

Corporate Attitude toward Corporate Social Responsibility Assessed from CSR Reports: Comparison between Japanese food industry and the U.S. counterpart

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Abstract—The content analysis was conducted by word counting on CSR reports from U.S. food companies and Japanese counterparts in order to compare corporate attitude toward CSR between the two countries from 2006 till 2011. The result showed strong philanthropic nature in U.S. companies while philanthropic concept was weak in Japan. In terms of stakeholder orientations, the study showed that U.S. companies put higher emphasis on Employees than Japanese counterparts, while Japanese companies put higher emphasis on Shareholders than the U.S. counterparts.

Keywords—corporate social responsibility; CSR reports; content analysis; Japan; the USA

I. INTRODUCTION

Attempts to define corporate social responsibility (CSR) has started in 1950s when scholars referred the terms to the general patterns of social awareness during Industrial Revolution [1]. In 1980s, the terms referred to complementary concepts such as corporate social responsibility, corporate social performance, business ethics, corporate citizenship and sustainability. All the terms refer to a general point that CSR is "...situations where the firm goes beyond compliance and engages in actions that appears to further some social good, beyond the interests of the firm and that which is required by law" [2]. This definition considers CSR as a concept that integrates social and environmental awareness in the companies' operation on a voluntary basis.

As a voluntary activity in the area of business organization, CSR becomes a fascinating topic for scholars that examine it from various perspectives. Wood classified analysis of CSR into three levels: institutional, organizational, and individual [3]. From the institutional framework, there is institutional system that affect a company to behave in socially responsible ways. According to Campbell, in a country level, the institutional mechanism entices a company to deal with stakeholders [4]. It includes public and private regulation, the presence of non-governmental and independent organizations, norms that lead companies to behave ethically, relationship between companies, and the existence of dialogues between companies and stakeholders. The stakeholders include employees, consumers, management, institutional investors,

governments, non-governmental organizations, and supranational governmental entities [2].

The main goal of this study is to compare the corporate attitude toward corporate social responsibility (CSR) agenda between Japan and USA through CSR reports.

Previously, Fujii and Managi compared the US and Japanese manufacturing firms in terms of their CSR efforts in relation to productivity improvement and the emissions of toxic chemical substances [5]. To the best of the author's knowledge, however, a study about cross-national variations between Japanese patterns of CSR activities and other countries has not hitherto existed. This study aims to provide an explorative indication of the difference if any between the Japanese companies and the US counterparts as seen from their CSR reports in terms of their position opposite CSR activities and opposite their stakeholders.

II. RESEARCH METHODS

The study applied content analysis on the CSR reports in order to elucidate the differences in the corporate attitude toward CSR agenda between Japan and the USA. We picked food industry of Japan and that of the USA because 1) According to Kolk, this type of industry is the most important determinant factor for explaining the difference of environmental reporting in the US, Europe and Japan [6]. 2) They are comparable in size (ca USD360 billion in 1999), and 3) The food industry in both Japan and the USA are facing consumer challenges albeit different kind. According to Itoh et al. Japanese consumers are demanding better food labeling, paying greater attention to food quality and safety [7]. Whereas the US Department of Commerce Industry reports the US consumers concern more about dieting, allergens, increasing interest in local food sources and use of quality ingredients.

For this study we obtained 35 CSR reports from 6 food companies in Japan and the same number of CSR reports from 15 food companies in the USA over the period between 2006 and 2011.

The steps taken in this study are: 1) determining keywords that refer to CSR activities, 2) counting the keywords in the

sample CSR reports and 3) categorizing and ranking the keywords by their frequency.

In the first step, keywords were determined based on the CSR Matrix released by Nippon Keidanren. The rationale for applying this matrix also for the US companies' CSR reports is to allow a single framework for comparison.

The Matrix comprises six issues of CSR activities and nine stakeholders. The CSR-related issues are Compliance and Business Ethics, Information, Safety and Quality, Human Rights and Labor, Environment, and Corporate Philanthropy. The stakeholders are Basic Principles, Consumers and Customers, Business Partners, Shareholders, Employees, Government, Community, NPOs and NGOs, and Developing Economics. Here the Basic Principles cover firms' compliance towards laws, regulations and guidelines imposed by the Governments.

The current study selected 205 keywords in the forms of nouns and adjectives from this Matrix (verbs were not counted).

In the second step, this study investigated the appearance frequency of the keywords in each of the CSR reports. Incidentally the difference in the number of companies chosen in Japan and in the USA is due to the difficulty in finding English CSR reports among the Japanese food companies.

In the third step, keyword frequencies were grouped by CSR issues and stakeholders classified in the CSR Matrix. The number of keywords was converted into percentages against the total of keywords found for each report. As noted by Krippendorf, the higher frequency of certain keywords the more important the words for the company [8].

III. RESULTS

The word counting results are compared between Japanese corporations and the US counterparts under two orientations: CSR category orientation and Stakeholder orientation.

A. Orientation by CSR Activity

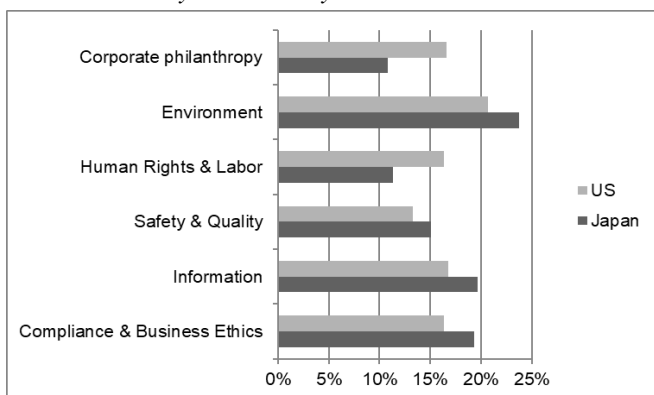


Fig. 1. Orientation by CSR activity.

From Figure 1 the order of significance is;

1) For US food companies: Environment > Corporate Philanthropy > Information > Human rights & labor ~ Compliance & Business ethics > Safety & Quality.

2) For the Japanese counterparts: Environment > Information > Compliance & Business ethics > Safety & Quality > Human rights & Labor > Corporate Philanthropy.

In terms of the magnitude for the top ranked *Environment* Japanese corporations put more weight to it than the US counterparts.

B. Orientation by Stakeholder

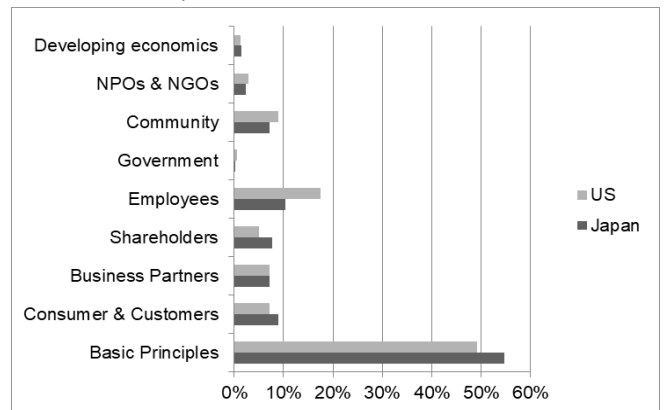


Fig. 2. Orientation by stakeholder.

Figure 2 shows that both Japanese companies and the US counterparts put major emphasis on Basic Principles over and above other stakeholders. It is interesting to note that Shareholders receives higher attention in Japan compared to in the US and conversely the US companies pay more attention to Employees than the Japanese counterparts.

C. Robustness Test

We conducted t-test analysis using Stata 10/0 to examine the robustness of the above results. The major null hypothesis is that the responsiveness intensity of Japanese companies is similar to that of the US companies. Results of two groups' mean comparison test are given in the Table appended.

The t-test analysis shows that the probabilities of all CSR-related Issues are less than 0.05, suggesting this study rejects null hypotheses that state the similarity behaviors between companies in two countries. This warrants that companies in Japan significantly have different responsiveness intensity about CSR-related Issues compared to their counterparts in the US. In terms of Stakeholders, this study rejects null hypotheses in all items, except for two Stakeholders: Business Partners and Developing Countries. With probabilities higher than 0.05, it indicates companies in both countries have similar proportion of responsiveness toward those two stakeholders.

IV. DISCUSSION

A. *With Respect to the Difference in Order for the CSR Activity*

As seen in the results above both countries put environment as the top subject but the second highest attention for US companies is Corporate Philanthropy while the same activity in Japan comes at the end of priority.

This result supports Robins's illustration about CSR adoption in Japan [9]. A corporate adviser to Omron, Shizuo Fukara said, "We tend to talk primarily about ethics, codes of conduct and legal compliance. But its Europe and the US... discussions center on how to make contributions to society in addition to the fulfillment of these duties. Japan should talk about CSR from the same standpoint" [9].

On the other hand, in the United States (US), CSR activities begun when Rockefeller and Carnegie built charity institutions that provided jobs and established research and education program from wider communities. The activities were held within the principles of liberal democratic rights, justice and societal structure [10]. Hence philanthropic nature must prevail in the corporate philosophy.

B. *With Respect to the Difference in Stakeholder Orientation*

According to Dore [11], Japan has different form of capitalism and it represents the government-induced market economy of East Asia, while the US and Britain, Canada, Australia and New Zealand are commonly referred as the Anglo-Saxon countries that apply free market economy [12]. This illustrates why many scholars distinguish Japanese type of business and management from of the Anglo-Saxon countries. Japan is broadly considered as pluralistic approach county [13], or network-oriented systems [14], or stakeholder-oriented corporate governance [15,16], or coordinated market economies (CMEs) [17]. The Japanese system fosters long-term and tight inter-connected networks among firms and labor, banks, and trading partners [17]. Thus, debt financing and concentrated shareholders feature stakeholder system in Japan [15]. Thus, the company's relationships with its stakeholders takes relationship-centered model in which the company maintain a stable institutional ownership, main bank debt financing, professional managerial control and keiretsu transactions [18]. Those earlier literatures suggest that the Japanese market put importance on employees as they are the key elements of human network for the better of business.

On the other hand, the US system put significance on financial markets which provide controlling system for corporate owners [19], and to financial resources with dispersed shareholders [17].

The US follows the Anglo-Saxon or market-based model [13,14] or liberal market economies [17], or shareholder economies [15].

Notwithstanding the above conjectures which have been well established, it is interesting to note that our study shows Japanese awareness toward Shareholders is more intense than the US. Conversely the US awareness toward Employees is higher than that in Japan.

Whilst it would require further investigations before fully explaining the current result one of the possible explanations may be to some extent the internationalization of Japanese companies.

Cole et al. mention that globalization significantly determines the quantity and effectiveness of environmental management of Japanese firms [20]. Robins notes the growth of big companies into global corporations impose the firms to adopt standards of corporate responsibility and to avoid public criticisms and environmental standards [17].

The issuance of International Organization for Standardization (ISO) 26000 Social Responsibility released in November 2010. Lee noted that the numerous adoptions of universal standards help the firm attaining an internationally acceptable level of accounting information disclosure standards [21].

The growing numbers of foreign investors in the Japanese companies shifts companies' ownership. Seki recognized the US system recognizably suggests foreign and institutional investors to emphasize stock market performance and inquiry companies' accountability and transparency instead of pay attention to a long-term relationship [22].

Ahmadjian and Robbins also suggested globalization influences Japanese companies adopting worldwide-accepted shareholder system [15]. Jackson and Moerke stated that plunging into international trading has forced Japanese companies change the conventional corporate governance system into and follow the Anglo-American systems [23].

Why the US companies put high priority to Employees than the Japanese counterparts is not readily explainable. It may be that Employees is considered to be a part of philanthropy, or it is an omen that the US capitalism is turning around.

V. CONCLUSION

Our content analysis study on CSR reports by food companies in US and in Japan showed that Environment is the highest concerns for both US and Japanese companies and that Philanthropy element is very important for the US companies while the Japanese companies do not necessarily see CSR activities as philanthropic.

As to their emphasis on stakeholders our study showed that Japanese companies put higher emphasis on Shareholders than the US counterparts while US companies put higher emphasis on Employees than the Japanese counterparts.

This surprising result calls for further studies. Were Japanese companies shifting toward adopting Anglo-Saxon capitalism or globalism as early as 2006-2011? Were US companies changing to domestic orientation away from globalism in the same time period? Nonetheless it is noteworthy that a relatively simple word accounting method on corporate reports could elucidate the inner feeling or corporate strategy inadvertently.

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