Webs of Influence: National Stakeholder Networks and Corporate Social Performance

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ABSTRACT

Drawing on stakeholder, social network and social movement theories, we argue that the prominence of environmental and social stakeholders within a country's socio-political network and their ability to overcome collective action problems together influence Corporate Social Performance (CSP). We draw upon a novel dataset of 250 million media-reported events to construct comprehensive national networks of organizations and individuals as well as sub-networks of environmental and social stakeholders. We empirically demonstrate that within country variation across time in the prominence of stakeholders in the broader country network and the heterogeneity of sub-network actors are both associated with increased CSP by individual firms among a sample of 3,600 firms spanning 48 countries. These results highlight the importance of taking a holistic network approach to the stakeholder landscape for understanding corporate social responsibility practices. We argue that a similar approach may be applied for a wide array of corporate practices of relevance to various socio-political stakeholders.

Keywords:

Stakeholder theory, social network analysis, corporate social performance

Stakeholder theory has enriched our understanding of how multiple and diverse stakeholders influence organizational practices. Organizational practices as diverse as the timing of earnings announcements (Bowen et al. 1992) and changes in CEO compensation (Arora & Alam 2005), have been tied to stakeholder influence and interests. Nowhere has stakeholder theory been as prominent as in the study of corporate social responsibility (CSR). CSR is seen by many scholars as a strategic response to pressure from stakeholders (Yang & Rivers 2009; Murillo-Luna et al. 2008; McWilliams & Siegel 2001) on whom organizations depend for resources and support (Pfeffer & Salancik 1978), or as a pro-active attempt by firms to pre-empt or mitigate these pressures and enhance the reputation and value of the corporation (Jackson & Apostolakou 2010).

Today, U.S. and U.K. companies in the Fortune Global 500 are estimated to spend $15.2 billion per year on CSR activities (Financial Times, 2014). Nevertheless, large differences remain between firms' CSR activities. Therefore, scholars are increasingly interested in understanding the drivers of the heterogeneity in corporate social performance across firms (Aguilera et al. 2007), and especially across countries (Brammer et al. 2011). This literature has to date concentrated on institutional determinants of CSR (Ioannou & Serafeim 2012; Matten & Moon 2008), tending to rely on either comparative legal or comparative institutional analysis (Williams & Aguilera 2008). For example, cross-country differences in corporate governance arrangements (Aguilera et al. 2007) or political, legal and labor institutions (Ioannou & Serafeim 2012) are often used to explain differences in firms' CSR across countries.

However, past findings have also suggested that firms experience divergent degrees of pressures to engage in social responsibility initiatives (Aguilera et al., 2007: 836) from different constellations of stakeholders in the country socio-political landscape (Maignan & Ralston

2002). For example, Marquis & Toffel (2013) show that greater presence of NGOs in countries deters companies from engaging in selective environmental disclosure. Given the central position stakeholders occupy in the CSR space, there is a need for comparative investigations of the respective roles of government, and other actors such as labor unions, non-governmental organizations (NGOs), and communities to further our understanding of the differing pressures towards responsible corporate actions (Williams & Aguilera 2008).

That investigation, however, should extend beyond an analysis of dyadic firm-stakeholder relationships and incorporate the relationships among stakeholders themselves. Leveraging resource dependence theory's (RDT) insights about power and influence, stakeholder theory has made theoretical predictions about which stakeholders managers should attend to (Frooman 1999; Mitchell et al. 1997), but has made fewer theoretical advances that incorporate relationships among stakeholders. This gap is notable given RDT's attention to the interconnectedness of a firms' external environment (Wry et al. 2013).

We seek to add to a growing body of work that responds to Rowley's (1997) criticism of efforts to compile extensive and universal lists of stakeholders and analyze their salience on a one-to-one basis that belies the true structure of their interactions. In reality, stakeholders and firms are embedded in networks of power and influence. Privileging firm-stakeholder dyadic ties alone risks underestimating the power of stakeholders with indirect influence via ties to firms' resource providers (Gargiulo 1993), or who may not have a direct interest in an issue but can join a coalition of opposition based on their pre-existing relationships with other stakeholders (Clark et al. 1998; Della Porta & Diani 2006; Diani 2000; Diani & McAdam 2003; McAdam & Paulsen 1993) or issues (Jinnah 2011; Sell & Prakash 2004).

The lack of attention to indirect channels of influence is particularly troubling in the context of CSR, where historically some of the greatest pressure for firms to adopt environmentally or socially responsible practices have come from interconnected networks of activists, inter-governmental efforts, or cross-sectoral efforts. We explore the extent to which cross-national variation in CSR practices can be explained by differences in the structure of stakeholder networks across countries. Our work represents a significant theoretical shift in this nascent area of inquiry. We propose that a relational perspective, that takes account of stakeholders' multiplex ties in the socio-political environment in which firms operate, can contribute to our understanding of the (observable) social and environmental performance outcomes (i.e., Corporate Social Performance or CSP) of a firm's CSR activities (Ioannou & Serafeim 2012).

Across countries, stakeholders vary in their prevalence and prominence in the socio-political landscape (Marquis & Toffel 2013). Further, the characteristics of networks of actors with a stake in firms' CSP varies across countries. In some, stakeholder networks are densely connected and composed of relatively homogenous and nationally-bound stakeholders, whereas in others, networks are populated by diverse stakeholders that cross national boundaries and organizational purposes. We draw on stakeholder theory, social network theory, and social movement research, to propose that the prominence of environmental and social stakeholders within a country's socio-political network and their ability to overcome collective action problems together influence managerial perceptions of the salience of these stakeholders. Based on this theoretical framework, we expect Corporate Social Performance (CSP) to be higher in countries where environmental and social stakeholders are more prominent in national networks, and where environmental and social stakeholder networks are denser and contain heterogeneous

actors. Although our propositions are actor-centered (Williams & Aguilera 2008), we take the view that stakeholder influence is institutionally contingent, and control for national-level institutions that have been found to influence CSP across countries (Ioannou & Serafeim 2012).

We construct our stakeholder networks using events reported in the Global Data on Events, Location and Tone (GDELT) dataset which contains over a quarter-billion media-reported events in print, broadcast, and web news media across the world in over 100 languages. Each event record includes information on a source actor and a target actor as well information on the degree of cooperation or conflict characterized by the actions or statements of the source towards the target. Within these comprehensive national socio-political networks composed of every media-reported event-tie between all actors in the country, we also examine the characteristics of the subset of environmental and social stakeholders and the network structure of relationships between them.

We begin by reviewing literature on stakeholder theory, focusing on drivers of stakeholder salience, and introduce the valuable insights offered by social network theory to a stakeholder view of corporate action. Second, we justify our use of media reported stakeholder events to construct our networks and provide additional details on their construction. Third, we draw on relational perspectives of power, and research on issue salience and social movements to identify specific elements of the network structure of environmental and social stakeholders that influence the salience of environmental and social stakeholders to managers and generate hypotheses regarding their influence on the observed levels of CSP. In the latter sections, we describe our data sources and methodology, and present empirical analyses and results. We conclude with a discussion of the additional value that a stakeholder network perspective provides to studies of comparative CSR, and corporate behavior in global markets, more broadly.

STAKEHOLDER THEORY & SOCIAL NETWORKS

Stakeholder theory posits that strategic management involves consideration of stakeholders who can affect, or are affected by, the accomplishment of an organization's purpose (Freeman, 1984). However, not all stakeholders are created equal, influencing corporate actions to varying degrees. Managerial perceptions of the importance of stakeholder groups varies according to their identity (e.g., regulators, community stakeholders, or peer organizations) (Henriques & Sadorsky 1999). Variation also exists within these stakeholder categories across firms and across countries. For instance, in a study of Amoco Corporation, the power of activist groups filing shareholder resolutions were found to influence the decision by Amoco to respond (Hoffman 1996). Social movement theory supports the contention that well-endowed stakeholder groups are likely to be more successful in bringing about positive firm responses (McCarthy & Zald, 1977). Related research finds that social movements which are more formal (King 2011), engage in (large) public demonstrations (King & Soule 2007; King 2011), gain celebrity endorsements (King 2011), attract larger and more numerous participants (King & Soule 2007; King 2011), attract national media attention (King 2008a; Bartley & Child 2012; King & Soule 2007) and include lawsuits (Bartley & Child 2012) and consumer boycotts (King & Soule 2007) in their repertoire, are also more successful.

The effectiveness of stakeholder pressure also interacts with firm characteristics. Stakeholder mobilization is more successful when the target organization is large (King 2011; Bartley & Child 2012), not well covered in the media previously (King & Soule 2007), with exposure to highly sensitive consumers such as college students (Bartley & Child 2014) or part of a highly competitive industry (Schurman 2004), on the frontier of globalization (Bartley & Child 2014), with a strong reputation (McDonnell & King 2013; Schurman 2004; King 2011;

Bartley & Child 2012; Bartley & Child 2014) that is recently in decline (King 2008a; Bartley & Child 2012) or that has come under frequent attack (McDonnell et al. 2015; Durand & Vergne 2015).

There is also variation across national context. The impact of NGOs to prompt change in corporate strategy and government policy, is constrained by the national and regional contexts in which they operate (Doh & Guay 2006). Aguilera et al. (2007) highlight differences in national laws and the enforcement thereof, support for corporatism and public-private partnerships, and the legitimacy of intergovernmental organizations as important determinants of cross-national variation in CSR practices. Ioannou & Serafeim (2012) find strong empirical support for the impact of national political and interest group factors. In particular, corporate social performance (CSP) is negatively associated with laws promoting market-based competition and shareholder rights, lack of enforcement of laws (i.e., higher corruption), weak labor unions and a surplus of skilled labor. Clearly, the role of stakeholders is highly situational and dependent on a number of variables related to managerial perceptions of stakeholders (Mitchell et al., 1997).

Hence, one prominent area of inquiry in stakeholder theory is what determines the salience of stakeholders to managers, and therefore, mediates organizational response to stakeholder pressure. Building on Mitchell et al.'s (1997) stakeholder salience frameworks, many scholars have studied how stakeholder power, legitimacy, and the urgency of their claim, influence managerial behavior (Agle et al. 1999; Eesley & Lenox 2006; Gago & Antolín 2004; Julian et al. 2008; Yang & Rivers 2009). Stakeholder power has been either operationalized via surveys of managers as the perceived ability to influence via coercive, economic or normative means (Agle et al. 1999; Gago & Antolín 2004), or via archival methods as the direct possession of financial or technical resources (Eesley & Lenox 2006; Yang & Rivers 2009). In a study of

protests, boycotts, and letter writing campaigns in the U.S. for example, Eesley and Lenox (2006) found that a stakeholder with greater power relative to the target firm in terms of financial resources is more likely to elicit a positive response from a firm. In addition to the resources at the stakeholder's disposal, scholars have also emphasized that stakeholder mobilization (Campbell, 2007), or the active pursuit of demands (Agle et al., 1999) and the public visibility of pressures and anticipation of a crisis (Julian et al. 2008) condition firm responsiveness to stakeholders.

Given that constructs central to stakeholder salience such as power and legitimacy are inherently relational (Cattani et al. 2008; Hafner-Burton et al. 2009), it is no surprise that calls have been made for the addition of a social network perspective (Borgatti & Halgin, 2011) to stakeholder theory (Rowley, 1997). Social movement research suggests that network ties enable stakeholder mobilization (Diani 2000; Diani & McAdam 2003; McAdam & Paulsen 1993), increase the sustainability of pressure (Diani 1995; Diani 1997; Sikkink 2009), and issue visibility (Carpenter 2007).

From an SNA perspective, most work to date in stakeholder theory has taken an egocentric approach to studying stakeholders' influence on organizational action, with some notable exceptions (Bourne & Walker 2005; Dorobantu et al. 2013; Henisz 2013; Prell et al. 2009; Rowley 1997; Rowley & Moldoveanu 2003; Timur & Getz 2008). Egocentric networks focus on one organization's social network ties without considering ties between alters, resulting in a hub and spoke configuration of a focal organization and its stakeholders (Freeman, 1984). Studies that take the egocentric perspective emphasize dyadic resource dependence to predict which stakeholders firms attend to (e.g. Frooman, 1999; Mitchell et al., 1997), often drawing on

resource dependence theory's (RDT) insights regarding power and influence (Pfeffer & Salancik 1978).

However, RDT also emphasizes interconnectedness of actors as an elemental structural characteristic of environments in which an organization is embedded (Pfeffer & Salancik 1978:65); this is overlooked by stakeholder salience models that focus on egocentric networks. In a review of RDT, Wry et al. (2013: 474) argue that one of its key contributions is that individual components of an organization's external environment are inter-linked. The interconnectedness of organizations and actors creates "webs of power" that affect the level of influence associated with different interests (Pfeffer & Salancik, 1978: 65–71; Wry et al. 2013). In other words, organizations are not perceiving, and responding to, atomistic stakeholders in a vacuum of dyadic ties, but rather the interaction of multiple influences from their entire stakeholder environment (Rowley, 1997). Taking account of the interconnectedness of stakeholders provides conceptual and methodological opportunities for re-conceptualizing stakeholder salience, and in turn, corporate behavior central to all management research.

First, an expanded view of interconnected stakeholders allows consideration of how an external party may be able to influence a firm despite being unable to directly affect the flow of resources to the company (Wry et al., 2013). Actors can exert indirect network pressure by building cooperative relationships with a third actor with influence or control over a firm's behavior (Gargiulo 1993; Keck & Sikkink 1999). Resource-constrained stakeholders, such as environmental NGOs, will often implement indirect influence strategies via their social network ties, seeking the assistance of allies to effect organizational change (Frooman & Murrell 2005). As such, a stakeholder's ties and position within a network can provide information about the stakeholder's influence capacity (Henisz 2013) beyond the resources they directly possess. For

example, Brewington, Davis, and Murdie demonstrate that within the international human rights NGO network, more central NGOs undertake more advocacy (2009: 576).

Further, stakeholder action is not limited to, or even sometimes focused on, any one company but can take the form of influence strategies (Frooman 1999) targeting changes in government policy (Burstein & Linton 2002; Doh & Guay 2006; Giugni 1998; Tarrow 1996), consumer purchasing behavior (King 2008b; King & Pearce 2010; King 2011), and even industry self-regulation (Bartley 2003; King & Lenox 2000; Mena & Waeger 2014). Network ties are not only avenues for access to resources, but are equally important as communication channels to frame issues (Henisz & Zelner 2005) and influence policy processes, cultural understandings and, we argue, the salience of stakeholders to managers.

Finally, the structural characteristics of a network of stakeholders interested in similar issues may itself be important to understanding how visible an issue could become and how sustained pressure may be. Inter-stakeholder collaborations can multiply the impact of individual stakeholder actions (Aguilera et al. 2007). Network relations among stakeholders can foster the sharing of resources, ideas, frames, and tactics as well as promote collaboration (Soule 2012). Meyer & Whittier (1994) highlight the importance of such interdependencies between the peace and women's movements in the United States in the 1980s.

We propose that a relational perspective, that takes account of stakeholders' multiplex ties, offers insight into managerial perceptions of stakeholder salience. While we are not the first to make this claim (Rowley, 1997), we employ a novel comparative dataset on a nation's socio-political network structure and the subset of environmental and social stakeholders within it. This dataset allows us to develop novel theoretical arguments regarding the determinants of

managerial perceptions of the salience of environmental and social stakeholders for which we find strong empirical support.

STAKEHOLDER NETWORKS

Since stakeholder salience is determined by the perception of stakeholders by managers (Mitchell et al., 2007), our measures must be readily observable by managers. One such data source is the network formed by the population of stakeholder nodes connected by actions or statements reported in global and local media (i.e., an event-type tie network).

While other studies have relied more on archival data, such as the financial resources at the disposal of an NGO to measure stakeholder salience (Eesley & Lenox, 2006), an approach that relies on media reports better conforms with the idea of 'socially constructed' reality and the limited perceptual energy managers devote to understanding their stakeholder environment. Media is an information intermediary that provides stimuli that affect impression formation (Pollock & Rindova 2003). Media "influences decision makers by identifying the topics, issues, activities, and events that are perceived as notable and salient," (Aharonson & Bort 2015). Finally, our study spans a decade, making surveys of managers' perceptions of stakeholder salience not feasible, and subject to ex post justification bias (Eesley & Lenox 2006).

Archival media data has been used in analyses of firm response to stakeholder pressures (Dorobantu et al. 2014; Eesley & Lenox 2006). Similarly, social movement literature relies heavily on media to identify boycotts, the size of protests, the number of organizations involved and issues (e.g. King & Soule, 2007; King, 2008b; McDonnell & King, 2013). Political science scholars have arguably advanced the use of media the furthest by leveraging automated linguistic coding algorithms and exponentially increasing computational power to construct geographically coded datasets of events.

An “event” is a discrete incident that can be located at a single time with an accompanying set of actors, usually a dyad of a source and target (Leetaru & Schrodt 2013). We leverage one such dataset, the Global Data on Events, Location and Tone (GDELT) to construct stakeholder networks. GDELT is arguably the largest event data collection in social science with over a quarter-billion events reported in print, broadcast, and web news media across the world in over 100 languages. Although they have been used longest in political science, event databases are increasingly being leveraged by management scholars as well. Zelner, Henisz, & Holburn (2009) used a very similar database to measure variations in sentiment towards private enterprise across countries. Henisz et al. (2014) used actor dyad media events surrounding mineral development to construct networks of stakeholders with whom mining company’s cooperation or conflict impacted investor’s perceptions of the mine’s value.

Our network consists of actor dyads connected by events occurring in a given country as reported in the media. An event in GDELT describes interactions between two actors that can vary from cooperative, such as “express intent to cooperate” or “engage in material cooperation”, to conflictual, such as “demand”, “threaten”, and “protest.” The ties in our network are what Borgatti and Halgin (2011) refer to as event-type ties; they have a discrete, transitory nature allowing them to be counted over time, and dimensionalized in terms of frequency of occurrence. Using event databases to construct stakeholder networks has several advantages. First and foremost, events capture direct interactions between actors, a significant improvement on affiliation network data where the researcher has to assume co-membership equates to interaction. Second, they capture multiplex and directed ties between actors, such as positive versus negative affect or verbal versus material cooperation. Third, ties can be valued by number of occurrences and media mentions, which has theoretical grounding for understanding the

number of possible media impressions and therefore managerial perceptions. Finally, event databases capture the census of actors that appear in the media, providing broad coverage including local language sources as well as international news agencies.

Our stakeholders include prominent individuals (e.g. Minister of Labor, George Soros, Obama), organizations (e.g. Starbucks, Ministry of the Environment, Human Rights Commission, Greenpeace, Congress), and other groups or individuals identified by role (e.g. villagers, landowner, mayor, conservationist, rights activist). All actors are assigned role codes, which indicate broader categories to which they belong (e.g. government or media) and the actor's specialty (e.g. actors whose primary area of operation or expertise is human rights) (Leetaru & Schrodt 2013). Actor role and specialty codes facilitated our categorization of GDELT actors as 'environmental' and 'social' stakeholders.

First, we used GDELT role codes to identify those stakeholders classified as national or international political or regulatory actors (including government, judiciary, opposition, or legislative role codes), labor organizations, non-governmental organizations and communities or residents. We chose this subset of roles (i.e., excluding such roles as insurgents, military, rebels and intelligence services) due to their association with the advocacy of environmental and social issues of relevance to corporations. Second, we used GDELT specialty codes to identify the issues that were among the focus of these actors. Specifically, we classify as environmental stakeholders all actors in the roles described above whose primary, secondary, or tertiary specialty code is ENV. Similarly, we classify as social stakeholders all actors in the roles described above whose primary, secondary, or tertiary specialty code is HRI (human rights) or LAB (labor). We made minimal manual adjustments to insure labor organizations were organized labor groups rather than individual employees of organizations.

STAKEHOLDER NETWORKS AND CORPORATE SOCIAL PERFORMANCE

Using the networks of environmental and social stakeholders as well as the broader national socio-political networks we extract from GDELT's media events, we construct three network measures which we argue increase the perceived salience of environmental and social issues for managers and thus influence the observed level of Corporate Social Performance. The first measure captures the relative power of environmental and social stakeholders and the remaining proxy for the ability of these stakeholders to engage in collective action.

Perhaps one of the most consistently employed constructs in studies of stakeholder salience, and in turn, firm behavior, is stakeholder power. Power exists where one stakeholder, A, can get another stakeholder, B, to do something that B would not have otherwise done (Weber 1947; Pfeffer 1981; Mitchell et al. 1997). Freeman's classic definition of stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (1984: 46), leaves the universe of stakeholders potentially infinite. Sampling only powerful stakeholders narrows the scope of actors to those groups or individuals that can impose their will on the firm or on other stakeholders (Mitchell et al., 1997). Mitchell et al. (1997: 865) suggest that a stakeholder "has power to the extent it has or can gain access to coercive, utilitarian, or normative means, to impose its will." To date, stakeholder power has been primarily operationalized as an actor attribute, such as the possession of financial resources (Eesley & Lenox, 2006; Yang & Rivers, 2009), the ability to block policy (Tsebelis 2002) or the right to impose decisions (Moe 1990). However, Mitchell et al.'s definition of stakeholder power is inherently relational in that a stakeholder does not have to be in direct possession of coercive, utilitarian or normative means; the sufficient condition is that it *can gain access* to them. We

suggest that network ties can provide stakeholders indirect access to the means of influence over firm behavior.

In policy networks for example, actors with privileged positions are able "to set agendas, frame debates, and promulgate policies that benefit them," (Beckfield, 2003:404). Influence in policy networks is important to CSR outcomes, as movements often turn to the state because of its capacity to regulate industry (King & Pearce 2010). In management research, social capital in intra-organizational ties can lead to increased power of individuals because ties enable lobbying for personal interests, and grant access to strategic information (Blyler & Coff 2003; Coff 1999). Network ties can also enable the flow of resources thereby allowing relatively-resource poor actors to tap into the resources of their resource-rich counterparts, as is often seen in the linkages between developing country NGOs and NGOs from developed countries (Keck & Sikkink 1999).

An actor's power from a social network perspective stems from its "prominence" in networks and is usually related to one of several competing measures capturing the relative number of ties possessed by a stakeholder variously weighted (Knoke, 1990: 9-10; Boutilier, 2012). From a stakeholder bargaining perspective, Blyler and Coff (2003) suggest that actors in highly central positions will appropriate greatest rents because such actors have access to and channels for disseminating information and hence have influence within the network. A central actor can also gain control possibilities over the flow of resources or information, which is also conducive to power (Knoke, 1990; Knoke et al., 1996). In a study of environmental organizations, Diani (2003) found that organizations central in the network were more likely to be identified by other organizations as leaders and be connected to political institutions.

Hypothesis 1: Corporate social performance increases in the centrality of environmental and social stakeholders in the country's socio-political network.

In addition to the level of power of environmental and social stakeholders, managers also look for indications of the ease with which that power can be coordinated, directed and deployed against them. Environmental and social stakeholders face substantial collective action challenges in achieving their objective of changing management practice (Campbell, 2007). Inter-stakeholder ties facilitate coordination making issues more visible to greater number of constituents, and helping to coordinate and sustain pressure efforts on those issues and against common target firms (McAdam & Schaffer Boudet, 2012). The sustainability of issues and pressure is more likely in dense networks where there are limits on firms' ability to use 'divide-and-conquer' tactics (Mahon et al. 2004). Coordination can also enable sharing of resources and increase the effectiveness of influence tactics. Larson & Soule (2009) find that organizations that participate in coalitions have higher levels of protest. Rowley & Moldoveanu (2003) argue that dense ties among a group of social actors deter free-riding in collective action, and facilitate the diffusion of norms and expectations. Similarly, the stakeholder bargaining power perspective suggests that actors capable of acting in a unified manner pose a more serious and credible threat to management (Coff 1999).

Scholars studying the influence of social movements on public policy also emphasize cross-organizational ties. Success in influencing policy depends on the strength and density of the network (Keck & Sikkink, 1999). Doh and Guay (2006) found that the high levels of coordination between prominent environmental NGOs in Europe contributed to their success in persuading national governments to consider seriously the implications of climate change. Dense stakeholder networks can reduce variation in stakeholders' evaluation and framing of issues and

the number of competing issue resolution coalitions that form (Mahon et al., 2004), translating into more sustained efforts at issue resolution.

Although we settle on a similar conclusion made by Rowley (1997) that density of ties between stakeholders is important to stakeholder influence, it's important to highlight a key distinction between our arguments. Specifically, Rowley's focus is on a focal organization's stakeholder network (1997: 896) and its ability to resist pressure given its own position and connections between its stakeholders. Implicit in this framework is the idea that the stakeholder network has ties to the focal firm. Conversely, our argumentation does not require stakeholder networks be tied to the focal organization in order to be influential in changing firm behavior, as much of stakeholder influence is indirect via policy processes. We highlight that farsighted firms change their social or environmental practices before they are the target of stakeholder action. Prior research has shown that social movements targeting one focal firm have been shown to have indirect influences on other firms, creating informational spillovers by making public previously hidden information about stakeholder preferences in a market (Yue et al. 2013). We extend this argument to include the potential for learning from the structure of stakeholder networks.

Hypothesis 2: Corporate social performance increases in the density of cooperative ties in the environmental and social stakeholder network.

In addition to pre-existing cooperative relations among stakeholders, social movement research suggests that collective action is further enabled by resource heterogeneity of group members (Marwell et al. 1988). For example, stakeholders with international reach may have greater access to financial or political resources than national or more regional groups (Eesley & Lenox, 2006), and can make issues more visible to a geographically broader swath of

stakeholders. Transnational advocacy networks make international resources available to new actors in domestic political and social struggles such as environmental or human rights issues (Keck & Sikkink, 1999).

In addition to stakeholder nationality, stakeholders from different sectors have at their disposal different sources of influence. For instance, political or regulatory stakeholders can deploy coercive pressure via legislation or regulation. NGOs can exert normative pressures through issue framing. Organized labor has avenues for pressure directly into the organization through its membership. A dense issue network composed of environmental NGOs alone may be less salient than an equivalently dense network that includes other dissimilar actors such as regulators or intergovernmental organizations. Political actors are more likely to respond to pressures from coalitions that benefit from diverse supporters who agree on the legitimacy of an issue (Henisz & Zelner 2005). Policy network research suggests that the influence of social movements on policy is not only dependent on ties with similar others, but also their ability to form ties with diverse peers in the policy space. Baumgartner & Mahoney (2005) suggest that because NGOs are not the only source of new issues and pressure, their long-term impact depends on close interactions with other groups within their organizational field.

We expect a stakeholder network composed of heterogeneous actors, each possessing different influence tactics and levers, and one representing broad support for political actors (Marwell et al., 1988), to increase managerial evaluations of stakeholder salience, and correspondingly corporate social performance.

Hypothesis 3: Corporate social performance increases in the heterogeneity of stakeholders in the environmental and social stakeholder network.

METHODS

The sample used in our analysis is firms in the ASSET4 database (Thomson Reuters), which provides CSP scores on 4,600 companies in 58 countries, for which we obtained accounting data from Thomson Reuters WorldScope. With growing importance placed on CSP, several independent organizations provide firm-level CSP metrics or rankings (e.g. Kinder, Lydenberg and Domini). We follow others (Hartmann & Uhlenbruck 2015; Hawn & Kang 2014; Ioannou & Serafeim 2012) in choosing the ASSET4 database due to the methodological rigor it employs drawing information from "objective, comparable and transparent data" sources and subjecting each data point to a "multi-step verification and quality control process" (ibid.), its reliance on objective indicators across multiple dimensions of performance, and most importantly, the geographic breadth of the companies it evaluates (58 countries).

Dependent Variable

Our dependent variable is corporate social performance, which we construct using both the environmental and social scores from ASSET4. The scores are calculated based on the performance of a firm on several key environmental and social performance indicators gathered from public sources. The indicators evaluate the policies or principles to which the firm subscribes (e.g. emissions reduction policy or employment quality policies), the implementation of those policies (e.g. environmental R&D spending or employment awards), and finally the observable outcomes (e.g. CO2 emissions or employee turnover) (Wood 1991). We follow Ioannou & Serafeim (2012) in constructing the CSP composite as the equally weighted average of social and environmental performance for each firm-year observation (scale of 0 to 100).

Independent Variables

Centrality. Centrality refers to the prominence of an actor's position relative to others in the network. Several measures of centrality exist, each corresponding to different types of

influence (Borgatti, Everett, & Johnson, 2013; Freeman, 1979; Mahon et al., 2004). The simplest measure, degree centrality, which we employ here, is simply the count of the number of out-going and in-coming ties in a directed network. Actors with high degree centrality enjoy influence and access to resources via their plentiful relations (Mahon et al. 2004). More complex measures adjust or weight the count of ties for the extent to which an actor is tied to other central actors (i.e., eigenvector centrality) and the relative ease with which it can access all other stakeholders as compared to its peers (i.e., betweenness centrality) but have been argued to be less stable and reliable particularly in sparse networks such as ours (Neal 2013).

In our network of cooperative and conflictual ties, we calculate degree centrality using both cooperative and conflictual ties. Since stakeholder power bases include coercive and normative power, it is important to account for both cooperative and conflictual ties in our measure of power. While a stakeholder's number of cooperative ties provides managers with signals as to how many possible alters an actor can influence or get resources from, conflictual ties' are also salient to managers because they are indicator of the exercise of stakeholders' voice and power against enemies. We expect that stakeholders that occupy central positions in the overall socio-political landscape of a country will be attributed as having power by managers, and therefore, more likely to be attended to via improvements in corporate social performance.

In calculating degree centrality, we also weight ties by the number of media mentions each tie garnered, as this corresponds to the number of possible media impressions that influence managerial perceptions. We calculate degree centrality by summing the mentions-weighted degree centrality of all social and environmental stakeholders, and then normalize it relative to the sum of mentions-weighted degree centrality of all actors in the country network. This ensures we are not privileging stakeholders in countries with greater media coverage, as well as

accounting for any changes in the universe of source documents and therefore media-reported events over time.

Density. We calculate the relative density of cooperative ties among environmental and social stakeholders as a ratio of the density of cooperative ties in the socio-political network of the country as a whole. Ties are weighted by the number of media mentions, matching the approach and rationale used for degree centrality. The density of cooperative ties in a stakeholder (or national) network is calculated as follows:

$$D_{it} = \frac{\sum w_{it}}{n_{it}(n_{it} - 1)}$$

Where w_{it} is the number of media mentions of cooperative ties between stakeholders (or all actors) in country i and year t, and n_{it} is the number of nodes in the stakeholder network (or national network) in country i and year t. Since our network is composed of directed ties, our denominator (number of possible ties) is not divided by two as it would be in an undirected network. We then divide by the analogous measure of density in the national network as a whole to ensure that we account for the secular increase in the corpus of source documents and resulting increase in the density of media-reported events over time (GDELT, 2015: 5).

Heterogeneity. We classify heterogeneous actors as those with different organizational forms or purposes (e.g. government versus non-governmental organization), different issue interests (e.g. environmental versus labor issues), and locations (e.g., domestic, foreign or multinational). We use the raw count of unique actor types in each stakeholder network as our measure of heterogeneity. Stakeholders not connected to the network (i.e., isolates) are not included in this analysis. For example, country A may have many connected environmental and social stakeholders in absolute terms (e.g., 30), but, if they are all domestic environmental

NGOs, its network is assigned a 1 for having one actor type only. Conversely, country B may have only a few connected environmental and social stakeholders in absolute terms (e.g. 3), but if they are all different actor types (e.g. domestic environmental NGOs, domestic environmental government agency, foreign human rights NGO), the country is assigned a heterogeneity score of 3. Although we explored more complex heterogeneity measures such as Blau's (1977) index, these measures reward equal balance of actors in each category while our arguments center on variety in stakeholders (Harrison & Klein 2007). That variety need not be balanced because it suffices that just one domestic environmental government agency is part of the network in order for it to be influenced by the other actors in the network. In fact, in many instances, we could not expect to achieve perfect heterogeneity in the Blau index sense for the simple reason that in many countries NGOs outnumber government departments. Therefore, we prefer to use the raw actor type count instead.

Control Variables

Country institutional controls. While our arguments are actor-centered (Williams & Aguilera 2008), we acknowledge that a country's institutions condition firm behavior. Following Ioannou & Serafeim (2012), we control for laws that encourage competition in the country, laws that protect minority shareholders, the political ideology of legislators, the availability of skilled labor, union density, the type of financial system, size of the capital market and whether a socially responsible market index exists. We also include controls for culture, including Hofstede's (1997, 2001) measures of power distance and individualism (Ioannou & Serafeim 2012; Hartmann & Uhlenbruck 2015), the degree of press freedom (Marquis & Toffel, 2014), the competitiveness and openness of the economy and the quality of its infrastructure (Ioannou & Serafeim, 2012).

Firm-level controls. As mentioned in our review of the literature, firm characteristics matter tremendously for CSP. We control for several firm variables, including size (Campbell, Eden, & Miller, 2011; Chih, Chih, & Chen, 2010; Ioannou & Serafeim, 2012), profitability (ibid., Hartmann & Uhlenbruck, 2015; Jackson & Apostolakou, 2010), stock volatility, market to book ratio, diversification, whether the firm trades an American Depository Receipt (ADR), the degree to which shares are closely held, and leverage (Ioannou & Serafeim, 2012) . Further, we acknowledge that there may be other unobserved factors that drive firm behavior (e.g. ethical orientation of the management team). Therefore, our full models include firm fixed effects to control for firm-level time-invariant unobserved heterogeneity.

Table 1 describes all independent and control variables in detail, as well as their sources. All independent and control variables are lagged one year in order to avoid temporal endogeneity. Our unbalanced panel dataset is composed of observations at the level of the firm-year spanning a decade (2004 to 2013). After case-wise deletion of observations with missing data, we are left with 20,047 observations.

Insert Table 1 about here.

RESULTS

Summary statistics and correlations are presented in Table 2, respectively.

Insert Table 2 about here.

For all specifications we use OLS to estimate our models, and present results in Table 3. In Model 1, we approximately replicate Ioannou &Serafeim (2012) with clustered, at the firm

level, and robust standard errors and industry and year fixed effects.[1] We obtain highly consistent results, with cultural, labor, and political institutional variables having the same direction of effect on CSP and significance, while the coefficient for both the financial system variables (SRI index and country debt to assets ratio) are positively and significantly associated with CSP. As both variables are measured annually, the difference may be attributable to the years covered by our respective samples (2004 to 2013 versus 2002 to 2008 in Ioannou & Serafeim). We also obtain consistent results for all except one (number of product segments) firm-level control variables. Using the same estimation approach, we include the measures associated with our three theoretical constructs of centrality, density and hierarchically hierarchically in Models 2 through 4, and include all independent and control variables in Model 5.

Insert Table 3 about here.

We replicate the same progression in Models 6 through 10, which control for time-invariant firm-level unobserved heterogeneity with the inclusion of firm fixed effects in addition to year fixed effects, with robust standard errors. We believe that a firm fixed effects model provides the most stringent test of our propositions by reducing the impact of difficult to observe firm and individual level variables influencing CSP. Our underlying assumption is that firms will be motivated to take substantive actions that lead to CSP outcomes to satisfy stakeholders, in line with past findings that perceived stakeholder pressure leads to proactive response (Murillo-Luna et al. 2008). However, evidence also suggests that firms may vary in their stakeholder responsiveness (Henriques & Sadorsky 1996) for various reasons that are not easily measurable,

[1] Our model varies slightly in the inclusion of the Free Press Index (Marquis & Toffel, 2015), and two variables (industry Herfindahl index and Analyst coverage) have not yet been collected.

such as dynamic capabilities (Julian et al. 2008) or management's commitment to ethics (Muller & Kolk 2010). Identifying off within country variation across time in our variables of interest, means that time-invariant institutional (individualism index, power distance, anti-self-dealing index, political ideology and union density) and firm (ADR company) controls can no longer be estimated. Approximately half of the control variable coefficients become insignificantly different from zero in the firm fixed effects model (trade, market capitalization, freedom of the press, and number of segments the company operates in). Finally, in Models 11 and 12 we separate out environmental from social stakeholders and estimate the same model but for the environmental and social score from ASSET4, respectively.

We focus on Model 10, the fully saturated firm and year fixed effects model with robust standard errors. We observe that the centrality of stakeholders in the socio-political landscape is positively and significantly associated with CSP ($p<0.01$), as we predicted in hypothesis 1. All of the stakeholder network variables, with the exception of heterogeneity, are log-transformed due to skewness of the data and so are interpreted as percent changes. Taking into account the impact of all control variables and firm fixed effects, a one standard deviation increase in stakeholder centrality in a given country's network over time is associated with a predicted increase of 9.65 points in the average CSP score of a firm in that country (CSP is measured on a 0 to 100 scale). To put the magnitude of this effect in context, it is equivalent to seven times the impact of a 1 standard deviation increase in profitability (ROA), double the impact of the country having a SRI index. Past research has repeatedly shown firm profitability to be a significant predictor of CSP (Campbell et al., 2011; Chih et al., 2010; Ioannou & Serafeim, 2012) .

We find no support for hypothesis 2, that the density of cooperative ties amongst stakeholders will be positively associated with CSP. Conversely, we find support for hypothesis

3, that heterogeneity of stakeholders in the stakeholder network is positively associated with CSP ($p<0.001$). A 1 standard deviation increase in stakeholder heterogeneity, is equivalent to an increase of 0.828 in CSP, nearly double the impact of 1 standard deviation increase in a firm's market to book ratio, and nearly equivalent to the impact of a 1 standard deviation increase in the degree to which the financial system is credit-based (Country debt over assets).

Robustness Checks

We perform several robustness checks. First, we replicate our full firm fixed effects model with the inclusion of two stakeholder network controls. We include a measure of the prevalence of civil society actors in the stakeholder network, as recent research suggests that the mere count of civil society organizations in the country increases scrutiny over company practices and may deter poor practices in areas such as environmental reporting (Marquis & Toffel, 2013). We calculate the percentage of actors in the stakeholder network that are either NGOs, and activists or citizens with no organizational affiliation but an interest in issues included in our CSP measure. We also include a measure for how conflictual relations are between stakeholders and firms in the country. We calculate the percentage of events in which a stakeholder performs an action on another actor (out-going ties) that are directed at a business and conflictual. Both controls are weighted by the number of media mentions. The two hypotheses for which we found support remain significant and positively associated with CSP, as is the prevalence of civil society ($p<0.001$) as is implied by Marquis & Toffel's findings (2013).

We also replicate our full model with the inclusion of research and development expenses, as these have been found to be positively associated with CSP (Ioannou & Serafeim, 2012). Due to missing data, we lose nearly 60% of our observations. Again, the two hypotheses for which we found support remain significant and positively associated with CSP, while the

coefficient for R&D expenses (logged due to skewness) is not significantly different from zero (p=0.684).

Finally, we disaggregate our dependent variable into its respective component environmental and social scores from ASSET4, and estimate the models constructing our stakeholder variables on only environmental or social stakeholders (Models 11 and 12). Hypotheses 1 and 3 are positively and significantly associated with the social and environmental scores, although the magnitudes of the effects differ, especially for stakeholder centrality. Stakeholder centrality has a larger impact on the social score of firms than their environmental, while network heterogeneity has a slightly larger impact on environmental performance. We hope to explore these differences in subsequent research.

DISCUSSION & CONCLUSION

While the literature in a diverse number of fields agrees that corporate social performance (CSP) is impacted by stakeholder pressures, the empirical evidence in support of that argument has largely focused on reactive policies by firms to stakeholder attacks. Forward looking managers should seek to anticipate stakeholder concerns and proactively implement corporate social responsibility practices which minimize the probability and impact of such attacks. We offer the first direct empirical evidence in support of this argument. Prior research has found indirect support using firm- or country-level variables which are associated with greater sensitivity to or impact of stakeholder pressure. By contrast, we exploit within country differences in the salience of environmental and social stakeholders over time to show that as the power and heterogeneity of environmental and social stakeholders increase, firms make substantive improvements in their CSP. The effect sizes are also highly significant, analogous to those caused by increases in firm profitability and the impact of financial system institutions.

Our analysis not only provides direct empirical evidence of the importance of stakeholder pressures on CSP, it also demonstrates the importance of viewing the stakeholder landscape as a network of interconnected actors. Both stakeholder and social movement theory have long included calls for a more holistic approach to the socio-political environment in which firms compete (McAdam & Diani, 2003; Rowley, 1997; Rowley & Moldoveanu, 2003). Despite these calls, empirical progress has been limited largely due to data limitations. While a growing body of work has highlighted the importance of firm-, activist-, protest- and national-level constructs on corporate social responsibility practices and outcomes, the few studies employing network analyses have relied on painstakingly constructed ego networks of firms or stakeholders (Dorobantu et al. 2014), rather than more comprehensive systems in which these partial networks are embedded. It has thus not been empirically possible to explore the importance for CSP of the "webs of power" suggested by resource dependence theory (Pfeffer & Salancik, 1978: 65–71; Wry et al. 2013) or the network approach to stakeholders (Rowley, 1997) or social movements (McAdam & Diani, 2003).

We draw upon an exciting new data source that has only recently become available and has not heretofore been deployed in management to overcome this challenge. We construct national-level socio-political networks including every organization or entity mentioned in over 250 million news articles. Comparing the characteristics of the networks of environmental and social stakeholders to the country-level complete socio-political network, we find variation over time in the relative prominence of these stakeholders in the overall country network, as well as their ability to mobilize for collective action. Finally, we show that these differences are associated with variation within firms over time in their corporate social performance.

Not only do our results highlight the importance of stakeholder pressure using a network perspective, they also demonstrate that firms proactively respond to variation across time in national stakeholder networks. Even before stakeholders explicitly target a firm or mount a campaign around an issue, managers assess the stakeholder landscape and the potential for environmental and social stakeholders to pressure them, and design proactive corporate social responsibility practices that lead to differential corporate social performance. Like a country's political or legal institutional environment, a country's stakeholder landscape is a critical source or risks and opportunities for domestic, as well as multinational, firms and should be carefully assessed before the design and implementation of strategies relevant to stakeholders.

This finding has important implications for global strategy and international business. Prior work in corporate social responsibility has shown that country-level legal institutions and culture impact the corporate social performance of firms in that country. Our results extend this finding to include country-level variation in the stakeholder environment and suggest that a broad class of scholarship in global strategy and international business should similarly explore the implications of stakeholder network structure. For example, prior research on international diversification, entry mode and survival which has shown the importance of political risk or legal origin should consider the impact of country-level stakeholder networks. Following a similar approach to what we pursue here, one could construct the network of nationalist or populist actors or that of organized labor or agricultural interests, business entities, educational stakeholders or health stakeholders, and compare it to the overall national network in terms of its structure, explore the degree of cooperation or conflict within the sub-network as well as between it, and the national network or other sub-networks.

As the precision of media event coding improves, it should soon be possible to construct ego networks for individual firms and more fine-grained networks around specific issues of interest to them. At present, we lack sufficient precision in our media data to explore whether specific firms in our analysis are proactively connected to or attacked by environmental and social stakeholders, nor can we explore the importance of the prominence of individual firms within the broader national network for their responsiveness to stakeholder pressures (Rowley, 1997). Such extensions would allow for important comparisons between the importance of proactive assessments of risks and opportunities emanating from the stakeholder landscape and reactions to specific stakeholder demands or pressures targeting the focal firm. We could further explore the types of firms which are relatively more or less proactive, and how the institutional environment impacts their responsiveness to stakeholder pressure.

Another potential exciting extension would be take an analogous approach within a specific firm to better explicate the mechanisms that lead to higher salience for stakeholder pressures. Such an analysis could even extend to the individual level and identify how specific managers perceptions of the salience of environmental and social issues changed as a result of their interactions with these stakeholders as well as their interactions with their peers inside the organization. The process by which managerial perceptions of salience actually form and the mechanisms by which such perceptions lead to variation in corporate social performance are both omitted from our analysis but important topics for future research.

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TABLE 1

Variable Definition and Source

Variable	Measurement	Source
Independent Variables		
Stakeholder centrality (H1)	Sum of all stakeholder outgoing and incoming ties divided by outgoing and incoming ties of all actors (ties weighted by media mentions)	GDELT
Density of stakeholder network cooperative ties (H2)	Mentions-weighted cooperative ties between stakeholders as a ratio of number of possible ties, normalized by the density (calculated in the same manner) of all actors	GDELT
Stakeholder network heterogeneity (H3)	Count of unique actor types in the connected stakeholder network	GDELT
Controls: Country		
Anti-self-dealing index	Laws limit self-dealing of insiders (measured as of 2001)	La Porta et al. (2006)
Left/center ideology	Chief executive and largest party in congress have left/center political orientation (% of years between 1928 and 1995 during which both the the chief executive's party and the largest party in congress had left or center orientation)	Botero et al. (2004)
Union density	Employees are densely organized in unions (measured as of 1997)	Botero et al. (2004)
Power distance index	"The extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally"	Hofstede (1997, 2001)
Individualism	"The degree to which individuals are integrated into groups"	Hofstede (1997, 2001)
Skilled labor availability	Skilled labor is readily available in a country (measured each year)	IMD World Competitiveness Report
Competition and regulation	Laws encourage competition in the country (measured each year)	IMD World Competitiveness Report
Country debt over assets	The average debt over assets ratio for all firms within a country-year pair (measured each year)	Worldscope
SRI index	Indicator variable for country-years where a socially responsible stock market index exists (measured each year)	World Federation of Exchanges
Basic infrastructure	Quality of basic infrastructure in a country (measured each year)	IMD World Competitiveness Report

TABLE 1 Continued

Variable Definition and Source

Variable	Measurement	Source
Controls: Country, continued		
Balance of trade	(Exports-Imports)/GDP (measured each year)	IMD World Competitiveness Report
Trade	(Exports+Imports)/GDP (Measured each year)	IMD World Competitiveness Report
Market Capitalization	Log of total market capitalization	IMD World Competitiveness Report
Free Press Index	World Press Freedom Index - composite score of the legal, political and economic environment for press freedom (0 to 100 scale, where lower values indicate more press freedom)	Freedom House
Controls: Firm		
ROA	Net income over total assets (measured each year) - logged due to skewness	Worldscope
Volatility	Daily stock return volatility over the fiscal year (measured each year)	Worldscope
Market to book ratio	Market value of equity over book value of equity calculated at fiscal year-end (measured each year)	Worldscope
Firm size	Logarithm of total assets (measured each year)	Worldscope
Number of segments	Logarithm of number of four-digit SIC codes the company operates in (measured each year)	Worldscope
ADR company	Company trades an American Depositary Receipt (measured each year)	Worldscope
Closely Held Shares %	Percentage of shares held by investors owing more than 5% (measured each year)	Worldscope
Leverage	One minus the ratio of shareholder's equity over total assets (measured each year)	Worldscope

TABLE 2

Summary Statistics and Correlation Matrix

	Mean	Std. Dev.	No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
CSP index	50.49	29.58	1	1.00																									
Stakeholder centrality (log)	-5.35	0.35	2	0.08	1.00																								
Density of cooperative ties (log)	-1.57	1.09	3	0.07	0.33	1.00																							
Stakeholder heterogeneity	7.63	4.14	4	-0.03	-0.10	0.14	1.00																						
Anti-self-dealing index	0.64	0.19	5	-0.10	0.17	0.00	0.12	1.00																					
Left/center ideology	0.43	0.29	6	-0.09	-0.12	-0.01	0.55	0.03	1.00																				
Union density	0.23	0.13	7	0.08	0.25	0.00	-0.44	-0.07	-0.24	1.00																			
Power distance index	46.48	13.77	8	-0.03	0.07	-0.06	-0.32	-0.13	-0.33	-0.32	1.00																		
Individualism	70.08	25.03	9	0.02	-0.01	0.12	0.59	0.23	0.56	-0.09	-0.77	1.00																	
Skilled labor availability	6.32	0.94	10	-0.09	-0.37	-0.10	0.18	-0.27	0.25	-0.15	-0.05	0.07	1.00																
Competition and regulation	6.17	0.68	11	0.02	0.18	0.15	0.00	0.06	0.02	0.28	-0.43	0.30	0.09	1.00															
Country debt over assets	2359	4289	12	-0.07	-0.30	-0.16	0.61	0.04	0.50	-0.35	-0.26	0.45	0.24	-0.19	1.00														
SRI index	0.76	0.43	13	0.00	-0.27	0.00	0.46	0.15	0.03	-0.20	-0.25	0.25	0.03	-0.04	0.29	1.00													
Basic infrastructure	14.36	12.45	14	0.11	0.27	-0.03	-0.32	-0.05	-0.43	0.17	0.35	-0.42	-0.55	-0.32	-0.37	-0.04	1.00												
Balance of trade	-0.02	0.06	15	-0.01	0.01	0.06	-0.35	-0.29	-0.31	0.36	0.18	-0.38	0.03	0.16	-0.25	-0.35	-0.01	1.00											
Trade	32.68	39.73	16	-0.07	0.20	-0.14	-0.47	0.32	-0.20	0.17	0.41	-0.51	-0.02	-0.06	-0.25	-0.34	0.08	0.01	1.00										
Market Capitalization	8.05	1.44	17	-0.07	-0.38	-0.03	0.71	0.08	0.40	-0.55	-0.30	0.55	0.40	-0.04	0.57	0.59	-0.54	-0.41	-0.47	1.00									
Free Press Index	22.30	11.33	18	-0.07	0.11	-0.04	-0.22	0.20	-0.18	-0.17	0.73	-0.62	-0.28	-0.32	-0.23	-0.21	0.36	0.27	0.42	-0.38	1.00								
ROA (log)	1.63	1.03	19	-0.02	0.06	0.02	0.08	0.18	0.18	-0.02	-0.08	0.13	-0.07	0.04	0.06	0.00	-0.05	-0.10	0.07	0.02	0.02	1.00							
Volatility	28.53	9.52	20	-0.16	0.01	-0.02	0.00	0.04	0.03	0.03	0.08	-0.11	-0.04	-0.12	0.00	0.06	0.08	0.00	0.12	-0.08	0.11	0.04	1.00						
Market to book ratio	3.65	26.30	21	0.04	0.02	-0.03	-0.05	0.06	0.00	-0.04	0.15	-0.14	-0.06	-0.09	-0.05	-0.05	0.05	0.05	0.07	-0.06	0.23	0.04	0.00	1.00					
Firm size (log)	22.59	1.61	22	0.38	-0.10	-0.02	0.05	-0.19	0.05	-0.12	0.11	-0.06	0.13	-0.08	0.05	-0.01	-0.05	-0.03	-0.04	0.11	0.02	-0.45	-0.26	0.10	1.00				
Number of segments (log)	1.36	0.62	23	0.21	-0.07	-0.03	-0.12	-0.12	-0.16	-0.04	0.18	-0.20	0.04	-0.09	-0.06	0.01	0.08	0.04	0.07	-0.03	0.08	-0.14	-0.10	0.02	0.27	1.00			
ADR company	0.15	0.36	24	0.26	0.14	0.02	-0.27	0.03	-0.24	0.14	0.11	-0.18	-0.15	-0.01	-0.22	-0.15	0.17	0.06	0.21	-0.27	0.12	-0.04	-0.04	0.11	0.21	0.12	1.00		
Closely Held Shares (%)	24.17	23.18	25	-0.09	0.14	-0.01	-0.36	-0.06	-0.24	0.03	0.44	-0.47	-0.15	-0.18	-0.26	-0.22	0.30	0.14	0.34	-0.43	0.42	0.02	0.12	0.13	-0.09	0.05	0.10	1.00	
Leverage	-39.80	23.22	26	0.12	-0.03	0.00	0.02	-0.07	0.04	-0.01	-0.01	0.04	-0.01	-0.06	0.01	-0.02	0.03	-0.03	-0.07	0.01	-0.01	-0.40	-0.11	0.02	0.46	0.14	0.03	-0.06	1.00

TABLE 3
Ordinary Least Squares Regression Models (Panel 1)

		Model 1	Model 2	Model 3	Model 4	Model 5
Dependent Variable		**CSP**	**CSP**	**CSP**	**CSP**	**CSP**
Stakeholder centrality (log)	H1		2.195***			1.971***
			(0.464)			(0.484)
Density of cooperative ties (log)	H2			0.154		-0.0572
				(0.103)		(0.112)
Stakeholder network heterogeneity	H3				0.233***	0.184**
					(0.0550)	(0.0572)
Anti-self-dealing index		-5.947	-7.325*	-6.037*	-6.870*	-7.836*
		(3.039)	(3.054)	(3.032)	(3.046)	(3.059)
Left/center ideology		-11.62***	-11.58***	-11.56***	-12.16***	-12.02***
		(1.818)	(1.813)	(1.818)	(1.824)	(1.827)
Union density		14.86**	14.00**	14.90**	15.60***	14.63**
		(4.571)	(4.573)	(4.570)	(4.584)	(4.591)
Power distance index (Hofstede)		0.244***	0.207***	0.240***	0.235***	0.205***
		(0.0595)	(0.0598)	(0.0594)	(0.0596)	(0.0598)
Individualism index (Hofstede)		0.298***	0.280***	0.295***	0.289***	0.275***
		(0.0368)	(0.0368)	(0.0368)	(0.0368)	(0.0368)
Skilled labor availability		-1.406***	-1.561***	-1.446***	-1.571***	-1.663***
		(0.314)	(0.315)	(0.317)	(0.315)	(0.316)
Laws encouraging competition		0.0502	-0.153	0.0273	0.0869	-0.0944
		(0.363)	(0.360)	(0.364)	(0.362)	(0.357)
Country debt over assets		0.000172***	0.000196***	0.000178***	0.000181***	0.000197***
		(0.0000469)	(0.0000466)	(0.0000457)	(0.0000468)	(0.0000458)
SRI index		2.467***	2.412***	2.388***	2.381***	2.378***
		(0.650)	(0.649)	(0.646)	(0.652)	(0.647)
Basic infrastructure		-0.0232	-0.0267	-0.0185	-0.0105	-0.0179
		(0.0299)	(0.0300)	(0.0299)	(0.0300)	(0.0300)
Balance of trade		-14.46*	-16.48*	-14.68*	-14.51*	-16.26*
		(6.442)	(6.428)	(6.429)	(6.426)	(6.416)
Trade		-0.0458**	-0.0433**	-0.0441**	-0.0377*	-0.0379**
		(0.0147)	(0.0147)	(0.0146)	(0.0147)	(0.0147)
Market Capitalization		-3.479***	-3.247***	-3.432***	-3.612***	-3.404***
		(0.444)	(0.444)	(0.446)	(0.444)	(0.447)
freepressindexlag		-0.115*	-0.102	-0.115*	-0.113*	-0.102
		(0.0524)	(0.0528)	(0.0524)	(0.0524)	(0.0528)
ROA		0.963***	0.953***	0.966***	0.946***	0.942***
		(0.175)	(0.175)	(0.175)	(0.175)	(0.175)
Volatility		-0.180***	-0.179***	-0.181***	-0.181***	-0.180***
		(0.0372)	(0.0373)	(0.0372)	(0.0372)	(0.0372)
Market to book ratio		0.0187**	0.0188**	0.0189**	0.0188**	0.0188**
		(0.00695)	(0.00694)	(0.00694)	(0.00694)	(0.00694)
Firm size		7.627***	7.639***	7.636***	7.629***	7.652***
		(0.352)	(0.352)	(0.351)	(0.352)	(0.352)
Number of segments		1.348**	1.323**	1.349**	1.329**	1.313**
		(0.423)	(0.423)	(0.423)	(0.423)	(0.423)
ADR company		12.12***	11.98***	12.08***	12.10***	11.97***
		(1.174)	(1.174)	(1.173)	(1.173)	(1.173)
Closely Held Shares %		-0.0147	-0.0150	-0.0152	-0.0147	-0.0148
		(0.00958)	(0.00959)	(0.00957)	(0.00957)	(0.00958)
Leverage		0.0225	0.0234	0.0230	0.0227	0.0233
		(0.0150)	(0.0150)	(0.0150)	(0.0150)	(0.0150)
Observations		20047	20047	20047	20047	20047
Year fixed effects		*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Industry fixed effects		*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Firm fixed effects		*No*	*No*	*No*	*No*	*No*

Ordinary Least Squares Regression Models (Panel 2)

Dependent Variable		Model 6 **CSP**	Model 7 **CSP**	Model 8 **CSP**	Model 9 **CSP**	Model 10 **CSP**	Model 11 **Social Score**	Model 12 **Enviro. Score**
Stakeholder centrality (log)	H1		1.637***			1.556**	1.343**	0.837*
			(0.495)			(0.508)	(0.493)	(0.370)
Density of cooperative ties (log)	H2			0.0197		-0.158	0.133	-0.184
				(0.104)		(0.113)	(0.0950)	(0.106)
Stakeholder network heterogeneity	H3				0.209***	0.200***	0.221*	0.339**
					(0.0580)	(0.0602)	(0.112)	(0.115)
Anti-self-dealing index								
Left/center ideology								
Union density								
Power distance index (Hofstede)								
Individualism index (Hofstede)								
Skilled labor availability		-0.881*	-1.076**	-0.888*	-1.020**	-1.143**	-1.277**	-1.043**
		(0.343)	(0.347)	(0.347)	(0.343)	(0.348)	(0.412)	(0.400)
Laws encouraging competition		-0.134	-0.293	-0.138	-0.119	-0.244	1.009*	-1.307**
		(0.390)	(0.383)	(0.390)	(0.390)	(0.381)	(0.445)	(0.447)
Country debt over assets		0.000230***	0.000243***	0.000230***	0.000236***	0.000244***	0.000284***	0.000185***
		(0.0000465)	(0.0000461)	(0.0000456)	(0.0000464)	(0.0000456)	(0.0000502)	(0.0000548)
SRI index		2.919***	2.830***	2.908***	2.888***	2.893***	4.051***	1.472
		(0.742)	(0.739)	(0.736)	(0.742)	(0.734)	(0.820)	(0.901)
Basic infrastructure		-0.0562	-0.0541	-0.0554	-0.0375	-0.0426	-0.0355	-0.0431
		(0.0349)	(0.0349)	(0.0351)	(0.0352)	(0.0353)	(0.0397)	(0.0407)
Balance of trade		-7.546	-10.97	-7.596	-8.075	-10.91	-20.59*	0.557
		(8.651)	(8.683)	(8.653)	(8.661)	(8.697)	(9.518)	(10.55)
Trade		-0.0363	-0.0334	-0.0360	-0.0352	-0.0349	-0.0758*	0.00446
		(0.0364)	(0.0364)	(0.0362)	(0.0364)	(0.0363)	(0.0376)	(0.0437)
Market Capitalization		0.579	0.649	0.576	0.480	0.576	0.171	1.063
		(0.891)	(0.891)	(0.890)	(0.889)	(0.888)	(0.977)	(1.077)
freepressindexlag		0.0444	0.0734	0.0444	0.0995	0.125	0.0713	0.133
		(0.128)	(0.129)	(0.128)	(0.131)	(0.133)	(0.150)	(0.154)
ROA		0.632***	0.628***	0.632***	0.618***	0.612***	0.695***	0.549*
		(0.176)	(0.175)	(0.176)	(0.176)	(0.175)	(0.195)	(0.218)
Volatility		-0.144**	-0.142**	-0.144**	-0.144**	-0.142**	-0.206***	-0.0799
		(0.0490)	(0.0491)	(0.0491)	(0.0490)	(0.0491)	(0.0536)	(0.0582)
Market to book ratio		0.0141*	0.0145*	0.0141*	0.0142*	0.0144*	0.0104	0.0183**
		(0.00659)	(0.00660)	(0.00659)	(0.00658)	(0.00659)	(0.00766)	(0.00663)
Firm size		3.120***	3.104***	3.117***	3.094***	3.104***	2.842***	3.346***
		(0.617)	(0.617)	(0.618)	(0.617)	(0.618)	(0.677)	(0.705)
Number of segments		0.882	0.869	0.882	0.866	0.855	0.573	1.154*
		(0.493)	(0.492)	(0.493)	(0.493)	(0.492)	(0.533)	(0.585)
ADR company								
Closely Held Shares %		-0.0100	-0.00952	-0.0101	-0.00969	-0.00888	-0.0170	-0.00172
		(0.0105)	(0.0105)	(0.0105)	(0.0105)	(0.0105)	(0.0119)	(0.0121)
Leverage		-0.00665	-0.00590	-0.00658	-0.00621	-0.00602	-0.0329	0.0210
		(0.0177)	(0.0177)	(0.0177)	(0.0177)	(0.0177)	(0.0189)	(0.0218)
Observations		20047	20047	20047	20047	20047	20047	20047
Year fixed effects		*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Industry fixed effects		*No*	*No*	*No*	*No*	*No*	*No*	*No*
Firm fixed effects		*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*