILITY AND STAKEHOLDER GROUPS IN A COMPARATIVE PERSPECTIVE**

Institutional theorists attribute cross-national variation in the adoption and diffusion of organizational practices to differences in national institutional environments as well as corporate cultures (Doh and Guay, 2006; Habisch et al., 2005; Kostova, 1999; Scott, 2001). One major observation is that certain institutional environments and specific organization cultures are more prone to promote CR practices toward some stakeholder groups than toward others (e.g., Habisch et al., 2005). However, there has been a lack of conclusive evidence regarding the business outcomes of CR stakeholder practices from a comparative perspective.

In regards to whom and what a socially responsible corporation should be accountable, six stakeholder groups have been identified as particularly relevant for modern organizations: customers, employees, investors, suppliers, local communities, and the natural environment (Hopkins, 2003; Palazzi and Starcher, 1997). Customer responsibility practices demonstrate an organization's commitment to their customers by providing high quality service that includes complete information, responding to customer complaints, and adapting products and services to enhance customer satisfaction. Employee responsibility practices emphasize organizational fairness and support in employee relations, including equitable treatment of employees irrespective of gender and ethnicity, supporting employee educational development, and work-family life balance. Investor responsibility practices incorporate investor interests in business decisions by seeking investor input on strategic decisions, responding to investor needs and

requests, and providing all investors with a competitive return on their investment. Supplier responsibility practices involve developing long-term collaborative relationships based on open communication and information sharing, as well as cooperative goal- and decision-making (Wong, 2002). Community responsibility practices demonstrate a company's voluntary commitment to improve the quality of life in their local communities through charitable activities such as donations, sponsorship of cultural, sports, and education programs. Environmental corporate responsibilities integrate environmental sustainability goals and objectives in organizational operations. Environmental responsibility is typified by voluntarily exceeding government environmental regulations, implementing environmental management systems. Accordingly, this paper investigates the extent to which business corporations in China and the U.S. embrace CR practices towards these six stakeholder groups.

### **Institutional Environments and Corporate Responsibility toward Stakeholder Groups**

An institutional perspective of national characteristics identifies the regulatory, normative, and cultural-cognitive dimensions of national institutional environments as three institutional 'pillars' (Kostova, 1999; Scott, 2001). As proposed by Kostova (1999), cross-national differences in these three pillars result in unique country institutional profiles.

Thus, the question becomes, how do institutional environments shape CR practices? We propose that each of these three institutional 'pillars' exert pressures on organizations to adopt various CR stakeholder practices. The regulatory pillar establishes the minimum legal responsibility of business enterprises to a given stakeholder group and sets a baseline for corporations to consider CR practices which go beyond legal requirements. The normative pillar prescribes the social obligations of organizations to various stakeholder groups on the basis of

moral appeals. The cultural-cognitive pillar constructs a culturally appropriate frame of reference for business organizations to adopt in dealing with different stakeholder groups.

Institutional theory suggests that certain types of institutional dimensions appear to be more conducive for certain CR practices than for others, thus affecting the pattern of CR practices to individual stakeholder groups (e.g. Gardberg and Fombrun, 2006). Specific institutional dimensions such as a formal and comprehensive regulatory regime, lead to higher societal expectations of corporate citizenship, whereas a societal culture with a strong sense of ethical obligation creates regulatory, normative, and cultural pressures on businesses to take a positive stand on social obligations (e.g. Oliver, 1991). Empirical research has shown that a progressive CR approach is closely linked to the presence of an established legal system which generates considerable regulatory pressure on businesses and sets a high standard of corporate governance (e.g., Aguilera and Cuervo-Cazurra, 2004; Kaufmann et al., 2003). In these contexts, CR practices will be undertaken to be responsive to stakeholder groups with greater attention being accorded to employees, investors, and the natural environment (e.g. Ryan, 2005; Wieland, 2005).

In regards to the cultural-cognitive institutional dimension, businesses in individualistic societies are expected to assume a more active social responsibility role than businesses in communitarian societies, where governments assume a larger social welfare role (Gardberg and Formbrun, 2006; Lodge, 1990). This suggests that in individualistic societies, employee and community stakeholder groups would have higher expectations of businesses to meet these obligations. In regards to the normative dimension, businesses' sense of social responsibility is stronger under the Western capitalistic traditions, which stress the need of businesses to pay back the society (e.g. Weber, 1958). Such a normative setting would particularly promote employee

and community responsibility practices. In contrast, an ethical image of business is lower in East Asian spiritual traditions, which characterize businesses as greedy and rarely perceive business enterprises as socially responsible (e.g. Weber, 1968). Even so, the modern development of market economies in Asian countries has gradually reversed this traditional cultural-cognitive bias against businesses, while at the same time raising expectations regarding business ethics in society (in respect to China, see Pearson, 1995; Herberer, 2003; Lu and Enderle, 2003). Indeed, there is preliminary evidence of a convergence in the adoption of corporate social and environmental responsibility practices in both advanced industrial and lesser developed economies (Chambers et al., 2003).

#### ***Antecedents to CR Practices: Institutional Environments***

In developing our hypothesis, we consider the effects of institutional environments on the prevalence of voluntary CR practices. In regards to the regulatory dimension, the legal system for business regulation in the U.S. is far more established and effective than it is in China (Kimber and Lipton, 2005; Wieland, 2005). For example, international indices of regulatory and corporate governance consistently rank the U.S. higher than China (Kaufmann et al., 2003; World Economic Forum, 2002). Concerning the cultural-cognitive dimension, the individualistic U.S. has embedded higher expectations for businesses to be socially responsible and hence, there are strong social pressures for CR in the U.S. (Vogel, 1992). In contrast, the socialist-communitarian society of China has been characterized as having a weak societal basis for CR (Lu, 1997). Regarding the normative dimension, businesses have a more positive image as a progressive force in society under the market economy ideology of the U.S. than they do under the communist ideology and Confucian ethics of China. For example, corporate philanthropy to support local communities has been a lengthy history and is more prevalent in the U.S. than it is

in China (Lu and Chiu, 2003).

Overall, our review of institutional environments for the various CR practices suggests that the regulatory, cultural-cognitive, and normative institutional pressures for customer, employee, investor, community, and environmental CR practices would be stronger in the U.S. than in China. For the U.S., the primary driving forces for beyond-legal-compliance CR undertakings include a greater acceptance of moral obligations to different stakeholder groups, the increasing use of CR as a corporate strategy for achieving business success and a competitive edge, and the emerging practice of ethical investment (Lewis and MacKenzie, 2000). For China, while recent studies have indicated that social and environmental responsibility has begun to receive greater attention from corporate management (Institute of Environment and Development, 2004; Li and Li, 2005; Lu, 1997; Lu and Chiu, 2003; Wu, 1999), China's communitarian producer economy (Lodge, 1990) has not developed a strong institutional foundation for the promotion of CR stakeholder practices. One exception appears to be that China's socialist-market institutional environment appears to be more favorable for supplier CR practice. Since suppliers are a powerful stakeholder group in China given their near monopolistic status in the supply of raw material and production resources (including bank loans) and strong government background (e.g. Ju, 1999; Lin, 2001; OECD, 2000), due care towards suppliers is especially important for the security of supply chains. Hence, we propose the following comparative hypotheses:

Hypothesis 1a. Customer, employee, investor, community, and environment CR practices are more prevalent in U.S. companies than in Chinese companies.

Hypothesis 1b. Supplier CR practices are more prevalent in Chinese companies than in U.S. companies.

## **Organizational Cultures and Corporate Responsibility toward Stakeholder Groups**

Previous research on organizational cultures suggests that the institutional environment is not the sole determinant of the adoption of organizational CR practices (Kostova, 1999).

Organizational culture has been defined as “...*a pattern of shared basic assumptions* that the group learned as it solved its problems of *external adaptation and internal integration* that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems” (Schein, 1992, p.12). In that organizational cultures can have a strong impact on corporate strategies, management practices, and organizational performance (Cameron and Quinn, 1999; Kostova, 1998), the adoption of various types of CR practices would be influenced by their compatibility with an organization’s cultural values and priorities.

Although there are a number of organizational culture models (Detert et al., 2000; Martin and Frost, 1996), the Competing Values Framework is particularly appropriate for this study (Cameron and Ettington, 1988; Cameron and Quinn, 1999). First, the Competing Values Framework (CVF) dimensions and measures have been empirically established in terms of their construct validity (e.g., Howard, 1998; Kalliath et al., 1999). Second, the cross-cultural relevance and validity of the CVF measures has been established by international research on the influence of organizational culture on organizational change and business strategies (e.g., Al-Khalifa and Aspinwall, 2001; Deshpandé and Farley, 2004).

The CVF is comprised of two dimensions of organizational effectiveness: flexibility/discretion vs. stability/control and internal focus/integration vs. external focus/differentiation (Cameron and Quinn, 1999). These two dimensions are used to identify the

four major culture types of clan, adhocracy, market, and hierarchy. A clan culture (flexibility/internal focus) emphasizes the importance of loyalty, trust, and commitment in interpersonal relationships, teamwork, consensus and participation in organizational functioning. An adhocracy culture (flexibility/external orientation) emphasizes the importance of being entrepreneurial, innovative, and dynamic in order to quickly adapt to new strategic opportunities for product and service leadership. A market culture (control/external orientation) emphasizes the importance of being competitive, results-oriented, and controlling in order to maximize profits and achieve market/sector dominance. A hierarchy culture (control/internal orientation) emphasizes the importance of formal rules, policies, procedures, and internal maintenance to ensure stability and efficiency in organizational operations.

Whereas the CVF identifies these four ideal culture types, Cameron and Quinn (1999) identify that there may be one or more dominant cultural orientations due to the competing demands of organizational environments. In general, U.S. companies tend to be more consensual, entrepreneurial, and competitive but less bureaucratic than their Chinese counterparts (Deshpande and Farley, 2004; Lau and Ngo, 1996). Further, it has been argued that market-oriented organizational cultures are conducive to corporate citizenship (Maignan et al., 1999; Maignan and Ferrell, 2001). While this suggests that market-oriented U.S. companies would be more likely to implement CR practices in general, an empirical test of the relationships between organizational culture orientation and different stakeholder CR practices, as well as the cross-national generalizability of these relationships, has not been conducted to date.

### ***Antecedents to CR Practices: Organizational Cultures***

To develop our hypotheses regarding the relationships between organizational culture orientations and stakeholder CR practices, we develop our logic based on the two CVF

dimensions and the four culture types that they create. Specifically, we propose that a flexibility/discretion cultural orientation would be most consistent with CR activities concerned with customers (e.g., sensitivity to customer complaints), employees (e.g., employee development and equitable treatment), suppliers (e.g., collaborative goal- and decision-making), and local communities (e.g., ensuring the well-being of the communities in which they operate). In contrast, a stability/control orientation emphasizes the importance of minimizing risk which would be consistent with investor (e.g., continuity of positive economic returns) and environmental (e.g., implementing environmental management systems) CR activities.

With respect to the second CVF dimension, an internal focus suggests a higher concern for stakeholder groups that are within organizational boundaries (e.g., employees) or viewed as essential to organizational operations (e.g., suppliers). Conversely, an external focus suggests a higher concern for customers (e.g., providing innovative products and services), investors (e.g., transparency in external reporting), and communities (e.g., corporate philanthropy). Environmental CR activities necessitate both an internal focus (e.g., environmental resource and process management) and an external focus (e.g., exceeding environmental regulations and responding to environmental interest groups).

Integrating the two CVF dimensions, employee and supplier CR practices would be more prevalent in organizations with a clan cultural orientation (flexibility/internal focus). Whereas our initial review suggests that customer CR practices would be primarily associated with an adhocracy culture orientation (flexibility/external focus), Cameron and Quinn (1999) identify that sensitivity to customers is characteristic of a clan cultural orientation which can be attributed to its concern for people. Similarly, community CR practices could be related to either the presence of an adhocracy or a clan cultural orientation. Investor practices are most congruent

with a market cultural orientation (control/external focus). And finally, environmental CR practices would be expected to be associated with market (control/internal focus) and hierarchy (control/external focus) organizational cultures. In sum, we propose the following hypotheses regarding the relationship between organizational culture types and the prevalence of various CR stakeholder practices.

H2a. A clan organizational culture orientation is positively related to the prevalence of customer, employee, supplier, and community CR practices, for both Chinese and US companies.

H2b. An adhocracy organizational culture orientation is positively related to the prevalence of customer and community CR practices, for both Chinese and U.S. companies.

H2c. A market organizational culture orientation is positively related to the prevalence of investor and environmental CR practices, for both Chinese and U.S. companies.

H2d. A hierarchy organizational culture orientation is positively related to the prevalence of environmental CR practices, for both Chinese and U.S. companies.

### **Business Outcomes and Corporate Responsibility Practices**

Having addressed the issue of “why” there may be CR differences, an equally relevant question is: What are the possible positive outcomes obtained by being a socially responsible corporation? According to the instrumental view (cf McWilliams and Siegel, 2001), businesses engage in CR practices in order to obtain concrete business outcomes such as increasing profits. This pragmatic perspective is in contrast to the philosophical foundation of the normative business ethics that proposes that CR is essentially altruistic in nature (Chambers et al. 2003) and

that CR should be approached as the moral management of organizational stakeholders (Carroll, 1999). These two perspectives on the purpose for CR have resulted in two research streams. One research stream has focused on the financial performance obtained from CR practices to determine whether CR is a business strategy that results in economic success or not (Drumwright, 1994; Maignan and Ferrell, 2001). The other research stream has focused on the non-financial benefits of CR, such as its potential to enhance corporate reputation (Cone et al., 2003; Hopkins, 2003) and its ability to promote employee commitment (Soloman and Hansen, 1985).

### **Business Outcomes from Corporate Responsibility Practices**

In this study, we examine three types of business outcomes from CR practices: financial performance, corporate reputation, and employee commitment.

*Financial Performance.* From an instrumental perspective, CR has been proposed to be business strategy that should improve a firm's financial performance (e.g., Anderson, 1989; Husted and De Jesus Salazar, 2006; Hopkins, 2003). Indeed, the majority of U.S. studies have found a positive relationship between CR and financial performance (e.g., Margolis and Walsh, 2001; Orlitzky et al., 2003). Even so, there remains controversy regarding the proper theoretical formulation of this linkage, as well as a number of methodological issues (e.g., McWilliams and Siegel, 2000; Waddock and Graves, 1997). In contrast, there has been a lack of in-depth inquiry into the financial returns of CR in China. Current research suggests that Chinese companies, in general, do not see potential for enhancing financial performance through the adoption CR practices (e.g., Lu and Chiu, 2003). Hence we propose that:

H3: The positive relationship between the prevalence of CR practices and financial performance is stronger for U.S. companies than for Chinese companies.

*Corporate Reputation.* Following Fombrun and Shanley (1990, cf. p. 235), corporate reputation is defined as stakeholders' cumulative judgments of a firm. Public image is a major concern of U.S. corporations, as evidenced by the popularity of corporate reputation indices (e.g. *Fortune* magazine's ratings). In the U.S., research has found a number of positive corporate reputation effects associated with CR initiatives (e.g., Blumenthal and Bergstrom, 2003; Cone et al., 2003). Marketing studies have consistently found that positive CR associations can enhance brand and product evaluations, promote brand choice, and affect brand recommendations (Drumwright, 1994). U.S. companies with good CR track records are also more likely to be selected for the increasingly popular ethical investment funds in the U.S. (Hopkins, 2003).

Good corporate reputation has traditionally been considered an important asset by Chinese enterprises which are to be built on scrupulous practices, even during the planned economy era (Bai, 2001). For example, Tong Ren Tang Technologies Co., Ltd. Pharmaceutical Factory, the state-owned Chinese pharmaceutical giant, is a classic example of a company whose reputation for corporate responsibility, in terms of product quality, can be traced back to pre-Communist China (Bai, 2001). Although building brand name through CR is relatively new for Chinese enterprises, there have been some noteworthy examples such as the Bingbing Group's (one of top eight enterprises in China's fashion industry) active sponsorship of environmental activities and Three-One Group's (a private enterprise producing mechanical equipment) philanthropy (Liu, 2002). There has also been emerging consensus among Chinese scholars that enterprises should establish a favorable corporate image through the adoption of caring practices to stakeholders such as customers, employees, and the wider society (Lu, 2002; Zhou, 2003). However, using CR practices to deliberately promote corporate reputation is still rare in China

and its positive impact is uncertain for stakeholders relatively unfamiliar with the CR concept. As such, we hypothesize:

H4: The positive relationship between CR practices and corporate reputation is stronger for U.S. companies than for Chinese companies.

*Employee Commitment.* Jaworki and Kohli (1993, p. 30) defined employee commitment as, "...the extent to which a business unit's employees are fond of the organization, and are willing to make personal sacrifices for the business unit." From the stakeholder perspective, employees themselves may be the beneficiaries of their organization's CR practices, particularly those directly related to employee responsibilities (Hopkins, 2003). Further, CR programs can be a rallying point for organizational identification and pride among employees (Cone et al., 2003; Maignan and Ferrell, 2001; Maignan et al., 1999). Empirical research in the U.S. has consistently found a positive relationship between CR practices and employee commitment (Peterson 2004; Foote et al., 2005), and companies with a strong positive corporate reputation can usually enjoy considerable competitive advantages in employee recruitment and retention (Freeman, 1984).

In China, employee loyalty has been historically very high because of the lifelong employment practice and the function of the enterprise being a social unit providing its employees with welfare from cradle to grave (Goodall and Warner, 1997). Although the concept of CR is relatively new to most Chinese employees (Li and Li, 2005), recent research suggests that employees have positive attitudes towards enterprises that are philanthropic, concerned with employees' well-being, honest with customers, and earnest to reduce industrial pollution (Bai, 2001; Institute of Environment and Development, 2002; Li and Li, 2005). However, employee loyalty may have diminished as a result of the cessation of the "iron rice-bowl" practices and increased employee layoffs. Thus, cultivating and securing employee commitment to enhance

firm performance has emerged as an important human resource management issue for modern Chinese companies (Law et al., 2003). Even so, development of a competitive market environment which has diminished the role of state-owned enterprises as a social institution (Cook and Murray, 2003; OCED, 2000) may have weakened the institutional foundations that would engender high employee commitment. Thus, we hypothesize:

H5: The positive relationship between CR practices and employee commitment is stronger for U.S. companies than for Chinese companies.

## **METHOD**

### **Data Collection**

A cross-sectional survey of business organizations was conducted with country samples identified from the Dun & Bradstreet Global Million Dollar database. Companies with less than 50 employees were excluded from the sampling frame. Of the remaining companies, a random sample of 1,000 companies was selected for each country. Questionnaire surveys were addressed to the most senior corporate executive (Chairman, CEO, CFO) named in the Dun & Bradstreet database. Each survey questionnaire was sent with a cover letter, self-addressed return envelope, and an offer for respondents to receive a summary of study findings (interested respondents were asked to send their business card in a separate envelope). Two to four weeks after the first mailing, a reminder mailing was sent to all companies in the sample.

In total, 132 Chinese and 106 U.S. companies responded to the survey (response rate of 14% for China and 11% for the U.S. after accounting for undeliverable surveys). We excluded responses from 21 organizations whose headquarters were not located in the country of interest

with the resulting samples being 113 Chinese organizations and 104 U.S. organizations. Our comparison showed that the organizational characteristics (organization size, publicly traded, and industry) of our respondent sample was closely representative of companies in the D&B listings.

### **Survey Questionnaire Development**

The survey was initially designed in English and standard translation-back translation procedures were used for the Chinese survey. Survey questionnaires were also pre-tested with 15 to 30 business academic colleague, and managers in both China and the U.S. to obtain feedback concerning survey content and format.

*Corporate Responsibility Practices.* Items to measure corporate social responsibility practices (customer, employee, investor, supplier, and community) were identified from instruments developed by Aupperle et al., (1985), Clarkson (1995), Maignan et al., (1999), and Maignan and Ferrell (2003). Items to measure corporate environmental responsibility practices were developed from measures of proactive corporate environmental management (Branzei and Vertinsky, 2002; Sharma, 2000). The pre-tests in each country identified 36 items (six items for each type of stakeholder responsibility) for inclusion in the survey questionnaire.

The extent to which a CR stakeholder practice had been adopted in a respondent's organization was measured using a 9-point Likert scale (1 = strongly disagree to 9 = strongly agree). Exploratory factor analysis and confirmatory factor analysis were used to determine the cross-cultural configural and measurement invariance of the CR stakeholder practices scales (Steenkamp and Baumgartner, 1998). Based on these analyses, items were removed to result in revised CR stakeholder practices scales with the following scale reliabilities (Cronbach alphas):

customers (5 items, China  $\alpha = .85$ , U.S.  $\alpha = .66$ ); employees (5 items, China  $\alpha = .77$ , U.S.  $\alpha = .59$ ); investors (4 items, China  $\alpha = .75$ , U.S.  $\alpha = .79$ ); suppliers (5 items, China  $\alpha = .83$ , U.S.  $\alpha = .87$ ); community (4 items, China  $\alpha = .83$ , U.S.  $\alpha = .79$ ); and environment (4 items, China  $\alpha = .70$ , U.S.  $\alpha = .84$ ). The configural and measurement error invariances for the six CSR scales were at acceptable levels, i.e., either full or partial invariance with GFI and CFI statistics of .90 or higher (Steenkamp and Baumgarten, 1998).

*Organizational Culture.* Cameron and Quinn's (1999) organizational culture assessment instrument (OCAI) was used to measure organizational culture. The competing values framework identifies four types of organizational cultures (clan, adhocracy, market, and hierarchy) in terms of two dimensions of organizational effectiveness indicators: flexibility/discretion vs. stability/control; internal focus/integration vs. external focus/differentiation. The OCAI consists of six sets of questions (dominant characteristics, organizational leadership, management of employees, organizational glue, strategic emphases, and criteria of success) for which respondents indicate the extent to which their organization is like four items representing each of the four types of organization culture (using a 9-point Likert scale with 1 = strongly disagree and 9 = strongly agree). Exploratory factor analysis showed that there were three 5-item scales for clan, adhocracy, and market organization culture orientations. The hierarchy organization culture items did not load on to a separate factor and thus were not retained for analyses. Confirmatory factor analyses showed acceptable levels of configural and measurement error invariances for the three 5-item organizational culture scales which had the following scale reliabilities: clan (5-items, China  $\alpha = .84$ , U.S.  $\alpha = .84$  for U.S.); adhocracy (5-items, China  $\alpha = .81$ , U.S.  $\alpha = .83$ ); and market (5-items, China  $\alpha = .87$ , U.S.  $\alpha = .84$ ).

Preliminary analyses showed that the three organizational culture measures were significantly correlated. To address this potential multicollinearity issue as well as to control for country differences in organizational culture orientations, country-standardized organizational culture scores (z-scores) were used in analyses (per Ralston et al., 2006).

*Business outcomes.* Financial performance was measured using a 4-item scale developed by Samiee and Roth (1992). Respondents were asked the extent to which their organization's return on investment, return on assets, sales growth, and profit growth had been substantially better than to their most relevant competitors over the past three years (using a 9-point Likert scale with 1 = strongly disagree to 9 = strongly agree). Corporate reputation was measured using four items adapted from a scale developed by Fombrun, Gardberg, and Sever (2000). Employee commitment was measured using a four-item scale derived from Jaworski and Kohli (1993). For both corporate reputation and employee commitment, respondents were asked to indicate the extent to which each item reflected their organization (using a 9-point Likert scale with 1 = strongly disagree to 9 = strongly agree).

Exploratory and confirmatory factor analyses showed that the corporate reputation scale should consist of three items (China  $\alpha = .84$ , U.S.  $\alpha = .74$ ) while all four items in each of the financial performance (China  $\alpha = .91$ , U.S.  $\alpha = .84$ ) and employee commitment (China  $\alpha = .76$ , U.S.  $\alpha = .88$ ) scales should be retained. Acceptable levels of configural and measurement error invariances for the three business outcomes scales were found.

*Organizational Characteristics.* The survey questionnaire also asked respondents to provide information regarding the following organizational characteristics which may have an influence on CR practices (e.g., Kolk, 2003; Waddock and Graves, 1997). These included: (1) organization size (coded: 1 = less than 100 employees, 2 = 100 to 499 employees, 3 = 500-999

employees, 4 = 1000-4999 employees, and 5 = 5000 employees or more); (2) primary industry type (manufacturing, resource-based, and services); (3) ownership form (coded: 1 = publicly traded, 0 = private); and (4) internationalization (coded: 0 = company operating in one country only; 1 = multinational company operating in two or more countries).

## **Analyses**

Multiple hierarchical regression analyses were conducted to test Hypotheses 1 and 2 regarding influences on the implementation of CR practices. The dependent variables in these regressions were the six CR practices concerning customer, employee, investor, supplier, community, and environmental stakeholder groups. In step 1 of the regression, country and organizational characteristics (organization size, publicly traded, internationalization, and industry) were entered. In step 2, the clan, adhocracy, and market organization culture variables as well as their country interaction terms were entered to test for the separate influence of organizational culture on the implementation of CR practices.

A second set of multiple hierarchical regression analyses were conducted to test Hypotheses 3, 4, and 5 regarding country differences in the relationship between CR practices implementation and business outcomes. Regressions were conducted for the total sample and to ascertain country-specific relationships, separate regressions were also conducted for the Chinese and the U.S. company samples. In these analyses, the dependent variables were financial performance, corporate reputation, and employee commitment. In step 1 of the regression, the country (for the total sample regression) and the organizational characteristics (organization size, publicly traded, internationalization, and industry) control variables were entered. In step 2, the six CR practices (customer, employee, investor, supplier, community, and environment) were

entered.

Prior to analyses, we examined the variables to ascertain whether the assumptions of multivariate analysis were met. The six CR scale practices and the three business outcomes variables required transformations (squared) to remedy negative skewness in the data. To check for potential common method variance, a Harman test was conducted that included the 12 variables (dependent and independent) in the regressions. As suggested by other authors (e.g., McFarlin and Sweeney, 1992), there is evidence of common method variance if all items load on to one factor. The principal components factor analysis results (using varimax rotation) showed that there were two factors with eigenvalues greater than 1.0. The three organizational culture variables and the three business results variables loaded on to the first factor (eigenvalue = 5.444) while the six CR practices variables loaded on to the second factor (eigenvalue = 1.345). Given that hypothesis testing did not require that the organizational culture and business results variables be included in the same regression analyses, these results address, to some extent, concerns regarding common method artifacts affecting study findings.

However, the factor analysis results suggest that collinearity diagnostic tests should be conducted to ascertain whether intercorrelations among the independent variables would inflate coefficients in the regression analyses. One measure of collinearity among independent variables is the variance inflation factor (VIF) with large VIF values (5.0 or above) indicating high collinearity (Hair et al., 1992). For the first set of regressions to test Hypotheses 1 and 2, the VIF statistics ranged from 1.095 to 4.054 (including the interaction terms). For the second set of regressions to test Hypotheses 3, 4 and 5, the VIF statistics (including interaction terms) ranged from 1.10 to 2.57 for the total sample, 1.08 to 3.63 for the Chinese company sample, and 1.05 to 2.08 for the U.S. company sample. In sum, these results suggest that there was not a significant

multicollinearity problem in the data.

## RESULTS

Table I provides the descriptive statistics (means, standard deviations, and correlations) for the variables in the study. In respect to country differences in organizational characteristics, the correlation analysis showed that the Chinese sample had larger organizations ( $r = .17, p < .01$ ) and a higher proportion of multinational corporations ( $r = .15, p < .05$ ) than did the U.S. sample. In respect to industry differences ( $\chi^2 = 16.01, p < .001$ ), there was a higher proportion of manufacturing companies in the Chinese sample (58%) than in the U.S. sample (31%), whereas there was a higher proportion of services companies in the U.S. sample (60%) than in the Chinese sample (35%). There was no significant country difference in the proportion of companies that were publicly traded ( $r = .04$ ).

The correlation results suggest that customer ( $r = -.15, p < .05$ ) and community ( $r = -.174, p < .05$ ) CR practices were more prevalent in the U.S. company sample whereas investor ( $r = .15, p < .05$ ) and supplier ( $r = .35, p < .001$ ) CR practices were more prevalent in the Chinese company sample. The prevalence of CR practices was generally positively related to clan, adhocracy, and market organizational culture orientations, with the exception of community CR practices and market culture. In terms of business outcomes, CR practices were positively related to financial performance, corporate reputation, and employee commitment.

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### **Influences on CR practices implementation**

Hypothesis 1 proposed that the prevalence of customer, employee, investor, community, and environment CR practices is higher in the U.S., and that the prevalence of supplier CR practices is higher in China. The results of the regression analyses are presented in Table II. Consistent with Hypothesis 1, customer ( $b = -.18, p < .01$ ) and community ( $b = -.19, p < .01$ ) CR practices were more prevalent in U.S. companies than in Chinese companies, and supplier CR practices were more prevalent in Chinese companies than in U.S. companies ( $b = .31, p < .001$ ). Inconsistent with Hypothesis 1, there was no significant country difference in the prevalence of employee ( $b = .06$ ), investor ( $b = .13$ ), and environmental ( $b = -.00$ ) CR practices. Hence, Hypothesis 1 was partially supported.

Hypothesis 2a proposed that the prevalence of customer, employee, supplier, and community CR practices is positively related to a clan organizational culture orientation for both Chinese and U.S. companies. The regression results showed that a clan organizational culture orientation was positively related to the prevalence of all six types of CR practices (customer:  $b = .38$ , employee:  $b = .33$ , investor:  $b = .33$ , supplier:  $b = .33$ , community:  $b = .33$ , all significant at the  $p < .001$  level; and environmental:  $b = .19, p < .05$ ). There was also a marginally significant country interaction between clan culture and environmental practices ( $b = -.21, p < .10$ ) such that there was a stronger positive relationship for Chinese companies ( $r = .45, p < .001$ ) than for U.S. companies ( $r = .22, p < .05$ ). In sum, moderate support was found for Hypothesis 2a.

Hypothesis 2b proposed that the prevalence of customer and community CR practices is positively related to an adhocracy organizational culture orientation for both Chinese and U.S. companies. Inconsistent with Hypothesis 2b, an adhocracy culture was not significantly related to customer and community CR practices. However, an adhocracy culture orientation was

positively related to the prevalence of employee CR practices ( $b = .28, p < .001$ ) with this relationship being stronger for Chinese companies than for U.S. companies (respectively,  $r = .67, r = .33$ , both significant at the  $p < .001$  level). Further, there were significant country interactions between adhocracy and the prevalence of investor ( $b = .26, p < .01$ ), supplier ( $b = .21, p < .05$ ), and environmental ( $b = .32, p < .05$ ) CR practices. Post hoc correlation analyses showed that an adhocracy cultural orientation was positively related to investor, supplier, and environmental CR practices for Chinese companies (respectively,  $r = .42, r = .51, r = .51$ , all significant at the  $p < .001$  level) but not for U.S. companies (respectively,  $r = .01, r = .09, r = .12$ , all not significant). Hence, Hypothesis 2b was only supported in respect to the relationship between an adhocracy culture and employee CR practices.

Consistent with Hypothesis 2c, a market organizational culture orientation was positively related to the prevalence of investor ( $b = .21, p < .01$ ) and environmental ( $b = .13, p < .10$ ) CR practices. In addition, market culture was positively related to the prevalence of supplier CR practices ( $b = .18, p < .05$ ). In that there were no significant country interaction effects, Hypothesis 2c was fully supported. As previously noted in the methods section, Hypothesis 2d regarding hierarchy culture could not be tested.

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Insert Table II here  
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### **CR Practices and Business Outcomes**

We proposed that the positive relationship between CR practices implementation and financial performance (Hypothesis 3), corporate reputation (Hypothesis 4), and employee commitment (Hypothesis 5) is stronger for U.S. companies than for Chinese companies. Table III presents the regression analysis results for the total sample and individual countries.

Hypothesis 3 was supported only in respect to the stronger positive relationship between investor practices and financial performance for U.S. companies ( $b = .36, p < .001$ ) than for Chinese companies ( $b = .29, p < .05$ ). Contrary to Hypothesis 3, there was a stronger positive relationship between community practices and financial performance for Chinese companies ( $b = .28, p < .05$ ) than for U.S. companies ( $b = .12, n.s.$ ). For Chinese companies, there was also a marginally significant negative relationship between employee practices and financial performance ( $b = .28, p < .10$ ). Customer, supplier, and environmental CR practices prevalence was unrelated to financial performance.

Hypothesis 4 was supported in that corporate reputation was more strongly and positively related to the prevalence of investor and environmental CR practices for U.S. companies (respectively,  $b = .35, p < .001$ ;  $b = .21, p < .10$ ) than for Chinese companies (respectively,  $b = .16, n.s.$ ;  $b = -.04, n.s.$ ). Contrary to Hypothesis 4, customer and employee CR practices were more strongly positively related to corporate reputation for Chinese companies (respectively,  $b = .32, p < .001$ ;  $b = .35, p < .01$ ) than for U.S. companies (respectively,  $b = .20, p < .05$ ;  $b = .08$ ). There was not a significant relationship between corporate reputation and supplier or community CR practices.

Hypothesis 5 was supported in that employee commitment was more strongly and positively related to the prevalence of employee and environmental CR practices for U.S. companies (respectively,  $b = .46, p < .001$ ;  $b = .24, p < .05$ ) than for Chinese companies (respectively,  $b = .27, p < .05$ ;  $b = -.09$ ). Employee commitment was unrelated to the prevalence of customer, investor, supplier, and community CR practices.

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Insert Table III here  
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## DISCUSSION

A growing body of literature related to industrial societies has examined how CR practices have vary and what their impact on corporate performance have been. Our study makes an initial effort to explore this research issue in the contrasting contexts of China and the U.S. These countries represent two opposing types of national settings in accordance with institutional theory's three pillars of institutional environments as well as with the competing values model of organizational cultures. Thus we take both a strategic and a behavioral perspective in this study.

The initial question that we wished to address in our study was: given that CR practices have been more embedded in advanced industrial economies than in transitional economies, are CR practices necessarily more prevalent in U.S. companies than in the Chinese companies? To some extent, the results of this study draw into question this conventional view. That customer CR practices were found to be more prevalent in the U.S. than in China is consistent with the higher regulatory and normative emphasis on customers and consumer protection in capitalistic market-based economies (Petty and Hamilton, 2004) compared to socialist market economies (Ip, 2001; Lu, 2002). Our finding that community CR practices were also more prevalent in the U.S. is consistent with businesses' more active community role, in terms of corporate philanthropy, in individualistic capitalistic societies where there is less government intervention in community welfare activities (Campbell, et al., 2002; Vogel, 1992) as well as stronger community activism (Lu and Chiu, 2003; Inglehart, 1997).

In contrast, the higher prevalence of supplier CR practices for the Chinese companies reflects the close business interconnections within network capitalistic systems (Boisot and Child, 1996; Wong, 2002). One surprising finding was the lack of significant country differences in the

prevalence of employee, investor, and environmental CR practices for our two country samples. In respect to employee CR practices, we may be seeing cross-national convergence as a result of increasing normative pressures on U.S. companies to attend to their employee stakeholders (Waddock et al., 2002), while for Chinese companies, market privatization has weakened traditional cradle-to-grave employee welfare programs (Frenkel 2001; Goodall and Warner, 1997). Regarding the investor findings, although regulatory pressures for investor CR practices are substantially stronger in the U.S. than in China (La Porta et al., 1998; Tenev et al., 2002), a possible explanation may be the different nature of investor stakeholders in the two countries. As measured in this study, investor CR practices involve responding to investor demands for information and decision making involvement, and we did not differentiate between minority and majority shareholders. These practices may be more challenging in the U.S. context where there is a larger dispersion of minority shareholders (La Porta et al., 1998) than in the Chinese context where strong managerial ties with government-based majority shareholders have significant influence (Peng and Luo, 2000). In respect to the lack of China—U.S. difference in environmental CR practices, one explanation may be the nature of our samples. Specifically, the Chinese companies in our sample were larger and more multinational than the companies of the U.S. sample. Both company size and multinational orientation have been found to be positively related to the implementation of environmental CR practices (Adams and Hardwick, 1998). These findings suggest that larger Chinese enterprises that are operating outside of China may be similar to U.S. companies in respect to implementing environmental management systems and complying with environmental regulations (Ho, 2001; Institute of Environment and Development, 2004).

Our next point for analysis was to investigate the extent to which organizational culture

influenced CR practices, regardless of the national culture of the managers in our sample. In general, we found that a stronger clan cultural orientation was positively associated with all types of CR practices for companies in both China and the U.S. We also found that an adhocracy cultural orientation was associated with the implementation of employee CR practices, and that for only the Chinese companies in our sample, an adhocracy orientation was also positively related to investor, supplier and environmental CR practices implementation. Further, a market cultural orientation was positively associated with the implementation of investor, supplier, and environmental practices. These findings suggest that in both China and the U.S., companies that highly value trust, teamwork, and participative decision making are more proactive in terms of attending to a wide array of stakeholder interests. Thus, our findings identified a common theme regarding organization culture influence upon CR practices. A common theme is that a clan organizational culture orientation is consistent with the openness and sensitivity to alternative perspectives regarding organizational responsibilities and activities that are necessary for engaging with a diversity of stakeholder groups.

Our findings also indicate that, in both China and the U.S. companies that are more proactive in terms of employee CR also have organizational cultures that emphasize the importance of innovation and creativity. Our findings suggests that this organizational culture orientation appears to be particularly well suited for developing new strategic HRM programs designed to attract and develop valued employees (Bjorkman and Lu, 1997). Another relevant finding was that Chinese companies having stronger adhocracy cultural orientations were also more proactive in terms of their investor, supplier, and environmental CR practices. Interestingly, this finding was not replicated in the US. Investigation of this difference may be that the relative newness of the concept of CR in China, as well as other Asian countries may be a relevant issue

(Chambers et al., 2003; Li and Li, 2005). That is, Chinese companies that are more externally focused, as well as being innovative, have an enhanced capability to learn and dramatically adapt these Western-developed practices. In essence, their growth curve is more substantial in transitioning economies than in developed market economies, because in Western economies such as the U.S., CR practices have already had a longer history over which they have been actively promoted and adopted (Aguilera and Cuervo-Cazurra, 2004; Carroll, 1999).

Further, in contrast to Maignan and Ferrell's (2001) study that found market-oriented organizational cultures in France being most conducive to corporate citizenship, our findings indicate that a market orientation is associated with the implementation of investor, supplier, and environmental CR practices but not with customer, employee, and community CR practices. These findings suggest that market-driven companies may view investor, supplier and environmental practices as strategically advantageous for competitive success in both developed and transition economies (Dittmer and Gore, 2001).

A crucial question for any practitioner is: what is the bottom-line of CR, or for that matter, any organizational program? In response to this query, we investigated the degree to which CR practices are proactively associated with business outcomes in China and the U.S. Our findings indicate that, in both countries, higher levels of investor CR practices are associated with higher financial performance. While we could not test the causality of these relationships with our data, one interpretation is that corporate reporting and investor involvement helps secure investment capital and institutional financing (Waddock et al., 2002). Further, this relationship clearly appears to be worthy of more in-depth exploration. And, whereas this was the only significant relationship for the U.S. sample, we found financial performance to be positively related to community CR practices implementation but negatively related to employee CR practices

implementation for the Chinese sample. For the Chinese companies, financial performance may be enhanced by the goodwill generated from corporate philanthropy, or alternatively, more financially successful companies are more able to make donations to their local communities. Additionally, it appears that more financially successful Chinese companies are investing less in employee CR practices which may be a result of the growing adoption of competitive market principles in China's business environment (Cook and Murray, 2003).

Consistent with previous research (Sen and Bhattacharya, 2001; Bai, 2001), we found positive corporate reputation effects associated with customer CR practices for both Chinese and U.S. companies. However, we also found cross-national variation in regards to corporate reputation. For Chinese companies, corporate reputation was associated with more developed employee CR programs, which promote a caring corporate image (Lu, 2002; Zhou, 2003). In contrast, for U.S. companies, corporate reputation was associated with more investor and environmental CR practices. The growth in ethical investment funds in the U.S. that rely on reputation indices (Waddock, 2003) may be one driver for investor CR practices. A further contribution of this study is that its findings denote that environmental CR practices as a way that also enhances corporate reputation in the U.S. Finally, as expected, the implementation of employee CR practices was associated with enhanced employee commitment for both Chinese and U.S. companies (Cone et al., 1996; Foote et al., 2005; Law et al., 2003). And, for U.S. companies, our findings suggest that being a good environmental citizen is also a way to enhance employee commitment (e.g., Maignan et al., 1999), although this is not a significant factor for Chinese companies.

## **Limitations**

There are limitations to this study that need to be identified. Although several preventive and statistical measures were undertaken to address common method variance concerns (Podsakoff et al., 2003), the study design relied exclusively on survey self-report data and therefore the potential of such as bias must be considered. Our research design was to obtain data from senior executives who were most able to provide the requested information. While our response rates were comparable to those of other CEO surveys, a larger sample would have been preferred (Agle et al., 1999; Baruch, 1999). Finally, while we included a wide range of stakeholder practices in our survey questionnaire, some practices could not be included due to survey length considerations.

## **CONCLUSIONS**

The different profiles of CR practices for Chinese and U.S. companies found in this study offer insights into the explanatory potential of institutional environments in cross-national research. In general, all three institutional pillars are more established and institutionalized in the U.S. than they are in China. Companies in U.S. face more legalistic, comprehensive, and more stringently enforced regulatory control than those in China, in respect to the protection of various stakeholder interests. Although U.S. companies face stronger and more legally-driven regulatory environments to adopt CR stakeholder practices than do Chinese companies, we found only limited support for the influence of regulatory institutional pressures across the six stakeholder groups. With respect to the cultural-cognitive institutional pillar, the new social ethics for business organizations is still in the formative stage as China's economy transitions from socialist ideals towards more capitalistic ethics. The adoption of an individualistic market-driven orientation may also result in a gradual adoption of a normative moral view of corporate

responsibility that has emerged in the U.S. (Carroll, 1999). Hence, with the growing internationalization of Chinese business, we expect that there could be a greater degree of convergence between Chinese and Western CR practices in the relatively near future.

With respect to the normative institutional pillar, the Chinese business culture is rapidly transitioning, which hampers the development of a coherent model to guide Chinese companies in their interactions with different stakeholders. From planned to market economy, business organizations in China have shown that those organizations that have a caring culture are more likely to act responsibly towards their various stakeholders. In comparison, such a caring culture for stakeholders may have already been solidly entrenched in the American business culture, although perhaps for more strategic than moral considerations.

This study has provided support for the proposition that the divergence of CR practices across nations is dependent on the institutional environments of business. Given the lack of consensus regarding the nature and forms that corporate responsibility can take (Carroll, 1999; Maignan et al., 1999), businesses' level of commitment to various stakeholder groups remains substantially context specific. However, we did find cross-national convergence on one contextual factor that strongly predicts CR. The clan culture, which strongly emphasizes the values of flexibility, openness, and collaboration, indicated a societal convergence. Further research is needed to determine the causality of this relationship for, as identified by Cameron and Quinn (1999), organizational cultures develop through purposive executive action as well as in adaptive response to their external environments. Finally, our finding that the incidence of CR practices is also associated to some degree with business outcomes such as financial performance, corporate reputation, and employee commitment suggests the instrumental potential of CR as a business strategy for pursuing concrete business gains. However, we also found that there is no

simple formula for achieving specific business outcomes through the adoption of particular CR practices. In sum, this study has taken a step to assist in developing a more complete understanding of the diversity and similarity of the antecedents and outcomes of CR behavior. In this study, we have assessed the macro-level differences across developed and transitioning societies, in the context of the three organizational pillars, while we simultaneously assessed the meso-level differences across differing organizational cultures. We acknowledge that this study is a starting point, but we also believe that it is one that has expanded our current knowledge on CR and has pointed to some interesting directions for further and more comprehensive research.

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**TABLE I.** Descriptive statistics: Means, standard deviations, and correlations <sup>a</sup>

	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Country	3.39	2.50															
2. Org. size	2.51	1.10	.17														
3. Publicly traded	.16	.37	.04	.31													
4. Internationalization	.35	.48	.15	.36	.25												
5. Clan	.00	1.00	.00	.03	.00	.07											
6. Adhocracy	.00	1.00	.00	.17	.02	.16	.57										
7. Market	.00	1.00	.00	.22	.08	.24	.35	.50									
8. Customer CR	7.75	.87	-.15	.04	.00	.10	.46	.34	.29								
9. Employee CR	7.00	1.03	.09	.05	.00	.07	.51	.49	.32	.56							
10. Investor CR	6.91	1.45	.15	.00	-.08	.10	.31	.18	.26	.39	.45						
11. Supplier CR	6.17	1.40	.35	.16	-.0	.15	.33	.28	.30	.38	.61	.50					
12. Community CR	6.26	1.69	-.17	-.03	-.11	-.09	.37	.25	.11	.40	.55	.40	.38				
13. Environment CR	6.08	1.51	.07	.22	.03	.20	.28	.27	.28	.40	.41	.46	.53	.46			
14. Financial perform.	6.37	1.71	-.08	.07	.02	.11	.35	.36	.35	.26	.26	.41	.26	.36	.31		
15. Corp. reputation	7.67	1.08	-.27	.06	.08	.09	.56	.38	.46	.58	.47	.42	.25	.42	.36	.40	
16. Employee commit.	7.04	1.18	-.30	-.00	.08	.02	.63	.48	.36	.46	.50	.24	.23	.41	.27	.35	.67

<sup>a</sup> Sample size: China (n = 113); U.S. (n = 104). Categorical coding as follows: country: 1 = China, 0 = U.S.; publicly traded : 0 = private, 1 = publicly traded; internationalization: 0 = operating in one country only, 1 = multinational operations. Correlations  $r \geq .13$  significant at  $p < .05$  level;  $r \geq .18$ ,  $p < .01$ ;  $r \geq .22$ ,  $p < .001$

**TABLE II.** Results of the regression analyses: Influences on corporate responsibility practices <sup>a</sup>

	Customer	Employee	Investor	Supplier	Community	Environment
	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>
<i>Step 1.</i>						
Country	-.18**	.06	.13	.31***	-.19**	-.00
Organization size	.04	.01	-.04	.09	.02	.15*
Publicly traded	-.02	-.01	-.10	-.13	-.10	-.07
Internationalization	.13	.06	.12	.09	-.05	.15*
Industry (manuf)	.00	.04	.07	.07	.10	.12
Industry (resource)	-.10	-.01	-.03	.00	-.02	.05
$\Delta R^2$	.05	.02	.05	.17***	.06	.09**
<i>Step 2</i>						
Clan	.38***	.33***	.27***	.24***	.32***	.19*
Adhocracy	.05	.28***	-.08	.04	.10	.06
Market	.11	.08	.21**	.18*	-.02	.13+
$\Delta R^2$	.21***	.33***	.12***	.14***	.14***	.10***
<i>Step 3</i>						
Country x Clan	.12	-.10	-.18	.04	-.08	-.21+
Country x Adhocracy	.11	.29*	.26*	.21+	.18	.32*
Country x Market	.04	.05	.03	-.02	.07	-.11
$\Delta R^2$	.02	.03*	.02	.02	.02	.03*
Adjusted R <sup>2</sup> for model	.25	.34	.15	.28	.17	.16
Overall model F	6.72***	9.92***	4.01***	7.73***	4.46***	4.27***
Degrees of freedom	12, 204	12, 204	12, 204	12, 204	12, 204	12, 204

<sup>a</sup> The coefficients are standardized. Categorical coding as follows: country: 1 = China, 0 = U.S; publicly traded : 0 = private, 1 = publicly traded; internationalization: 0 = operating in one country only, 1 = multinational operations. Categorical coding as follows: country: 1 = China, 0 = U.S; publicly traded : 1 = publicly traded, 0 = private; industry dummy coded with services as baseline comparison group.

+  $p < .10$  \*  $p < .05$  \*\*  $p < .01$  \*\*\*  $p < .001$

**TABLE III.** Results of the regression analyses: Organizational characteristics and business outcomes <sup>a</sup>

	Financial Performance			Corporate reputation			Employee commitment		
	Total	China	U.S.	Total	China	U.S.	Total	China	U.S.
	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>
<i>Step 1. Control Variables</i>									
Country	-.11			-.31***			-.31***		
Organization size	.04	-.01	.04	.06	.10	-.07	.02	-.01	.02
Publicly traded	-.02	-.09	.05	.06	-.00	.26*	.08	-.05	.33**
Internationalization	.11	.17	.09	.10	.24*	-.13	.05	.18	-.15
Industry (manuf.)	.06	.28*	-.13	-.00	.07	-.06	-.03	.05	-.07
Industry (resource)	.04	.16	-.05	-.12	-.12	-.06	-.10	-.04	-.15
$\Delta R^2$	.03	.09+	.03	.12***	.12*	.06	.12***	.04	.12*
<i>Step 2. CR practices</i>									
Customer CR	.02	.19	-.17	.29***	.32***	.20*	.12	.16	.07
Employee CR	-.06	-.28*	.01	.20**	.35**	.08	.38***	.27*	.46***
Investor CR	.31***	.29*	.36***	.24***	.16	.35***	.02	.13	-.02
Supplier CR	.07	.08	.07	-.06	.00	-.17	.02	.11	-.13
Community CR	.21*	.28*	.12	.04	.00	.02	.07	.18	-.04
Environment CR	.02	.07	.05	.06	-.04	.21+	.04	-.09	.24*
$\Delta R^2$	.22***	.28***	.22***	.38***	.47***	.32***	.30***	.42**	.24***
Adjusted R <sup>2</sup> for model	.20	.30	.15	.47	.54	.30	.39	.40	.27
Overall model F	5.31***	5.09**	2.62**	16.06***	12.20***	4.89***	11.69***	7.20***	4.35***
Degrees of freedom	12, 216	8, 112	8, 103	12, 216	8, 112	8, 103	12, 216	8, 112	8, 103

<sup>a</sup> The coefficients are standardized. Categorical coding as follows: country: 1 = China, 0 = U.S.; publicly traded : 1 = publicly traded, 0 = private; industry dummy codes with services as baseline comparison group.

\* p < .05    \*\* p < .01    \*\*\* p < .001