

Corporate Social Responsibility, Public Policy, and NGO Activism in Europe and the United States: An Institutional-Stakeholder Perspective

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ABSTRACT Corporate social responsibility (CSR) is an increasingly pervasive phenomenon on the European and North American economic and political landscape. In this paper, we extend neo-institutional and stakeholder theory to show how differences in the institutional environments of Europe and the United States affect expectations about corporate responsibilities to society. We focus on how these differences are manifested in government policy, corporate strategy, and non-governmental organization (NGO) activism towards specific issues involving the social responsibilities of corporations. Drawing from recent theoretical and empirical research, and analysis of three case studies (global warming, trade in genetically modified organisms, and pricing of anti-viral pharmaceuticals in developing countries), we find that different institutional structures and political legacies in the US and EU are important factors in explaining how governments, NGOs, and the broader polity determine and implement preferences regarding CSR in these two important world regions.

INTRODUCTION

Corporate social responsibility (CSR) – actions taken by the firm intended to further social goods beyond the direct interests of the firm and that which is required by law (McWilliams and Siegel, 2001) – is an increasingly pervasive phenomenon on the European and North American political and economic landscape. Although the term CSR gained earlier and more widespread use in the United States, the European business environment has long been characterized by

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a presumption that corporations have societal obligations that transcend their responsibilities to shareholders. Using an analytical approach that has been termed strategic narrative (Stryker, 1996), we extend neo-institutional and stakeholder theory to show how differences in the institutional environments of Europe and the United States, and related perceptions about the legitimacy of stakeholders and their causes, affect expectations about corporate responsibilities to society. We focus on how these differences are manifested in government policy, corporate strategy and non-governmental organization (NGO) activism towards the resolution of specific issues involving the social responsibilities of corporations. We compare and contrast these variables in Europe and the USA to show how this institutional and organizational variation influences the way CSR is perceived and implemented in light of different roles for corporations, civil society and NGOs in these two regions.

We begin with a discussion of institutional variation, public policy-making and the rise of NGOs in Europe and the USA. We then discuss CSR from the perspective of stakeholder theory, a useful theoretical lens for examination of differing perceptions of the legitimacy of non-governmental activism in the resolution of public policy issues. We contend that institutional differences evince different perceptions about the legitimacy of social issues as articulated by NGOs and other interest groups. These perceptions, in turn, influence how public policy issues involving corporate responsibility are addressed and resolved. We then examine the roles that NGOs have played in the USA and Europe in three specific policy areas reflecting the responsibilities of corporations to broader society: the trade and regulation of genetically-modified organisms (GMOs), pricing and distribution policies in the pharmaceutical industry, and international environmental agreements (particularly the Kyoto Treaty). We focus on these three cases because in each instance there has been general disagreement in the policy positions of the USA and the European Union (EU). We explicate how NGOs influence (and express) societal views of these issues, influence the policy-making process and decision-making of business groups, and how these factors, in turn, influence the ultimate approach to and resolution of the issue in question.

We conclude that different institutional structures and political legacies in the USA and EU are important factors in explaining the influence of NGOs in the policy-making process, and that the relatively more advanced awareness of and support for CSR in Europe provides an environment that is more responsive to NGO influence in a number of contemporary public policy issue-areas, such as global warming, trade in GMOs, and pricing of anti-viral pharmaceuticals in developing countries. Finally, we suggest that even though NGOs work across national boundaries to prompt change in corporate strategy and government policy, their impact is constrained by the national and regional contexts in which they operate. However, increasing economic integration and transnational NGO cooperation may lead to greater convergence in the operation of NGOs, percep-

tion of CSR, and the transnational resolution of issues regarding the broader role of corporations in society.

INSTITUTIONAL VARIATION AND THE RISE OF NGOs IN THE USA AND EU

Institutional Variation in the EU and USA

Institutional theory is concerned with how organizations seek legitimacy within a given environment and attempt to become isomorphic with these environments (Dimaggio and Powell, 1991; Tolbert and Zucker, 1996). Neo-institutional theory has suggested that organizations and their strategies are substantially influenced by the broader institutional settings in which they operate, and shaped by the institutional legacies that reflect the culture, history, and polity of the particular country or region. Barley and Tolbert (1997) propose that institutions can be understood by 'the history of negotiations that lead to shared typifications or generalized expectations and interpretations of behavior' (1997, p. 94).

As Keim (2003) reports, North (1991, 1994) argues that institutional settings can be divided into three related categories. *Formal institutions* are the constitutions, laws, policies, and formal agreements that citizens of different locales create. *Informal institutions* are the behavioural norms and mental models of individuals who may have different cultural heritage or religious or political beliefs, or who may reside in different geographic areas. Within any institutional setting, *organizations* form to advance collective interests, often with the objective of having these interests codified as informal practices, formal rules, or both.

Within Europe and the United States, key institutions include the political, legal, and social institutions at the supranational, national, and sub-national levels, although obviously in the USA, our concern is primarily with federal and sub-federal institutions, while in Europe, we focus primarily on EU-wide and national institutions. In both cases, however, institutional variation emanates from differences in a range of social, political, and economic experiences in respective political and geographic jurisdictions. Hence, the contemporary institutional environment in Europe, including creation of the pan-European institutions described below, emerged from a range of experiences, including the two world wars, the desire for political and social assimilation among different nations, and a range of other factors too numerous to describe here (Mayer and Whittington, 2004). Similarly, in the USA, the contemporary institutional environment and structure was largely influenced by the early political history of the country, emphasizing a decentralized, federalist political structure as a way to limit the ability of central governments to gain unchecked power and dominance.

Moreover, other cultural differences, such as individualism and the role of religion in society, also shape and influence institutional processes and structures. For

example, in the USA, religion plays a large role in the resolution of political-economic issues; in Europe, religious beliefs and concerns are largely separate from policy. Admittedly, institutional theory is but one possible lens for examining differences of the sort we describe here. Viable alternative perspectives include assessments of the political influence of relevant interest groups (Vogel, 1996), public perceptions of the legitimacy of business interests (Mitchell, 1997), shifts towards post-material issues (Berry, 1999), and the resources and lobbying strategies of concerned groups. Nonetheless, we believe that our consideration of stakeholder theory below incorporates and integrates important elements of these other perspectives.

In the context of international economic relations, MNCs often focus on the most visible, formal institutions, and organizations that emanate from them. These institutional differences affect the strategies corporations use to influence governments. Hillman and Keim (1995) argue that in well established parliamentary systems – such as in Europe – business efforts to influence government policy would be more focused on executive branch ministries than on parliaments, more successful in influencing public policy in support of policies with long-run effects, and generally more cooperative and less confrontational than in non-parliamentary systems like the US system.

In the USA, interest groups have no formal or traditional standing in the public policy process. In fact, the framers of the US Constitution sought to design a political system that limited the ability of interest groups or ‘factions’ to dominate the political process. This is not to say that interest groups are powerless. Indeed, the pluralist nature of US politics encourages the formation of interest groups (Lowi, 1964). Umbrella associations (in, for example, business and labour) are usually regarded as legitimate representatives and have an accepted role in the public policy process, and specialized interests (representing such groups as retirees, gun-owners, and women’s rights) lobby and make contributions to politicians with the objective of favourably shaping public policies. However, the opportunities for influencing public policies in the USA are more diffuse, owing to the country’s federal structure, separation of national powers among three branches, and the relatively weak nature of American political parties.

The situation is much different in Europe. First, there has been a steady movement of policy-making from national levels (that is, within the EU’s currently 25 member states) to the European regional level. Much of this is intentional, as member countries have chosen to integrate themselves into a tighter union. Beginning with the 1986 Single European Act (SEA), the EU’s then 12 members sought to reduce the barriers to the flow of goods, services, capital, and people to maximize economic growth and international competitiveness. This objective required a significant amount of European level legislation and regulation to harmonize laws and rules throughout the EU. Successive actions included the 1993 Maastricht Treaty, 1996 Amsterdam Treaty, and 2000 Nice Treaty, as well as the evo-

lution of Economic and Monetary Union (EMU) and the decision to admit ten additional countries from Central and Eastern Europe. As a result, over the past two decades the EU has become the key locus of policy-making in Europe, and a significant international actor in its own right. Doh (1999) argues that forces of integration in Europe have resulted in increasing realignment of business-government relations and corporate public affairs from national capitals to supranational institutions. Failure to appreciate these shifts can result in mistakes in public policy strategy and relative emphasis, as occurred when GE's proposed takeover of Honeywell was thwarted by EU competition officials.

Second, interest groups have a formal, institutionalized place in the policy-making process of many European countries (Wilson, 2003). For reasons ranging from history (Italy) to economic efficiency (Germany) to the maintenance of social peace (Austria), most West European governments regularly include business, labour, and other significant interest groups in the policy-making process. The process is characterized by the inclusion of groups representing a range of views, the objectives of furthering the welfare of the country as a whole, and an outcome obtained by consensus with no clear winners or losers. The general acceptance of this approach to policy-making at the national level has been replicated at the EU level. In effect, this has given interest groups points of access to EU policy-making that are both direct (through contacts with the European Commission and Parliament) and indirect (through their national-level representatives who negotiate and bargain within the European Council of Ministers).

The Rise of NGOs

The rising influence of NGOs is one of the most significant developments in international affairs over the past 20 years. Although social movements have been part of the political and economic landscape for centuries, we trace the emergence of NGO activism in the USA during the modern era to mid-1984, when a range of NGOs, including church and community groups, human rights organizations, and other anti-apartheid activists, built strong networks and pressed US cities and states to divest their public pension funds of companies doing business in South Africa. This effort, combined with domestic unrest, international governmental pressures, and capital flight, posed a direct, sustained, and ultimately successful challenge to the white minority rule, resulting in the collapse of apartheid (Wright, 1990).

NGOs generally have grown in number, power, and influence since the 1980s (Keck and Sikkink, 1998; *The Economist*, 2000). Their force has been felt in a range of major public policy debates, and NGO activism has been responsible for major changes in corporate behaviour and governance (*The Economist*, 2003). Some observers now regard NGOs as a counterweight to business and global capitalism (Naim, 2000), although others suggest that there may be risks of 'privatizing' public policies that deal with environmental, labour, and social issues, thereby

leading to a loss in democratic accountability (Kapstein, 2001; Scholte, 2000). Nonetheless, the emergence of NGOs that seek to promote what they perceive to be more ethical and socially responsible business practices is beginning to generate substantial changes in corporate management, strategy, and governance (Doh and Teegen, 2003).

Institutional Differences and NGO Activism

Keim (2003, p. 23) contends that '[t]he specific nature of efforts by NGOs to influence government decision makers is a function . . . of the institutional setting in which government policy making takes place'. In their study of biopolitics in the USA and EU, Prakash and Kollman (2003) argue that the early phases of the policy debate were largely structured by the domestic political economy surrounding the issue. Consistent with these insights, we contend that the difference in the institutional setting of the EU and USA is the critical factor in understanding policy-making in both locations, and particularly the influence of NGOs.

In the USA, because of the decentralized structure of the US political system, based on federalism and the separation of national powers, access points for NGOs (and other interest groups) are numerous and include the executive, legislative, and judicial branches at the national level, and comparable entities at the state and local levels (Keim, 2003). It is also important to recognize that the pertinent level of government for decision-making in a particular policy area is often shifting. While the three policies discussed in this article were all addressed by the national level of government in the USA, the broader issues (agriculture, health, and the environment) are legislated and regulated at national, state, and local levels. Although Europe exhibits a 'quasi-federal' political structure in that the EU, member states, and local governments are responsible for certain policies, the direction of policy-making over the past two decades is clearly towards the EU level.

Broad social protest movements, the precursor to NGOs, have a long history in Europe. Tarrow (1994) dates them to the 18th century, with the modern version forming in the 1960s with the co-occurrence of the student, peace, ecological, and women's movements. In their study of European protests in the period 1984–97, Imig and Tarrow (2001a) find that the percentage of EU-motivated contentious protests rose rapidly after the 1993 Maastricht Treaty, suggesting the architects of social movements saw new opportunities for influence via the evolving structure of the EU itself.

Greenwood (1997) finds that most European-level public-interest groups were established between the mid-1960s and early 1990s, that many are funded in part by the EU, and that they have a good record in influencing EU-level policies. His study in the mid-1990s found that over 20 per cent of European-level interest groups are public-interest groups, spanning consumer, environmental, citizen, and

social groups. Although most of these groups had already formed by the 'Single-Market' period of the late 1980s, a majority of them only shifted their focus to Brussels after conception of the Single-Market programme. In Europe, there is a long history of direct involvement by farmers, unions, and other interest groups in government policy and corporate governance. The communitarian tradition in Europe, as compared to a more individualistic culture in the USA, means that non-governmental interests are almost always 'given a seat at the table'.

The expansion of the EU's policy-making powers has been followed closely by corporations, NGOs, and other interest groups. The primary actors within the EU – the Commission, Parliament, and Council of Ministers – provide multiple opportunities for access to the policy-making process. The Commission (a quasi-executive branch) is responsible for introducing legislation and administering existing programmes, whereas the Parliament and Council possess legislative functions (although the Council is widely regarded as the most powerful of the three entities). For NGOs, the main access points are the Commission and Parliament, and both are attractive for different reasons. NGOs attempt to influence the Council by accessing member state governments in national capitals.

Since the Commission is the initial drafter of legislation and, by many measures, understaffed, officials often welcome the opportunity to dialogue with and receive information from lobbyists (Boyd, 2002). The Parliament has seen its powers increase dramatically since the SEA to include co-decision-making (with the Council) in most policy areas. However, parliamentarians are elected at the national level from national political parties. This combination of increased power but weak (or absent) Europe-wide political parties has been a major reason why corporations, NGOs, and other interest groups now devote considerable resources to lobby the European Parliament.

While business and professional associations may be best served by broadly and formally advancing their interests in Brussels, others (such as farmers, workers, and environmentalists) may be more likely to target administrative units within the Commission (Directorates-General) that are responsible for proposing new legislation and implementing existing regulations as well as more contentious forms of action (Imig and Tarrow, 2001a). Imig and Tarrow find that the major responses to EU policy-making are cases of what they call 'domestication' – when domestic groups target national or subnational agents in response to their claims against the EU (Imig and Tarrow, 2001a, p. 18). Their sample of 490 contentious events in the period 1984–97 showed that almost 83 per cent of EU-directed protests were undertaken by domestic actors who attacked domestic rather than European targets to respond to EU policy initiatives. They suggest that transactions costs are the main reason for the lack of transnational collective action, although non-occupational groups (like environmentalists) can often surmount this obstacle. Significantly, the NGOs in the cases we describe below are of this non-occupational nature. Also, our cases, which are taken from the late 1990s and early 2000s,

suggest that transactions costs may have decreased sharply since the Imig and Tarrow study, thereby making it easier for NGOs to lobby and engage with EU officials directly.

Marks and McAdam (1996, 1999) find that once such groups reach Brussels, they are more likely to take advantage of traditional lobbying opportunities rather than street protests. As a result, such groups act more like 'insiders' who exchange information with EU policy-makers and try to shape policy-making, rather than engage in anti-EU activism. Thus, European NGOs tend to employ a collaborative approach with policy-makers at the EU level, while leaving their more activist and confrontational strategies aimed at national governments back home.

One important difference between NGOs in the USA and EU is financing. For example, the main source of income in 1995 for the European Environmental Bureau (which, around the mid-1990s, represented 132 organizations from 24 countries, including the 15 EU member states) was over 400,000 ECUs from the European Commission (Webster, 1998). Such generous support, which goes along with privileged access to the Commission, gives environmental NGOs important advantages in the EU policy-making process.

Doh and Teegen (2002) argue that institutions and organizations are inherently evolutionary and reflexive. In effect, NGOs reflect – but also create and institutionalize – new norms in society (Hardy et al., 2003; Keck and Sikkink, 1998; Lawrence et al., 2002). As NGOs become more successful in expanding their membership and developing sophisticated networks to effect change, they become more integrated into the institutional environment in which they operate, and the more they will influence the formal institutional setting, contributing to a dynamic, co-evolutionary process. NGOs, and the broader Civil Society and community interests that they represent, clearly constitute an important and increasingly influential element of this institutional environment.

STAKEHOLDER PERSPECTIVES ON CSR IN EUROPE AND THE UNITED STATES

Research in Corporate Social Responsibility

CSR is the notion that companies are responsible not just to their shareholders, but also to other stakeholders (workers, suppliers, environmentalists, communities, etc). A sizeable number of corporate executives now take this alternate view to strategic management seriously. Their reasons range from agreeing with the concept of CSR (a progressive view of the role of business in a post-modern society) to wanting to avoid the negative publicity that may influence customers to take their business elsewhere (a view more in line with preserving shareholder value).

There is an extensive managerial literature dedicated to developing and testing models of CSR, corporate social performance (CSP), and corporate social responsiveness. Although this literature has made some progress in terms of theoretical

development, Clarkson's (1995) concern that the business and society field has been hampered by the absence of widely accepted definitions of these concepts remains a valid criticism. This lack of definition, among other problems, has inhibited empirical testing of the theories (see Wartick and Cochran (1985) and Wood (1991) for a review and critique of the evolution of CSP; see Cochran and Wood (1984), Preston and O'Bannon (1997), Griffin and Mahon (1997), McWilliams and Siegel (2000), Margolis and Walsh (2001) and Orlitzky et al. (2003) for reviews of the impact of CSR on economic performance).

Clarkson (1995) believed that the social issues concept was foreign to managers, while the notion of stakeholders was sensible and integral to their orientation, and under Clarkson's leadership, a range of stakeholder studies were conducted to test stakeholder theory and its relationship to other economic and organizational variables. Hence, we adopt the stakeholder model as an appropriate and insightful theoretical lens to understand differences in conceptions about and implementation of CSR in Europe and North America.

Stakeholder Theory

Stakeholder management is focused on those interests and actors who affect, or in turn are affected by, the corporation (Freeman, 1984). Through identification, evaluation and assessment of stakeholders and stakeholder relationships, firms can best navigate the public and private strategic environments in which they operate, and in so doing, account for the range of relationships, responsibilities, and interaction in their strategy formulation and implementation (Cummings and Doh, 2000). Stakeholder theory seeks to systematically address the question of which stakeholders do and do not deserve or require management attention through evaluation of relationships between organizations and stakeholders based on exchange transactions, power dependencies, legitimacy claims, or other claims (Mitchell et al., 1997). Stakeholders affect a company's efforts to influence and benefit from favorable public policy through the political advantage process (Cummings and Doh, 2000), and to use different types of influence strategies depending upon the nature of the stakeholder relationship (Frooman, 1999).

Mitchell et al. (1997) developed a theory of stakeholder identification and salience based on managerial assessments of stakeholders' possession of one or more of three relationship attributes: power, legitimacy, and urgency. According to Mitchell et al. (1997, p. 865), a party to a relationship has power 'to the extent it has or can gain access to coercive, utilitarian, or normative means, to impose its will in the relationship'. Legitimacy is defined as 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Mitchell et al., 1997, p. 865), while urgency is reflective of 'the degree to which stakeholder claims call for immediate attention' (Mitchell et al., 1997, p. 867).

It should be noted that not all researchers agree on the importance of stakeholders, and that stakeholder theory has been criticized on both theoretical and empirical grounds. Williamson (1993), the father of transaction cost economics, has argued that agency problems are aggravated when managers act on behalf of non-shareholder stakeholders; that is, the direct principal-agent relationship between owners and managers is distorted with the addition of other stakeholders to the equation. Specifically, Williamson and Bercovitz (1996) suggest there is no place for non-equity stakeholders on boards of directors and such constituents should be instead relegated to boards of advisors. A more frontal assault on stakeholder theory has been launched by Sternberg (1997), who suggests that stakeholder theory is intrinsically incompatible with all legitimate business objectives and undermines basic property rights and corporate responsiveness. Nonetheless, we find that stakeholder theory provides important insights into the ways in which firms and their managers interact with NGOs, governments, and other actors.

Using a range of influencing mechanisms, NGOs may be able to take advantage of their position as high-saliency stakeholders to influence corporate managers and investment funds. NGOs can develop power, urgency, and legitimacy. Specifically, we believe that the ability of NGOs and their causes to gain legitimacy is dependent in part on the institutional environment and legacy of the region or polity in which they are active.

Instrumental Stakeholder Theory, NGOs, and Institutional Variation

A number of efforts have been undertaken to integrate principles of stakeholder and agency perspectives on management (Hill and Jones, 1992) and to operationalize stakeholder concepts so that they might have instrumental value (Donaldson and Preston, 1995; Jones, 1995).

Jones (1995) attempted to offer an instrumental theory of stakeholder management by arguing that a subset of ethical principles (trust, trustworthiness, and cooperativeness) can result in significant competitive advantage. He suggests that three core assumptions in management and economics describe the relationship between the modern corporation and its environment: (1) firms have relationships, called contracts, with many stakeholders; (2) firms are run by professional managers; and (3) firms exist in markets in which competitive pressures influence behaviour but do not necessarily penalize moderately inefficient behaviour. He reviews and summarizes both agency and transactions costs perspectives on contracting, and points out the failures that can occur when key variables do not perform efficiently and in consort, as summarized above in our review of agency theory. Jones (1995, p. 412) suggests, however, that in addition to the technical solutions offered to the agency problem described above, 'there is another way to reduce opportunistic behaviour, however – the voluntary adoption of standards of behaviour that limit or eliminate it'.

Drawing new inferences from classic economic and institutional theory, Jones contends that honest, trusting, and ethical relationships result in positive reputation effects and minimize opportunism, as contracting parties interact and grow to depend on the reliable behaviour of their business partners. Importantly, this voluntary but genuine trust-building further reinforces positive responses, and serves as a constraint to opportunism. People who are honest, demonstrate personal integrity, do not lie, cheat, or steal, and honour their commitments are clearly moral in nature and are desirable partners for a large range of economic relationships.

As applied to CSR, Jones (1995, p. 435) proposes that 'certain types of corporate social performance are manifestations of attempts to establish trusting, cooperative firm/stakeholder relationships and should be positively linked to a company's financial performance. CSP would then be defined in terms of the contracting relationship rather than particular behaviour.' In Europe, such implicit contracts among corporations, governments, employees and broader societal groups has been part of the political-economy for decades, although only relatively recently has it been termed 'CSR'.

This integration of agency and stakeholder perspectives provides a valuable backdrop for evaluation of interactions among institutions, NGOs, and corporations regarding the approach and resolution of specific policy issues related to corporate responsibility. As Mitchell et al. (1997) acknowledge, the role of stakeholders is highly situational and dependent on a number of variables related to the perception of stakeholders by managers and other socially-constructed variables.

We suggest that institutional variation in Europe and North America has resulted in different perceptions of the relevance, validity, and acceptance of stakeholders into the policy-making process and development of attitudes towards and implementation of CSR. More specifically, differences in institutional environments affect the efficacy of specific stakeholders within that institutional context. Both the context and the role of stakeholders within it affect the way specific issues are evaluated, addressed, and resolved. Figure 1 presents a simplified and stylized depiction of these relationships.

These influences extend beyond traditional institutional structures and infuse the attitudes of corporate executives. For example, many Managing Directors and CEOs of European corporations frequently use the term 'stakeholder' to refer to their principle constituencies, a greater percentage of European corporations now issue corporate responsibility reports (sometimes voluntarily and sometimes to comply with new corporate reporting regulations) and participate in international codes and standards related to CSR such as the UN Global Compact (Doh and Guay, 2004), and many European firms include NGO and union representatives on their management and executive boards.

Further, these institutional differences regarding the role of corporations in society and the acceptance of non-shareholder stakeholders into the corporate

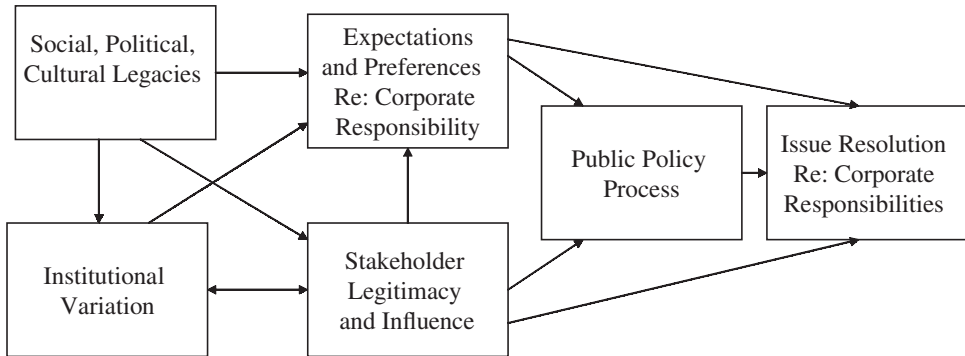


Figure 1. Stylized model of institutions, stakeholders, and corporate responsibility

policy-making process may result in individual cognitive differences among executives and policy-makers in these regions. Spar and La Mure (2003) show that in the case of some executives, a commitment to social obligations, resulting from NGO pressure, has become internalized and part of the psychology of executives themselves, even when there is no apparent economic benefit to the firm or other individual.

CSR, NGOs, AND INSTITUTIONAL VARIATION IN ACTION: THREE CASES

We have argued that institutional variations, as codified in the structure of organizations and broader institutions, manifest themselves in perceptions regarding the legitimacy of actors such as NGOs, and create differing environments for the resolution of public policy issues in which the role of corporations in society is under debate. In this section, we illustrate how differences – institutional, organizational, and individual – have played out in the discussion and resolution of three major policy issues in which corporations, government, and NGOs have interacted over the social responsibilities of corporations in modern societies. Drawing from three contemporary and high-profile public policy issues – global warming, trade in GMOs, and pricing of anti-viral pharmaceuticals in developing countries – we demonstrate how institutional differences influence structural and procedural approaches to these issues, and how this variation, in turn, influences the treatment and resolution of the specific issues.

We used an inductive approach to selection of our cases, deliberately including cases that demonstrated deviations between Europe and the USA in order to investigate whether institutional variation between the two regions may have been one source of this divergence. The cases were selected to illustrate and punctuate our theoretical development, not to serve as a formal test of the validity of that theory. This approach is consistent with a form of comparative case analysis that has been

termed 'strategic' or 'analytical' narrative (Stryker, 1996) as used in a number of studies seeking to show new applications of existing theory (e.g. McWilliams et al., 2002).

Dispute over Trade in Genetically-Modified Organisms

Disputes between Europe and the USA over real and perceived concerns about food safety demonstrate different perspectives on social responsibility and different institutional processes for settling those differences. On 13 May 2003, the USA called for World Trade Organization (WTO) consultations with the EU claiming that the EU moratorium on genetically modified (GM) products, including GMOs, was harming US farmers and stopping emerging market countries from adopting the controversial technology. On 2 July, the European Parliament passed legislation calling for explicit labelling of GM food products, a step clearly in opposition to the US position that GM products should be treated no differently than other products. Beginning in January 2004, foods containing as little as 0.9 per cent of GMO ingredients must be clearly identified with the appropriate labelling (Capell, 2003). On 18 August, country members of the WTO met in Geneva to hear the USA request for a full-blown dispute settlement proceeding regarding the EU's restrictions on the import and sale of goods produced with or containing GMOs. By the end of 2003, little headway had been made in resolving US and EU differences over GM food products.

This trade dispute is merely the culmination of a longstanding disagreement between the US and the EU over the approach to GM foods (Prakash and Kollman, 2003). Both sides claim to be concerned about public health and environmental safety. The US government and its industry supporters – mostly large industrial and bio-agricultural interests – believe that the EU is in violation of the WTO provisions requiring non-discriminatory treatment of like or similar goods. The USA has asserted that uninformed Europeans were spreading unfounded fears about GMOs (Becker, 2003). The USA believes that GMO labelling will result in segregating GM foods from non-GM foods, thereby inhibiting their attractiveness to global consumers. Further, the US government argues that the threshold of 0.9 per cent is far too restrictive. Since a final WTO ruling could take up to two years, the current litigation on GMOs is likely to hinder progress through the entire current round of multilateral trade negotiations, ostensibly termed the 'development' round.

Europe has adopted an approach based on input from various NGOs termed the 'precautionary principle', which assumes the new genetic food varieties must be proven safe before they are introduced as opposed to assumed safe unless demonstrated otherwise. The EU resistance is related to three environmental risks associated with GM crops that each raises concerns that the technology imperils agro-diversity and sustainable food production. These included concerns that:

(1) genetically engineered traits such as protection against pest predation will harm non-target species (e.g. monarch butterflies instead of corn borers); (2) through cross-pollination, wild relatives of the cultivated crop will inherit the genetically modified trait ('gene flow'); and (3) pests targeted by the genetic modification will evolve resistance to the protective feature (e.g. *Bt*), making them impervious to conventional controls and undermine other pest management efforts as well (Soule, 2003).

In the USA, a policy that stressed 'substantial equivalence' prevailed. Under this approach, the safety of foods derived by biotechnology includes a consideration of whether they represent a 'substantial equivalent' to analogous traditional products. The term 'substantial equivalence' was borrowed from the US FDA's definition of a class of new medical devices that do not differ materially from their predecessors and, thus, do not raise new regulatory concerns. The concept of substantial equivalence was applied for the first time to a GMO in the safety assessment of the Flavr Savr tomato before it went to market in 1994. Data collected revealed that the modified tomato was equivalent to the non-modified parent plant and genetically modified tomatoes were accepted under FDA rules.

As Soule (2003) points out, the disparate experience of GM technology in the USA versus the EU is directly related to different public attitudes towards food safety regulators in the two territories. Consider the variance between the underlying disposition of EU and US citizens towards GM technology during a crucial period of time: a one-year period overlapping 1996 and 1997. In April of 1996 Monsanto received EU-wide approval to import Roundup Ready[®] soybeans. In the fall of that year, as US soybean exports began to arrive in European ports, protests erupted. *Eurobarometer* surveys at the time indicated that 22 per cent of Europeans described themselves as supporters of GM food products, but 30 per cent described themselves as opponents. In contrast, 37 per cent of Americans were in support of such food products while only 13 per cent were opponents (Gaskell et al., 1999). A similar variance was found between European and American voters with respect to cultivating GM crops. Whereas 35 per cent of Europeans supported and 18 per cent opposed GM cultivation, 51 per cent of US respondents supported their cultivation while only 10 per cent opposed doing so.

The relative influence of NGOs in the EU and US explains much of the variation in policies towards GMOs. Prakash and Kollman (2003) claim that, while US regulatory politics in the environmental area is characterized by the adversarial nature of the political economy surrounding industrial regulation, US NGOs have not yet succeeded in extending these adversarial relationships to biotechnology policy-making. They cite a lack of news-grabbing biotechnology accidents that would create political space for NGOs to redefine the policy problem, failure to use aggressively the judicial system, and a very favourable regulatory climate for

the biotech industry as the main reasons why NGOs have been sidelined in the USA.

The situation in Europe is very different. From an institutional perspective, the EU has come to play a dominant role in most areas of its member states' domestic environmental regulation. The 1986 Single European Act granted the EU the legal competency to pass environmental legislation. The European Parliament has been given co-operation and co-decision procedures in an increasing number of policy areas (including environmental policy) as a result of the EU treaties over the past 15 years. The Parliament has used these powers to increase the stringency of a number of the Commission's initial proposals in the environmental area, including those pertaining to the regulation of biotechnology.

In the case of GMO regulation, 'the EU has become the locus of legislative activity although some member states have chosen to adopt additional regulation' (Prakash and Kollman, 2003, p. 622). Although different views towards the cultural importance of agriculture and a larger number of food safety problems in Europe can explain part of the variation in US and EU policy towards GMOs, NGOs (in the form of consumer and environmental groups) played instrumental roles in shaping European public opinion and, consequently, EU and national level policies on GMOs. Bonardi and Keim (2005) contend that NGOs such as ATTAC, Greenpeace, and Friends of the Earth disseminated information raising fears among voters about food safety and quality. Saliency of the issue grew and voters' opinions coalesced around opposition to GM foods, pushing European politicians to block the entry of these foods often marketed by American firms. Monsanto's 2003 decision to pull out of the cereal business in Europe is a consequence of NGO activism. Hence, as a result of institutional legacies, and interactions with NGOs and other interest groups, Europeans and Americans have formed very different perspectives on the role of GMOs, and these different perceptions have directly influenced government policy.

Relaxation of Intellectual Property Protection for HIV/AIDS Medications

European and US citizens and policy-makers also took a different approach to the problems of HIV/AIDS in South Africa, and the rights and responsibilities of governments, pharmaceutical companies, and other stakeholders in making expensive anti-viral medications available to the many sufferers of HIV/AIDS. HIV/AIDS was the number one cause of death among infectious and parasitic diseases in 2001. Around 10.5 million people died of infectious and parasitic diseases around the world compared with about 33 million that succumbed to non-communicable conditions like cancer (6.9 million) and heart disease (16.7 million) (Vachani and Smith, 2004). Although HIV had scaled the species barrier from

chimpanzees to humans 70 years ago, the extent of its threat was not evident until the 1980s. Between 1980 and 2000, however, it had killed 20 million people.

In December 2002, the Bush Administration, under heavy lobbying from the pharmaceutical industry, blocked a WTO proposal that would have relaxed the intellectual property provisions of the WTO to make generic or low-cost anti-viral drugs available to developing countries facing epidemics or other health emergencies such as those associated with HIV and AIDS. Earlier, the Clinton Administration had placed South Africa on its Section 301 'watch' list for failure to protect intellectual property, even though the country faced an AIDS crisis that was killing thousands of its citizens annually.

The US opposition to the agreement was based largely on the view of the US pharmaceutical industry that strong intellectual property protection is the key to scientific, technological, and economic progress and the *sine qua non* of a vibrant and innovative pharmaceutical industry. According to the US industry, without such protection, far fewer drugs would be developed, fewer generic copies would be manufactured, and the flow of medicines to the public would be greatly slowed – to the detriment of patients, public health, and economic development throughout the world. Although the industry association representing the pharma companies – the pharmaceutical research and manufacturers association (Phrma) – wielded great influence with administrations of both parties, there was no counterpart public health entity to counter this influence, and so the companies dominated the public policy debate. It was only after protesters disrupted a campaign stop of Al Gore during the 2000 Presidential election that the Clinton Administration re-examined its policies.

In Europe, there was broader agreement among governments, pharma companies, and the broader society that intellectual property protection – while important – should not be used to restrict access to medicines for populations suffering from ravaging diseases. For example, on 11 January 2001, the new CEO of the recently merged GlaxoSmithKline (GSK), Jean-Pierre Garnier, made his first in-house speech broadcast by satellite to employees around the world. Describing his aspirations for the company, Garnier said: 'The pharmaceutical industry today sells 80 per cent of its products to 20 per cent of the world's population. I don't want to be the CEO of a company that only caters to the rich . . . I want those medicines in the hands of many more people who need them' (Duncan, 2003). Garnier had developed this perspective partly as a consequence of ongoing and intensive interactions with one of the principal NGOs – Doctors without Borders – that had initially targeted and then initiated an ongoing dialogue with GSK.

In Europe, the EU and national government institutions, along with corporations and executives with a specific economic interest, had developed a respect for the legitimacy of NGO stakeholder interests that went beyond those in North America. Europeans were much sooner to recognize and respond to NGO and civil society pressures to relax intellectual property rights rules in order to address

the health crisis in the developing world. By contrast, US policy was based primarily on industry interests, and NGOs were rarely involved in the policy formulation or implementation.

In August 2003, the USA and other WTO members finally announced that they had reached a solution to streamline the supply of disease-fighting medications to poor countries. As part of the compromise deal, the USA has agreed to accept compulsory licensing only if it would be used for 'genuine health reasons' and not for commercial advantage. Some international NGOs such as Oxfam withheld their support pending an evaluation of implementation of the deal on the ground. The day after the agreement was announced, the government of Brazil announced it would publish a decree to authorize imports of generic versions of patented AIDS drugs. Reflecting continued pressure by US industry interests, former US trade official Jon Huenemann remarked, 'They're playing with fire . . . The sensitivities of this are obvious and we're right on the edge here' (Jordan, 2003). In the resolution of this issue, and the evolving perspectives of European and US corporate executives and government policy-makers, we see how different institutional legacies, conceptions of what constitutes legitimate stakeholders, and MNC strategies, resulted in different approaches and outcomes.

The Kyoto Agreement on Climate Change

European and US citizens, representative stakeholders, and policy-makers also approached a global environmental agreement with a very different set of ideas regarding the obligations of governments and corporations to make firm commitments to improving the global environment. The institutional structure of the EU is an important reason why Europe is often regarded as 'greener' than the USA. In the 1970s and 1980s, countries with strong environmental lobby groups (such as Denmark, the Netherlands, and Germany) brought their environmental concerns up to the EU level. According to Sbragia (2000), the institutional machinery of the EU allowed those governments that adopted comparatively stringent regulatory regimes at home to 'pull' along those member states with national regulatory regimes that were more lax and undeveloped. In addition, DGXI (the Commission unit responsible for environmental policy) is generally considered to be more open to outside input than any other Commission service. In addition, NGOs have become more visible to Members of the European Parliament, as that body has gained powers. Peterson and Bomberg (1999, p. 195) suggest that "green" advocacy coalitions can seize control of policy networks which cohere temporarily, using them to exploit fleeting, but favourable political circumstances or policy windows and achieve unexpected results'.

The 1997 Kyoto Protocol aimed to reduce the level of greenhouse gas emissions, which are widely regarded as a major contributor to global warming. Signatories from developed countries, including the USA and EU, agreed to cut

greenhouse gas emissions by 5.2 per cent from 1990 to 2010 (specifically, by 7 per cent in the USA and 8 per cent among EU countries). Seven years later, a number of countries – most notably the USA – have failed or refused to ratify the Kyoto Protocol. While Europe has been the leading advocate for addressing global warming at the international level, the European Commission has found it difficult to obtain exclusive EU negotiating competence in the international negotiations. Nevertheless, the Commission plays an important role in setting the tone for the debate at the EU level, especially in the area of taxation and tradable carbon dioxide permits (Boyd, 2002).

The Climate Action Network (CAN), which represents more than 250 NGOs worldwide, was very active in the climate change negotiations. CAN used a strategy of ‘isolate and embarrass’ in the corridors to polarize the positions of the USA and EU (Long et al., 2002). Thus, the EU was pushed into alliance with the G77, a coalition of developing countries that felt that emissions reductions (at least for the time being) should be made primarily by developed countries. EU member states agreed amongst themselves to a reduction target of 10 per cent, and the Commission published a document showing the EU could cut carbon dioxide emissions by 17 per cent in a cost-effective way. In the end, the EU proposed a reduction of 15 per cent, knowing that the USA, Japan, and other countries would seek far lower cuts (in the 0–2 per cent range). Environmental NGOs confronted governments and the Commission with their own research on climate change, and warned them not to cave into pressure from the USA and others, resulting in the emissions cuts described above.

Long et al. (2002) argue that European industries now broadly back the EU approach for domestic action (e.g. national carbon and energy taxes or incentives for renewable energy resources) first, while US companies prefer planting trees and buying emission credits in Russia or receiving credits for forest conservation in the Amazon basin. More significantly, they contend that some US NGOs are also following this official government line, resulting in a distinctive split between the major global NGOs (Friends of the Earth, Greenpeace, World Wide Fund for Nature) and some US NGOs (such as Environmental Defense).

In general, though, ‘relationships between [European environmental groups] are collaborative and well co-ordinated, with an unwritten agreement to divide their resources such that each specializes on particular environmental issues most central to their own remit’ (Greenwood, 1997, p. 185). Coordination is particularly good between the European Environmental Bureau, Friends of the Earth, World Wide Fund for Nature, and Greenpeace. Consequently, European NGOs were successful in persuading national governments to consider seriously the implications of climate change, and the EU to adopt a common position with which to enter international negotiations. The US position, on the other hand, was more heavily influenced by industrial and economic concerns, with much less influence from environmental NGOs.

Table I. Institutional differences, CSR, NGO activism, and positions on three cases

	<i>European perspectives and decisions</i>	<i>US perspectives and decisions</i>
Dispute over trade in genetically-modified organisms	<ul style="list-style-type: none"> • 'Precautionary' principle • EU banned new products in 1998 after members states took actions; subsequently initiated labelling proposal • Recent industry (Monsanto) decision to cease GMO production in response to market pressure in Europe 	<ul style="list-style-type: none"> • Principle of 'substantial equivalence' and faith in scientific solutions to food production • No legal limits on use of GMOs • Resistance to labelling proposals
Relaxation of IPR for HIV/AIDS medications	<ul style="list-style-type: none"> • Initially opposed by pharma companies (GSK and others) but subsequently changed position in light of NGO/government views • NGO pressure and popular sentiment shifted institutions in support of a change 	<ul style="list-style-type: none"> • Pharma companies opposed individually and via <i>Pharma</i> trade association; US government backed position until bitter end • NGOs supported change, but were not able to influence US position
The Kyoto Agreement on Climate Change	<ul style="list-style-type: none"> • Strong support throughout negotiations; considerable NGO/civil society support • Emphasis on concrete targets for emissions reductions and firm dates to achieve them • Attempted to bridge differences between USA and developing countries 	<ul style="list-style-type: none"> • Lukewarm support throughout negotiations; considerable industry opposition • Emphasis on 'market based' solutions (e.g. tradable rights) as opposed to firm targets • Little support for position of developing countries

CONCLUSIONS, LIMITATIONS, AND IMPLICATIONS

CSR suggests that companies have responsibilities beyond those of their shareholders to include those of other stakeholders (employees, suppliers, environmentalists, communities, etc) and the broader society in which they operate. Evidence that CSR and economic performance are not mutually exclusive, and can even be complementary, bolsters the case that firms can 'do well while doing good'. Yet, institutional differences between Europe and the USA appear to influence how CSR issues are resolved in specific public policy settings. We contend that the structures of political institutions and the strategies of interest groups are important factors in explaining the impact of NGOs on decision-making and preference formation. Table I summarizes some of our key findings related to how these differences manifest themselves in the perspectives and decisions regarding these three cases in Europe and the USA.

Institutional Variation and Effectiveness of NGO Activism on CSR

Our cases all appear to point to institutional differences as one source of variation in the dynamic interactions among NGOs, corporations, and governments in resolving issues related to CSR. In this regard, our findings contribute to the literature on the influence of NGOs in the EU. For example, Imig and Tarrow (2001a) suggest that NGOs and other protest movements usually protest domestically against EU policies. We concluded from the three cases that NGOs employed a multi-level strategy that sought to influence EU institutions, national policy-makers, and business groups.

We deliberately chose our cases to illustrate cross-national variation, and so it is possible that one or more of the issues we described are exceptional. For example, Imig and Tarrow (2001b, p. 30) suggest that the anti-GM campaign may have attracted so much attention because it was unusual. Specifically, it was 'unknown and full of potential risks yet potential promise; there was an identifiable villain – vast foreign multinational corporations, apparently hand-in-glove with the world's one remaining superpower; there were heroes, ranging from small farmers unable to fight on their own to frightened consumer groups and skilled transnational campaigners like Greenpeace and Friends of the Earth; and there was an available target – an EU splintered between a technocratic Commission, a divided Council, and a Parliament searching for an identity and a role as democratic tribune.' Yet, we find that the other issues we considered included similar elements, perhaps suggesting that the way NGOs and other groups were able to frame the debate and use multiple access points across sectors and interests was more decisive than the characteristics of the issues themselves.

For example, NGOs used economic arguments to present the costs and benefits of cheaper drugs and reduction of greenhouse gases. They focused on and personified easily recognizable targets in the business sphere (the pharmaceutical industry and automobile and energy sectors) and political realm (the USA). They portrayed an image of crusading health and environmental activists, and sought numerous opportunities for influencing EU-level actors as well as public opinion generally. In sum, European NGOs used multiple points of access across institutions and nations, and the progression from street protest to institutional policy change was more synchronous and effective, reflecting an institutional setting more receptive to arguments and tactics of non-governmental advocacy.

In addition, our comparison between the USA and Europe is at somewhat different levels of analysis. In Europe, we are focused on EU-wide policy and its interaction with national perspectives. In the USA, our analysis is based primarily on national policy and, to some extent, its interaction with subcentral institutions. Given that our principal concern is to highlight how institutional legacies affect the ways in which civil society and NGOs interact with governments, rather than

the structural and procedural elements of government itself, this level of analysis discrepancy should not substantially alter our findings.

Transnational Social Movements, NGOs, and CSR

The three cases presented here were chosen, in part, because NGOs have played different roles in the US and EU policy-making process, and in part because they are often cited as examples of the diverging interests of the USA and EU. How successful have NGOs been in advancing these issues across the Atlantic to develop transnational coalitions and bring successes on one continent to the other? In *Bringing Transnational Relations Back In*, Risse-Kappen (1995, p. 5) poses the question: 'Under what domestic and international conditions do transnational coalitions and actors who attempt to change policy outcomes in a specific issue-area succeed or fail to achieve their goals?'. Pollack and Shaffer (2001) summarize the answer provided by Risse-Kappen and his co-authors as the effectiveness of transnational coalitions depends on the domestic structure of the 'target state', which may facilitate or hinder NGO access to the domestic policy and the ability to build 'winning coalitions' within that polity, and international institutions, which can spur the formation of transnational coalitions and legitimate their efforts to change policy. In our analysis, we focus on multinational social movements, often organized and led by NGOs, as the relevant 'transnational coalitions and actors'. Our three case studies exhibit the potential for transnational coalition-building, and each centres on an issue-area that is pertinent, contentious, and highly public in both the USA and EU.

In their examination of the relative influence of business, labour, and civil society (including NGOs) in US–EU economic relations, Pollack and Shaffer (2001) conclude that transatlantic dialogues are segmented by sector, and their levels of activity and influence are uneven. Wapner (1997) argues that, while NGOs lobby governments and international organizations, they also participate directly in the process of global governance by, for example, shaping the way public issues are addressed. While there is a Transatlantic Environment Dialogue (TAED), it suffers from a number of disagreements among US and European environmental NGOs (Bignami and Charnovitz, 2001). For example, European NGOs want more government involvement than do US NGOs, in part because they believe that the European Commission desires to substantively incorporate environmental policies and NGO views into the EU agenda. One important benefit of the TAED is that the dialogue provides regular access to government representatives (often subcabinet officials from the USA and senior career officials from the Commission), including officials from the 'other' government.

The Transatlantic Consumer Dialogue (TACD) has suffered from similar problems (Bignami and Charnovitz, 2001). Mobilization for US consumer groups was

more difficult than for their European counterparts, who have a long history of working together on trade-related issues. Additionally, many US consumer groups mistrusted the TACD because it was government funded and sponsored. Europe has a long tradition of government sponsorship of consumer activism, and consumer representation is institutionalized through special advisory committees. In the USA, the relationship between consumer groups and the government is more adversarial. While the TACD has achieved consensus among its members in some policy areas, including the labelling of GM foods, its ability to persuade US and EU politicians to agree has been disappointing. Our findings are similar to those of Pollack and Shaffer (2001), who conclude that there is little evidence to support the notion of a transatlantic civil society participating directly in international governance, across national borders, and independent of governments. In the cases we have studied, NGOs have strived principally to influence governments on one side of the Atlantic only. When they have worked across national borders, it has been among EU member countries.

Despite the mixed record of transnational cooperation, globalization and its many reverberations would appear to suggest some convergence in the institutional environment for policy-making and in the specific strategies and tactics of NGOs. Although US–EU practices are currently in a period of differentiation and departure, it would seem logical to expect a return to greater similarity.

Future Research and Implications for Practice

CSR appears to be a growing area for both companies and managerial researchers. We believe understanding the institutional differences between geographic regions helps shed light on the perceptions of CSR, how policy issues relating to corporate responsibility are resolved, and which stakeholders are viewed as legitimate actors in the resolution of these issues.

CSR researchers should consider incorporating institutional variables into models that attempt to evaluate how CSR affects corporate performance (e.g. Griffin and Mahon, 1997; Margolis and Walsh, 2001; Orlitzky et al., 2003) and more broadly, the efficacy of CSR as a theoretically-grounded area of study (e.g. Wartick and Cochran, 1985; Wood, 1991). Cross-national differences in this linkage would also be ripe for analysis. Recent scandals in both the USA and EU involving corporate governance and the absence of board independence would be one useful context in which to empirically evaluate the differences we have identified. Other research could focus more explicitly on the dynamic interactions – ‘coevolution’ – of changes in different regions to chart how progression in one region affects the other, leading to potential interaction effects. We have suggested that NGOs serve as organizations that both reflect and influence the formal and informal institutions of a given environment (North, 1991, 1994). Our analysis would suggest that the role of NGOs has evolved from one of outside influences

to organizations that are inextricably woven into the fabric of their institutional environment. Further exploration of how – and how fast – such a transformation takes place would be a logical extension of our work.

Further, as multinational corporations confront NGO activism in the range of countries around the world in which they operate, they would be wise to develop an appreciation of the institutional context in which this activism was initiated, and the ways in which institutional environments will affect the ability of activists to influence specific public policy issues affecting firms. Although we have chosen to focus on broad issues in which multiple companies, governments, and NGOs were involved, there have been numerous examples in recent years in which individual firms misjudged the impact of NGO activism with severe consequences for their reputation and economic performance. Put more positively, effective stakeholder management can yield economic and social benefits. Hillman and Keim (2001) tested the relationship between shareholder value, stakeholder management, and social issue participation. Building better relations with primary stakeholders like employees, customers, suppliers, and communities can lead to increased shareholder wealth by helping firms develop valuable intangible assets, which can be sources of competitive advantage. Even when firms misjudge the institutional environment and potential impact of NGO activism, they may be able to learn from that experience and use it to develop more effective strategies for the future.

In Europe, Shell faced a crisis in 1995 when it became the target of a broad campaign involving NGOs and governments (both national and EU) over two controversial issues: (1) a huge outcry forced it to abandon its plans to sink an old oil rig – the Brent Spar – in the North Atlantic; and (2) widespread criticism for remaining neutral while the Nigerian government executed Ken Saro-Wiwa and other social justice activists who had started a campaign against Shell and other oil and gas companies in Nigeria. Phillip Watts, Shell's chief executive, recently acknowledged that in the past the company had attempted to avoid or deflect criticism from NGOs. Today, by contrast, he said, 'it's engagement, engagement, engagement' (Becker, 2003). Although less intense, in the USA, companies also have become the targets of criticism over their lack of social responsibility. Chiquita declared bankruptcy in 2001 after it was the subject of lawsuits and other negative reactions to its reputation as a cold, uncaring, indifferent company with mediocre returns, a lack of innovation, and a demoralized workforce. Chiquita has now engineered the beginnings of a turnaround, focusing especially on efforts to redirect and redefine its reputation through a more open and transparent approach to its global operations, active engagement with a wide range of stakeholders, substantially reformed labour practices, and an active commitment to sustainable development and community action. These efforts to use CSR as part of a concerted strategy to restore formerly tarnished reputations suggest that some companies are already identifying the role CSR can play in preempting and man-

aging public and NGO pressure and criticism, although the institutional variations associated with these strategies have not been fully explored.

For NGOs, our discussion suggests that strategies should be carefully crafted and synchronized to the particular issues environment. There may be opportunities to use multiple influence strategies within a particular environment – grass roots citizen campaigns, lobbying, public affairs, direct engagement with corporations – and other mechanisms. Despite the stark differences in the process and outcome in Europe and North America, there may yet be opportunities to learn and pattern from one to the other. Such mimetic behaviour may itself lead to greater similarity and convergence as proposed above.

A clearer understanding of how institutional differences influence public policy-making generally, and the role and impact of NGOs and other stakeholders in particular, could help both corporate executives and government officials develop more informed and realistic approaches to the vexing challenges they face within and across geographic regions. We believe that despite some evidence of convergence, institutional differences among regions over the relevance and legitimacy of various stakeholders will continue to influence the public policy process, as well as the manner in which corporations and their responsibilities to society are discussed, debated, and ultimately determined.

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