

THE POWER TO INFLUENCE: FIRM RESPONSIVENESS TO STAKEHOLDER NETWORKS

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Corporate Social Performance

“a business organization’s configuration of principles of social responsibility, processes of social responsiveness, policies, programs, and observable outcomes as they relate to the firm’s societal relationships” (Wood, 1991: 693)

- **\$15.2 billion per year spent by Fortune Global 500 companies.**
- **93% of global CEOs consider social and environmental sustainability important for organizational success.**
- **51% of CFOs & 56% of investment professionals believe Environmental, Social and Governance (ESG) programs add shareholder value.**

Heterogeneity in Corporate Social Performance (CSP)

Comparative Research

Institutions



CSP Heterogeneity

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CSP Heterogeneity

Domestic Context

Stakeholders



CSP Heterogeneity

Heterogeneity in Corporate Social Performance (CSP)

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+ Stakeholders



CSP Heterogeneity



Domestic Context

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CSP Heterogeneity

Relational Perspective on Stakeholder Salience

- **Past Research: CSP & stakeholder link made via egocentric perspective.**
- **Our approach: Sociometric (whole) network perspective on stakeholder salience and influence.**

Research Question:

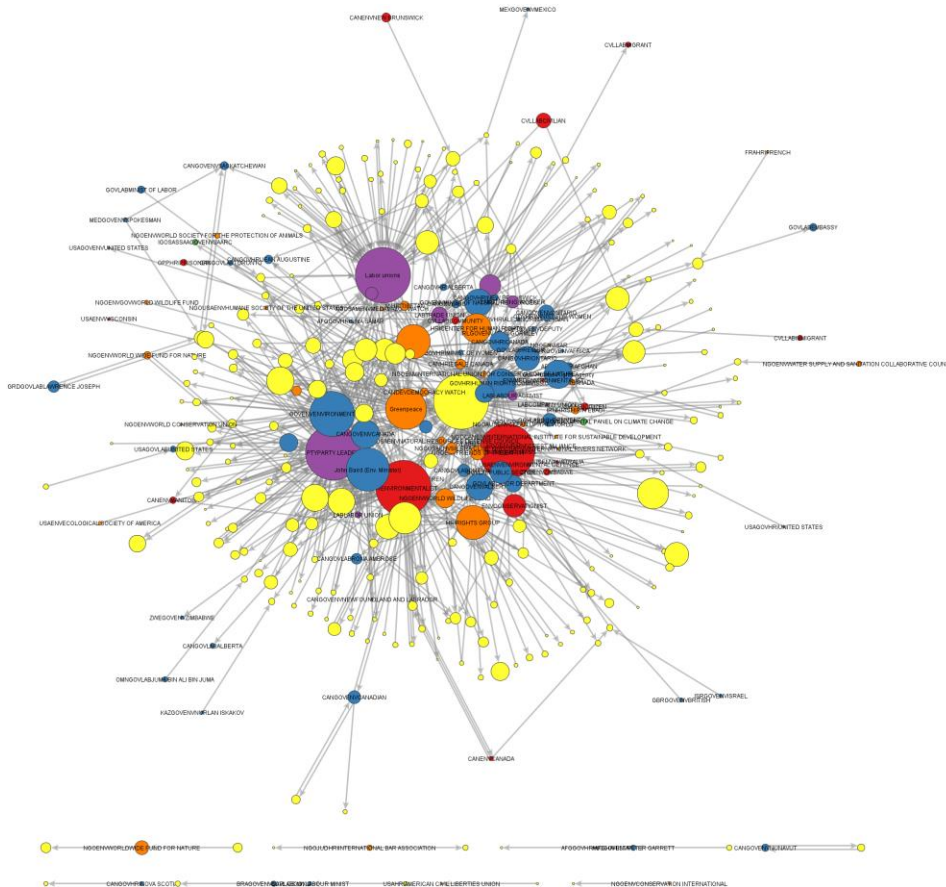
How does the position and ties of environmental, labor, and human rights stakeholders in country networks influence corporate social performance?

Country & Stakeholder Networks

>350 million media reported events from around the world

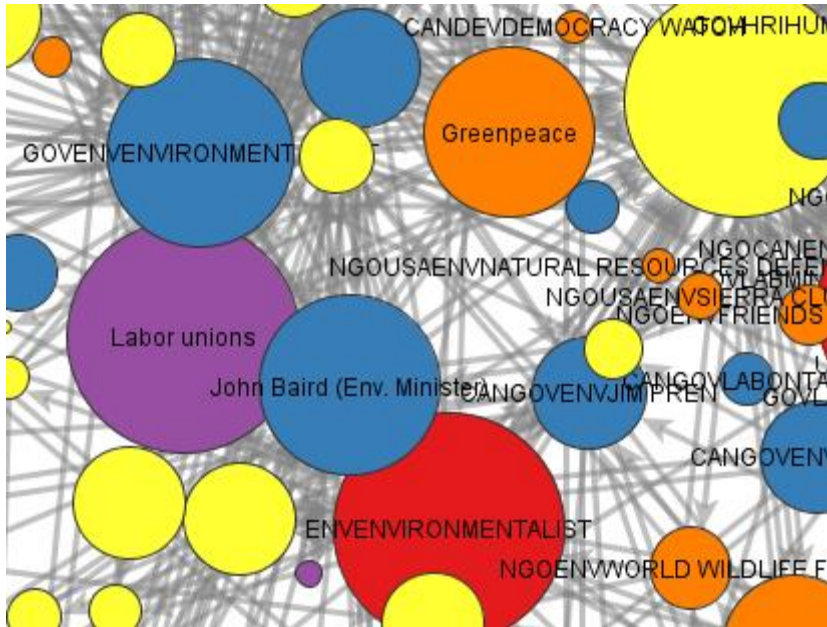
Nodes: individual (e.g. Minister of Labor), organization (e.g. Starbucks, Greenpeace), other groups/individuals identified by role (e.g. students, conservationists, villagers)

Ties: a media reported interaction between two actors (e.g. provide aid, meet, appeal for cooperation, protest)



Canada, 2008

Stakeholder Networks

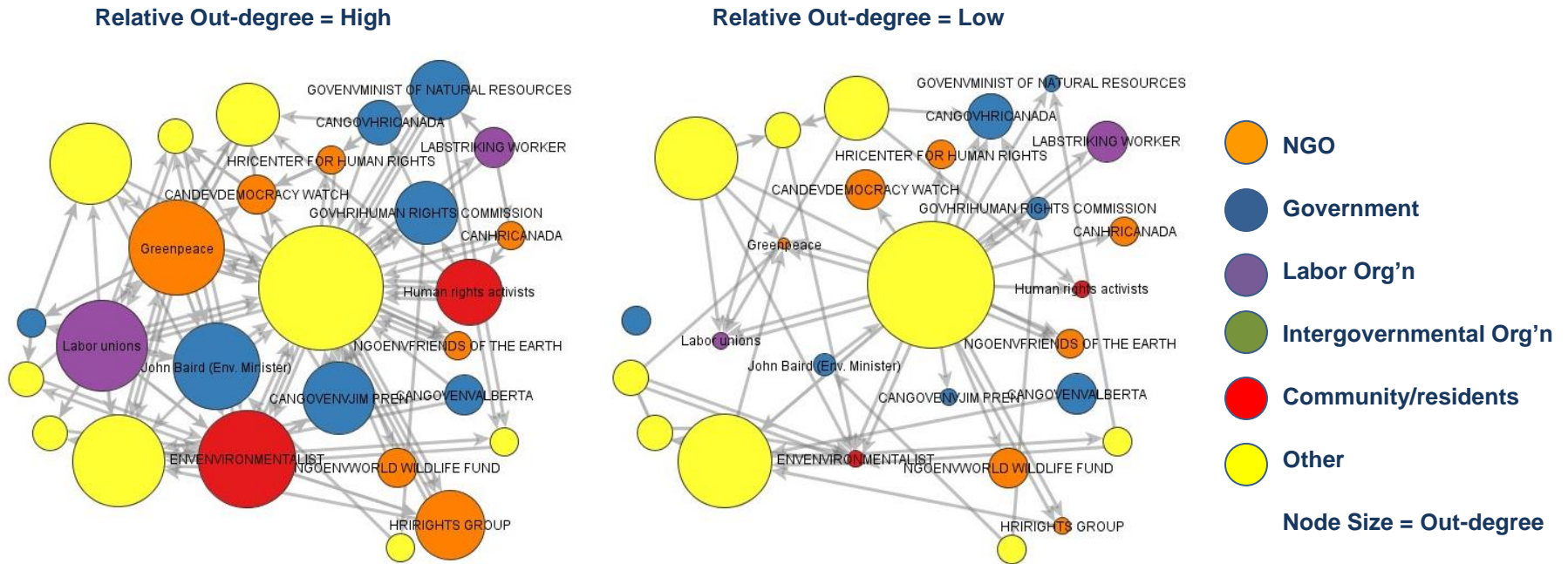


- **NGO**
 - **Government**
 - **Labor organization**
 - **Intergovernmental organization**
 - **Community/residents**
 - **Other**
- Node Size = # of media mentions**

Canada, 2008

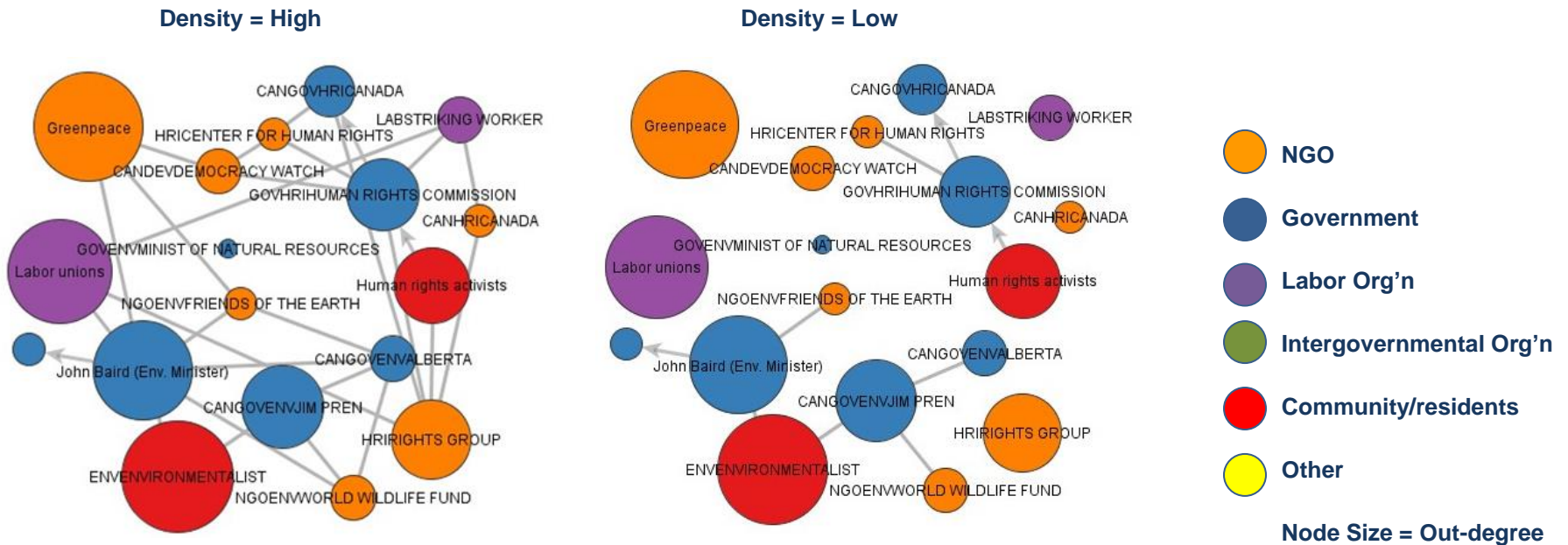
H1: Out-degree in country

H1: Corporate social performance increases in the out-degree of stakeholders in the country network (Knoke, 1990; Knoke et al., 1996; Blyler and Coff, 2003).



H2: Density of stakeholder cooperative ties

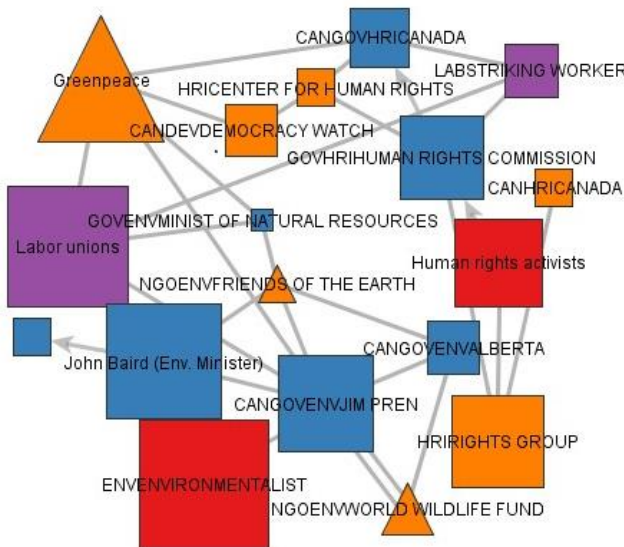
H2: Corporate social performance increases in the density of cooperative ties in the stakeholder network (Keck & Sikkink, 1999; Larson and Soule, 2009).



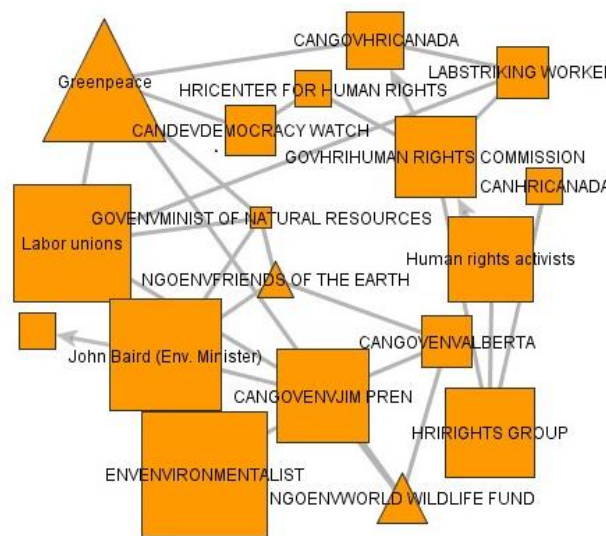
H3: Heterogeneity of stakeholders

H3: Corporate social performance increases in the heterogeneity of stakeholders in the stakeholder network (Marwell, Oliver & Prael, 1988; Baumgartner & Mahoney, 2003; Henisz & Zelner, 2005).

Heterogeneity = High



Heterogeneity = Low



- NGO
- Government
- Labor Org'n
- Community/residents
- Domestic
- International
- Node Size = Out-degree

Preliminary Results

DV: Corporate Social Performance

Country Network

H1: Stakeholder out-degree (+)	2.026*** (0.390)	1.417*** (0.400)	1.644*** (0.400)	1.644* (0.704)
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Stakeholder Network

H2: Density of cooperative ties (+)	-0.124 (0.0823)	-0.137 (0.0817)	-0.113 (0.0816)	-0.113 (0.115)
H3: Heterogeneity of Stakeholders (+)	1.120* (0.543)	1.649** (0.534)	1.617** (0.531)	1.617* (0.767)

Fixed Effects 1	<i>Year</i>	<i>Year</i>	<i>Year</i>	<i>Year</i>
Fixed Effects 2	<i>Industry</i>	<i>Industry</i>	<i>Firm</i>	<i>Firm</i>
Fixed Effects 3	<i>n.a.</i>	<i>Country</i>	<i>n.a.</i>	<i>n.a.</i>
SE clustered @ Firm	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>NO</i>
SE clustered @ Country	<i>NO</i>	<i>NO</i>	<i>NO</i>	<i>YES</i>

OLS, standard errors in parentheses; *** p<0.001, ** p<0.01, * p<0.05, constant & control variables not shown

Conclusion

- Stakeholders matter for CSP heterogeneity across countries:
 - Relative prevalence in country network;
 - Heterogeneity of stakeholder network.
- Whole network perspective takes account of inter-stakeholder interactions.
- Media reported event databases (e.g. GDELT) offer great research opportunities.

