Corporate Social Action Patterns in Contrasting Market Settings

Ali Quazi, Robert Rugimbana, Siva Muthaly & Byron Keating

Abstract

This paper presents the results of a survey of Australian and Bangladeshi corporate managers’ response patterns in the food and textile sectors to increasing demands for improved corporate social performances. Based on an analysis of six internal and external decision areas using Analysis of Variance (ANOVA), significant differences were found in corporate action between countries and within selected industries. Australian managers were more likely to act on the internal marketing decision areas (product, price, distribution and communication), Bangladeshi managers tended to act on external environmental decision areas. The strategic implications of these findings are that macro- and micro-environmental variables and government and business capabilities in diverse settings significantly influence managerial actions on social responsibility pressures.

Keywords: Corporate Social Responsibility, Corporate Social Marketing Action, Cross-Cultural Marketing, Corporate Environmentalism, Comparative Marketing Ethics

1. Introduction

Academic debate on corporate social responsibility (here referred to as CSR), has centred around the question of whether corporations have any more responsibility to society, other than providing services or supplying products at a profit. Professor Milton Friedman (1970) triggered the debate over three decades ago by arguing against the involvement of business in social responsibility practices, labelling such practices as fundamentally subversive. One of his most controversial works was an essay titled “The social responsibility of business is to increase its profit” (Friedman, 1970), in which he made the following argument:

There is a very real social responsibility (of businesses), and that is to make as much money as they can subject to staying within the law and within the appropriate ethical standard ... because that will best serve consumers (Friedman, 1989, p. 14).

Friedman (1970, 1989) argued that the expectation of any wider social responsibility from a business executive is unfair, undemocratic, unwise, a violation of trust, and basically futile. Other authors, such as Gaski (1985, p. 42), have presented arguments consistent with Friedman’s position:

...the view that marketing has a greater social responsibility than just satisfying customers at a profit, is an erroneous and counterproductive idea. For marketers to serve the best interests of society is not only undemocratic but also dangerous ...

He contended that while government officials are responsible for making decisions that further the interests of their constituents, business executives do not qualify for this responsibility. Further, he argued that managers are neither empowered nor have the required expertise to determine what the public interest is, other than satisfying customers at a profit. It is, therefore, both an undemocratic and a dangerous step for marketers to extend themselves beyond their area of principal expertise.

Thus, the traditional view of CSR assumes that corporations are exclusively economic institutions directed towards protecting stockholder interests, and places less emphasis on satisfying wider societal (stakeholder) needs. This position contrasts with the
emerging emphasis in the social sciences, and marketing in particular, for corporations to adopt a more significant societal role. This new role posits that corporations are the most powerful institutions in society, enabling them to serve the greater interests of society while at the same time maximising profit. The underlying argument is that firms will achieve long-term financial benefits by caring for societal welfare. A number of authors and organisations endorse this emerging view by supporting the case for wider corporate social action (Drucker, 1984; Mulligan, 1986; Shaw, 1988; Samli, 1992; Sen, 1997; Polonsky, Suchard & Scott, 1997; Quazi & O’Brien, 2000; Cattaui, 2001).

The current CSR literature suggests that the obligations, duties and responsibilities of societies and corporations are determined by the terms of a social contract, which is subject to change from time to time, depending on the changing expectations of society. Several authors have argued that the terms of the social contract are themselves undergoing a fundamental change, seeking to increase corporate social responsibility (Dunfee, Smith & Ross, 1999; Donaldson & Dunfee, 1999). The emerging literature also suggests a broad-based consensus among social and business theorists on this fundamental shift in attitudes and values. These include a greater emphasis on quality rather than quantity, a change from profligate use of resources to conservation, from more government regulation to responsible self-regulation, and from mastery over nature to existing in harmony with it (Steiner & Steiner, 1997).

It has been argued that if corporations choose to address the emerging social demands, in areas such as pollution control for example, the increased costs associated with compliance can be overcome by the development of alternative strategies based on innovation (Porter & Van der Linde, 1995). Responding to social demand could therefore generate a unique competitive advantage that could be profitable in the long run. Several researchers have reported a positive relationship between CSR and profitability (Simpson & Kohers, 2002; McWilliams & Siegel, 2000; Froman, 1997; Waddock & Graves, 1997; Posnikoff, 1997; Stanwick & Stanwick, 1998).

The foregoing discussions indicate that a society’s economic, social and regulatory environment could be expected to affect the actions taken by managers in response to social responsibility concerns. Whilst there is widespread belief that differences in business behaviour in developed and developing countries would arise in response to social pressure (Quazi, 2002, 1993; Steiner & Steiner, 1997; Kaynak & Wickstrom, 1985; Kaynak, 1981), there is very little empirical evidence that tests this proposition. In addition, the setting for the two industries concerned (food and textiles) in Australia and Bangladesh, would be expected to have an impact on marketing and managerial actions taken, in response to social responsibility concerns.

The aim of this paper, therefore, was to examine the impact of the macro-environment variables of a country and industry on the action taken by managers in regard to social responsibility in the selected managerial decision areas. To this end the study sought to:

1. assess the differences in the pattern and extent of actions taken by managers in the countries selected.

2. examine the differences across national industries in terms of managerial decisions in the identified areas of social action of firms.

2. Review of the Literature

The question of whether corporations would behave in a similar fashion despite differing cultural environments (socio-economic, political and legal structures) has been raised in the CSR literature. In reference to thoughts on contemporary social contracts, some authors suggest that, in industrially advanced countries, corporations are likely to take greater responsibility than their counterparts in the developing world. This perspective is based largely on the belief that market conditions favouring the buyer, high competition, and strict regulatory frameworks, act as an incentive for firms in the developed world to behave in a socially responsible manner (Sriram & Manu, 2002).

A complementary position suggests that due to differing priorities in less developed nations, businesses are under far less pressure to adopt CSR (Khan & Atkinson, 1987; Negandhi & Prasad 1971). For instance, since economic growth is thought to be the main concern for less developed countries, business is perceived to have more impact in the economic sphere than in the social domain. This view is strengthened by the belief that in less developed societies, businesses are a key institution for the creation of employment that is considered vital for the survival of people in those societies (Steiner & Steiner, 1997; Austin, 1990; Khan & Atkinson, 1987; Teoh & Thong, 1984; Kaynak, 1981).

Unlike their industrially advanced counterparts, developing societies seem more ready to tolerate some negative by-products of development for the sake of
economic growth. As such, they are considered less critical of the potentially negative role of business in society, tending to appreciate their economic significance (Hudson, Oqbeeui & Kochunny, 1995). The social responsibility role of business in a developing country is asserted to change, depending on the firm’s stage of economic development. This is reflected in an observation made by Khan (1985, p. 91) in a comparative study of corporate social responsibility in the U.K. and India, who notes that:

*The relevance of social responsibility to the problems and aims of a developing society like ours is viewed differently ... consequently matters such as social justice or social accountability should wait until there is further economic growth and more wealth created; and that too much concern with these matters at the initial stage of economic development would only result in arresting the process of growth.*

Khan argues that a cross cultural comparison of managerial attitudes and actions in different societies, characterised by varying socio-economic, cultural and political environments, and market settings, will contribute to a greater understanding of the true nature of business response and interaction with societal expectations.

3. Previous Empirical Research

A number of empirical studies have examined various aspects of CSR, mostly in reference to the western world. Some studies have found a positive relationship between social performance and profitability (Simpson & Kohers, 2002; McWilliams & Siegel, 2000; Frooman, 1997; Waddock & Graves, 1997), while others have found multiple dimensions in the corporate perception of CSR in regard to the changing management emphasis toward ‘benefit driven social responsibility’ (Quazi & O’Brien, 2000).

Additional studies have found that company size (Stanwick & Stanwick, 1998; Fombrun & Shanley, 1990; Lee, 1987; Aupperle et al. 1985; Ullman, 1985), product orientation, and environmental function (Labatt, 1997) are important determinants of corporate social performance. Further, some studies have revealed a statistically significant relationship between corporate commitment to CSR, and macro-environmental factors (including the cross-cultural context) in which businesses operate (Quazi & Cook, 1996).

In a comparative study of attitudes of British and Indian managers, Khan and Atkinson (1987) found strong similarities towards a range of social responsibility issues and concepts. The study revealed that over 94% of Indian and British executives surveyed viewed social responsibility as an important and relevant issue to businesses. Similarly, 54% of British and 75% of Indian respondents believed both social and profit goals are an essential aspect of business practice.

A similar study of the attitudes of managers from the United States and South Africa towards CSR, found there were significantly more favourable attitudes among American managers towards social responsibility than among their South African counterparts (Orpen, 1987). The study also found that the South African managers held a more classic view of the social responsibility of business than their American counterparts: South African managers were less inclined to embrace a view of social responsibility extending beyond the narrow perspective of profit maximisation in the long term.

However, Schlegelmilch and Robertson (1995) found differences in the perception of ethical issues among senior business managers by country and industry across the United States, Europe and Australia. Likewise, Ali (1993) found statistically significant differences in the attitudes of 218 CEOs in the clothing and food industries in Australian and Bangladesh in their attitudes towards corporate social responsibility. The results indicated that although some differences were found, business attitudes towards corporate social responsibility in both the countries were quite similar, despite their socio-cultural and political differences.

In a comparative study of ethical management practices in Australia and Sri Lanka, Batten et al. (1999) found ethical management practices varied between the two countries. The specific issues examined in their research included written codes of ethics, a forum for discussing ethics, and environmental impacts on ethical practices in primary, secondary, and tertiary services sectors and construction and building industries in both countries.

Whilst numerous studies have examined managerial commitment to corporate social responsibility, relatively little research has been directed towards the nature and extent of managerial actions taken in response to increasing social demands. This is particularly true in cross-national and cross-cultural contexts. Clearly, if economic needs and the prevalent culture of a society affect societal demands, it would appear reasonable that
the social actions of corporations are likely to vary according to the countries, cultures and market settings in which they operate their businesses. Equally valid is the view that industry situation and competitiveness may also play an important role in the way managers respond to these social demands (Schlegelmilch & Robertson, 1995; Beneish & Chatov, 1993; Robertson & Nicholson, 1996).

The main proposition of this research was that inherent country and industry effects will produce significantly different managerial responses and actions to social demands.

4. Corporate Social Responsibility Actions

To ascertain whether environmental factors influence the corporate social responsibility actions of managers in Australia and Bangladesh, this study needed to identify measures for a number of outcome variables, and then assess whether there was a significant difference in the responses to these variables in the different countries and industries. For this research, the corporate social responsibility actions explored related to six broad decision areas: the marketing mix (product, price, promotion and distribution); organisational factors; and specific, social responsibility factors (Quazi, 1994):

- The marketing mix variables reflect the need for firms to be conscious of fulfilling consumers’ desires for environmentally friendly products, transparent pricing policies, ethical advertising, and sustainable distribution systems (Varadarajan et al., 1991, 1994).

- The organisational action variable reflects the value management place on social responsibility, reflected in the commitment of internal resources to staff development and dispute resolution (Barksdale et al., 1982).

- Specific social responsibility factors explored were intended to assess the firm’s commitment to ethical standards, community care, philanthropy and environmental protection (Orpen, 1987).

It was envisaged that action or commitment to action in these decision areas could reveal important response patterns. For example, response patterns indicated whether managers were more or less likely to abandon a traditional outlook towards discharging their responsibilities to society. The extent to which a firm’s response is action-oriented to any item indicates that firm’s commitment to social responsibility in the context of that item.

5. Methodology

A uniform structured questionnaire was used to collect data from Australia and Bangladesh. The questionnaire comprised pre-validated measurement scales designed to assess the nature and extent of the CSR actions managers had taken or considered. A six-point scale was used for each area of possible action, ranging from 1 ‘action has already been taken’, 2 ‘planning to take action in the future’, 3 ‘attention should be paid to this issue’, 4 ‘relevant but no action needed’, 5 ‘irrelevant and no action contemplated’, and 6 ‘not applicable’. Items relating to each of the decision areas were classified under the six headings of product, price, distribution, promotion, organisational initiatives, and specific social responsibility actions.

All scales were drawn from a previous study into social

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alpha coefficient</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Australia</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>Product</td>
<td>0.84</td>
<td>0.73</td>
</tr>
<tr>
<td>Price</td>
<td>0.86</td>
<td>0.55</td>
</tr>
<tr>
<td>Distribution</td>
<td>0.66</td>
<td>0.80</td>
</tr>
<tr>
<td>Promotion and communication</td>
<td>0.86</td>
<td>0.86</td>
</tr>
<tr>
<td>Organisational aspects</td>
<td>0.67</td>
<td>0.87</td>
</tr>
<tr>
<td>Specific social responsibility</td>
<td>0.72</td>
<td>0.65</td>
</tr>
</tbody>
</table>
responsibility, consumerism and corporate behaviour (Quazi, 1994), where the measures were reported to exhibit good factor structure and good internal consistency. To ensure the composite items reliably captured their respective action areas, each construct was assessed for internal consistency. The reported Cronbach Alpha coefficients for each action variable were reported to range from 0.66 to 0.86 in Australia, and from 0.55 to 0.87 in Bangladesh. The coefficients are presented in Table I.

It can be seen in the table that all but four of the scales met Nunnally’s criteria for strong internal consistency (α > 0.7); however, as the non-complying scales satisfied the criteria for moderate reliability they were considered adequate (Nunnally, 1978). Furthermore, the efficacy of the measures was also supported by an examination of the item-total correlations, with all correlations exceeding the minimum suggested value of 0.4 (Zaichkowsky, 1985). The strength of the observed communalities also supports the decision of this study to explore the variations in the CSR action variables according to the items rather than the constructs. Exploration of the items provides a more detailed and meaningful interpretation of the differences that exist across the countries and between industries.

6. Sample Selection and Justification

Questionnaires were mailed to all food and textile firms listed in the Kompass-Australia business directory that were based in Sydney (Australia), a total of 267 businesses. Surveys were sent to a randomly selected sample of 459 firms from 918 food and textile businesses based in Dhaka (Bangladesh). This sample was derived from the list of industries published by the Bangladeshi Department of Industries and the Garment Manufacturers’ Association.

The survey was conducted simultaneously in Sydney and Dhaka. After two follow-up attempts, 102 questionnaires had been returned from the Australian sample, and 218 from the Bangladeshi sample, resulting in response rates of 38 per cent and 48 per cent respectively. While these response rates were considered satisfactory for a self-completed mail survey (Burns and Bush, 1998), the authors examined the influence of non-response bias by comparing the mean responses of the early and late respondents. While Armstrong and Overton (1977) asserted that non-respondents are more likely to be similar to late respondents than early respondents, the analysis revealed no statistically significant difference between the groups.

The decision to choose Australia and Bangladesh was made because of their distinct and contrasting cultural orientations (Hofstede, 1980, 1985 and 1993), and the varying levels of economic development (Batten, Hettihewa and Mellor, 1999; Rashid, 1990). These factors are hypothesised to affect managers’ attitudes towards social vigilance and ethics (Batten, Hettihewa and Mellor, 1999). In addition, industries in both countries are viewed as being likely to produce culturally constituted products. Essentially, the cultural and industry effects are expected to impact differently on Australian and Bangladeshi managers’ attitudes, and their resultant decisions on appropriate social actions. Therefore, the managerial actions in these two countries are expected to reflect accurately the contrasting market environments, rather than other unobserved variables. The two countries and the two specific industries have been selected to represent national and industrial culture in a developed and a developing country, where Australia and Bangladesh are viewed as existing at two extremes of the industrial development continuum.

Despite some similarities between the two countries, namely, that both are dependent on primary goods for export earnings, and are strongly influenced by a prolonged period of English colonial rule that left a strong institutional legacy of law and language, Australia is considered largely to be a buyers’ market, whereas Bangladesh is viewed as a sellers’ paradise, with a chronic scarcity of goods and services. Additionally, the regulatory structure is also different: Australia has a strong and established structure of market regulation, and Bangladesh is trying to develop an appropriate one (Layton and Quazi, 1997).

7. Results and Discussions

The major findings of the study will now be discussed under the principal decision areas mentioned earlier. Four of these areas of action are related to marketing mix (product, price, distribution and promotion); and the remainder are concerned with organizational actions and broad social responsibility-related issues. A two-way Analysis of Variance (ANOVA) was used to test the differences between corporate social actions in the two survey nations and in their respective industries. However, before conducting this analysis, the assumptions of normality, homogeneity of variance and interactions were tested, confirming the suitability of the data for such analysis.

Differences in managerial action are first explored at the
of Bangladeshi business managers to play a role in such disasters, and such a finding could reflect the desire business community is not immune from the impact of bearing on the perceived importance of this issue. The environmental disasters in Bangladesh could have a responsibility. For instance, the regular incidence of circumstances rather than a prevailing social to this particular issue could be a reflection of special However, the positive response of Bangladeshi managers economic growth. accept some of the by-products of development to gain would be of secondary importance in a society likely to developing countries, and that environmental issues economic imperatives supersede social imperatives in society. Furthermore, the highly competitive environment could influence managerial pre-disposition to taking greater care in product-related areas in the Australian market. Bangladeshi businesses, on the other hand, showed a greater level of commitment to managerial action on the environmental aspect of products by responding at a higher level to the issue of discontinuing the production of products that were not environmentally friendly. This finding seems to contradict the conventional belief that economic imperatives supersede social imperatives in developing countries, and that environmental issues would be of secondary importance in a society likely to accept some of the by-products of development to gain economic growth. However, the positive response of Bangladeshi managers to this particular issue could be a reflection of special circumstances rather than a prevailing social responsibility. For instance, the regular incidence of environmental disasters in Bangladesh could have a bearing on the perceived importance of this issue. The business community is not immune from the impact of such disasters, and such a finding could reflect the desire of Bangladeshi business managers to play a role in alleviating such problems. Further, these sentiments might have influenced the action to produce environmentally friendly products as a means of distancing themselves from the poor publicity associated with environmental issues. Conversely, attention to the provision of professional after-sales services to customers, taking consumer opinion into consideration, and a readiness to withdraw questionable products from the market place are all very much a part of the more sophisticated marketing environment in Australia. The combination of the forces of competition, technological advancement, best practice, as well as consumerism, all play an important role in the maintenance of high product-quality standards. Significant industry effects were reported in three action items, of which two are related to clothing and one to the food industry. This could suggest that the clothing industry is oriented towards customers and, as such, is more willing to use consumer opinion in designing and marketing its products, and in ensuring product safety. This finding could also reflect managers' awareness of the importance of safety and fashion sensitivity in the clothing and garment industry. The identified difference in product action in the food industry was in the area of product quality. This finding is understandable, given high consumer sensitivity to the health considerations associated with food quality. The Australian legislative requirements regarding food marketing are also considered to be an important factor driving such corporate behaviour. Conversely, Bangladeshis perceive these factors as less critical. 7.2 Price-related actions The analysis revealed that only one of the three price items showed a statistically significant country difference, while there were no observed differences across the industries (see Table II). The item identified related to the need to avoid misleading claims of discount pricing. Australian managers showed a significantly greater willingness to act on this sensitive issue, perhaps reflecting the strength of consumerism in the developed world, where failure to act would have a distinct impact on the goodwill of a firm. This difference in the level of action between the two countries is understandable from both a legal and marketing point of view. Under section 52 of the Trade Practices Act of 1974, it is unlawful for a business in Australia to be involved in practices involving misleading claims in discount pricing (Goldring et al., 1998).
In addition, given the high level of competitiveness in the Australian markets, it would be damaging to the reputation of a firm to indulge in such unethical and illegal practices, which might result in a negative impression of the firm in the marketplace. Action on this issue is also inevitable because of the high levels of awareness of customers, and the active role played by public consumer protection agencies, private consumer organisations, interest groups and media in detecting and fighting such deceptive practices. Furthermore, the finding also suggests that corporate social action in a particular society is linked to the level of consumer protection legislation in place, the level of competitiveness of the market, and consumers’ awareness of their social rights.

7.3 Distribution-related actions

The two-way ANOVA showed that country effects contributed significantly to the difference in managerial action in two areas of distribution. These were a) reasonable mark up, and b) quick distribution of products during emergencies. Bangladeshi managers’ willingness to take greater levels of action on these issues could be explained in the context of the prevailing marketing practices in Bangladesh.

For example, because of the chronic shortage of consumer goods, the price of essential commodities, including food and clothing, is highly regulated in Bangladesh. Price regulations require manufacturers to add a reasonable mark-up on the wholesale price to avoid exploitation of consumers, and to limit the impact of free-market pricing. This action prevents unwarranted price hikes in times of shortages and emergencies and is managed through the compulsory requirement for every Bangladeshi retailer to display their price lists prominently. The inclination of Bangladeshi managers to take action in this area could reflect their commitment to serve the social interest above the economic interest. This tendency also seems to have been accentuated by frequent emergency situations that arise from natural disasters such as cyclones, floods and droughts.

Once again, the findings tended to contradict the theory that businesses in developing countries place greater emphasis on economic imperatives; however, this contradiction is understandable given the special circumstances (in this case, humanitarian needs) that warrant a more socially responsible behaviour from businesses. In such cases, the societal expectations of business go beyond the traditional responsibilities of business to maximise profit and provide employment, with failure to comply viewed as having a detrimental impact on their image in society.

The significant differences between Australians and Bangladesh managers in regards to industry effects are apparent in the areas of delegation and mark-up. Overall, food industries in both countries indicated a higher level of action on these issues, reflecting the industry-specific issues concerning social action on this variable in both countries. For example, the existence of a longer channel of distribution in the food industry, and the perishable nature of food items, is considered to have led to a special climate of social responsibility. The need to delegate more power to the middlemen and supply chain partners is more likely to result in a greater level of flexibility in decision making, resulting in an improved level of customer service.

Likewise, the essential nature of the food industry has resulted in a proliferation of competition, where adding a reasonable mark-up may make the price more competitive and affordable to the general public and thereby benefit consumers in general. The greater level of willingness to take action on these issues in the food sector of both countries, suggests food companies are aware of their special obligation to society because of the very sensitive nature of the products and their special role in the day-to-day lives of consumers.

7.4 Promotion- and communication-related actions

Australian managers have shown a higher level of action than their Bangladeshi counterparts (Table II) in the following areas:

- Specific policy on deceptive/misleading advertising.
- Code of ethics in advertising and promotion.
- Staff training in good customer relations.

The greater level of action taken by Australian managers on these issues is attributed to the differences in the regulatory environment and market situation of the two countries. The Australian market is characterised by buyers’ market conditions, with tougher regulations and higher level of market competition. For example, fairness in advertising is regulated in Australia by section 52 of the Trade Practices Act of 1974. Australian advertisers, through the Australian Advertising Authority, are also required to follow the organisation’s code of ethics. Positive action on these issues may also stem from the possible fear of losing consumer confidence in a competitive marketing environment.
Table II: Comparison of Australian and Bangladeshi Managers’ Actions

<table>
<thead>
<tr>
<th>Element of Marketing Mix</th>
<th>Variables</th>
<th>Mean values</th>
<th>Source of variations</th>
<th>Significance (P &lt;.05)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Australia (n=108)</td>
<td>Bangladesh (n=218)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>Sorting out defective and below standard products before they are marketed.</td>
<td>4.68</td>
<td>Industry (F)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Recalling questionable products from the market.</td>
<td>4.20</td>
<td>Country (A)</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>Strict acceptance of warranty and guarantee commitments.</td>
<td>4.41</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Ensuring repair, refund or a replacement of product.</td>
<td>4.64</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Adequate product labeling emphasizing use, safety precaution and ingredients.</td>
<td>4.46</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Including the opinion of consumers in designing and marketing the products.</td>
<td>3.90</td>
<td>Industry (C)</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td>Discontinuing environmentally unfriendly products.</td>
<td>3.01</td>
<td>Country (B)</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>Adding significant service benefit to the products.</td>
<td>3.61</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
<tr>
<td>Price</td>
<td>Avoiding misleading claims of discount pricing.</td>
<td>3.31</td>
<td>Country (A)</td>
<td>.001</td>
</tr>
<tr>
<td>Distribution</td>
<td>Giving distributors and retailers more authority so they can provide quick, effective service to the consumer.</td>
<td>2.98</td>
<td>Industry (F)</td>
<td>.015</td>
</tr>
<tr>
<td></td>
<td>Encouraging retailers to include only a reasonable mark up in the selling price.</td>
<td>2.81</td>
<td>Country (B)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Industry (F)</td>
<td>3.20</td>
<td>.005</td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>Specific policies for checking whether there is any deceptive/ misleading element in ad.</td>
<td>3.47</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Following industry code of ethics in ad and promotion.</td>
<td>3.57</td>
<td>Country (A)</td>
<td>.011</td>
</tr>
<tr>
<td></td>
<td>Training of sales/service staff in good customer relations.</td>
<td>4.38</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
</tbody>
</table>

Note: 1. Results obtained from sample ANOVA applied to each item separately.

2. The letter in brackets indicates which country or industry had the higher mean score on the item in question. A stands for Australia and B for Bangladesh. F stands for food and C for clothing.

3. *Denotes significant at 5 percent level (P <.05) after Benferroni adjustment for multiple comparisons.
Conversely, the lower level of action on these issues initiated by Bangladeshi businesses can be linked to the absence of an adequate regulatory framework. The sellers' market conditions and the lack of adequate market competition are also responsible for this situation. Australian managers' willingness to initiate action in maintaining the code of advertising and promotion ethics may result from a perception that self-regulatory practices persuade the community that no further regulation will be necessary in this area. This is primarily due to the industry itself seriously examining the situation and taking the necessary steps to implement the program. A relatively high level of competition has made the issue popular in many developed countries (including Australia), and as a consequence good customer service is a synonym for success in the market through the retention and enhancement of market share. An absence of industry effect in regard to action on advertising and promotional aspects suggests there are no industry specific social issues to be addressed by corporations in this area, and that actions on these issues are initiated irrespective of the industry environment in which firms operate and make decisions.

7.5 Actions related to organisational aspects

As shown in Table III, there are significant differences between Australian and Bangladeshi managerial social action on four items concerning organisational aspects. Bangladeshi respondents have taken greater action on one item, whereas Australian respondents recorded greater action on three items. Australian firms have taken significantly greater action in handling complaints, including:

- Training staff so they can properly handle corporate social responsibility.
- Involving senior staff (managers) in complaint handling process.
- Using complaint handling as a means of promoting the reputation of the firm.

Australian managers' enthusiasm in implementing these organisational issues is most likely associated with the rich national culture of consumer protection. This finding reflects the growth of consumer complaints, and the resultant development of a strict regulatory framework in this area. Further, since the resolution of these complaints by a government department is

### Table III: Significant Differences in Action in Relation to Organizational Aspects

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean values</th>
<th>Source of variation</th>
<th>Significance (P &lt;.05)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of a position of consumer affairs manager to monitor public issues and take appropriate company initiatives.</td>
<td>2.44</td>
<td>Country (B)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>2.77</td>
<td>Industry (F)</td>
<td>.004</td>
</tr>
<tr>
<td>Staff training in the area of corporate social responsibility.</td>
<td>3.08</td>
<td>Country (A)</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>2.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involving senior managers (e.g. Chief Executive Officer) in the handling of complaints.</td>
<td>4.34</td>
<td>Country (A)</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>3.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treating effective complaint handling as a means of promoting goodwill of the firm.</td>
<td>4.52</td>
<td>Country (A)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>3.78</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: 1. Results obtained from sample ANOVA applied to each item separately.

2. The letter in brackets indicates which country or industry had the higher mean score on the item in question. A stands for Australia and B for Bangladesh. F stands for food and C for clothing.

3. *Denotes significant at 5 percent level (P < .05) after Benferroni adjustment for multiple comparisons
perceived to be expensive (in terms of compensation) and embarrassing for businesses, adopting a proper complaint handling policy is viewed as a necessary organisational requirement.

This policy could also assist firms by preventing consumers from going elsewhere to solve their problems, and help management by providing important feedback regarding problem areas. Services marketing literature also suggests that a favourable (re)action is likely to create a positive impression in the mind of disenchanted customers about the level of customer service provided by a company, which ultimately promotes its reputation in the marketplace (Bitner, 1994). Furthermore, the finding could also reflect the importance of involving senior management in the complaint-handling process, where consumers may view this involvement as a demonstration of sincerity by the business, creating a sense of trust in the consumers about the company and its social responsibility.

Bangladeshi respondents showed a higher level of willingness to initiate action in the creation of a position for a consumer affairs manager to monitor public issues and take appropriate actions on behalf of the company. This finding may reflect the recent change in industrial policy in Bangladesh, in which greater emphasis has been placed on the involvement of the private sector in public issues, and in particular, in helping to address the continuous deterioration of the physical environment resulting from regular natural disasters. The creation of the position of consumer affairs manager could also reflect the changing attitudes of managers in the developing countries towards integrating social demand into their formal organisational structure.

Significant industry effects are apparent in two items, namely, concern with the establishment of a consumer affairs manager, and staff training in CSR. These industry effects were significantly higher in the food industry in both countries, and are most likely linked with the relatively high incidence of consumer sensitivity to food marketing, and the growing number of complaints in this area. An organisational action to create a managerial position to monitor the relevant issues, and promote consideration of CSR, seems to be an effective strategic move to tackle consumer grievances in the food industry. By training staff to handle social issues effectively, food industry businesses in both countries are more likely to generate efficiency in the process of managing social demand.

7.6 Specific social responsibility actions

The analysis identified significant differences between the actions of the two groups of managers across five of the specific social responsibility items (see Table IV). In every case, Bangladeshi firms were more likely to initiate action than their Australian counterparts. This tendency by Bangladeshi businesses could be largely attributed to the influence of broad environmental factors. As such, the difference in the level of corporate actions is most likely a reflection of the variance in the physical environment, social welfare situation, financial position of the government, religiosity, and regulatory environment of the two countries.

For example, Bangladeshi managers’ action in the area of marketing ethics may seem to be contradictory to the popular belief that the ethical practices in the developing world are much lower than those of the developed world. However, a closer look into the macro-environment surrounding the industries on which this study has focused reveals that the higher level of ethical behaviour of managers could be linked specifically to the export orientation of the garment industry. Since international buyers may hesitate to import goods from a developing country such as Bangladesh because of perceptions of poor quality products and services, the provision of a written code of ethics can help break down such perceptions and build a favourable overseas image of the business.

This finding may also reflect the higher level of religious commitment among Bangladeshi managers. The linkages between religiosity and ethical business behaviour is well documented in ethics literature (Anusorn, et al., 2000; Weaver and Agle, 2002), suggesting that the high prevalence of religious belief in the majority of Bangladeshi managers (Quazi, 1995) influences their adoption of formal ethical practices (McNichols and Zimmerer, 1985). This finding also appears consistent with previous research, which has found a statistically significant relationship between religious (Islamic) belief and ethical practices in Bangladesh (Banu, 1992).

Table IV also suggests that Bangladeshi businesses have a higher level of involvement in community welfare and charitable activities. This finding would seem consistent with the differing social welfare system in Bangladesh. Unlike Australia, the government in Bangladesh does not have sufficient funds to provide welfare assistance (including unemployment benefits) to its vast poor
population and, as such, relies heavily on the private sector and non-government organisations (NGOs) to provide charitable services and activities. Further, the philanthropic activities could also reflect the prevalence of Islam, where Muslim managers are under an obligation to spend 2.5% of their disposable income on charity.

Incentives for greater involvement in these areas may also come from perceived benefits from gaining tax relief and increased customer support for a good record of community involvement. This is evident from the fact that in Bangladesh, a business can claim a considerable tax rebate on the amount of money spent on charitable purposes. While this tax incentive does exist in Australia, the relative benefit is much lower for Australian businesses than for their Bangladeshi counterparts. The comparatively lower level of religiousness of Australian managers may also have affected their action on charitable contributions.

Stronger support for anti-pollution legislation was also evident in Bangladesh. This finding is likely to stem from concerns about the comparatively high levels of pollution in the Bangladesh environment. As businesses are perceived as being largely responsible for this problem, positive action in the area of pollution control could be expected to translate into a positive perception in the marketplace. This analogy also extends to the conservation of resources, where the issue of resource conservation in Bangladesh is viewed as having a significant impact on the economic well-being of the country. For instance, Bangladesh has to spend the bulk of its scarce foreign earnings to import huge amounts of fuels from overseas. Since fuel is very expensive in Bangladesh, resource conservation through the use of devices that minimise consumption is likely to help businesses and government in financial terms, while at the same time reducing negative environmental impacts. Relatively higher levels of managerial action involving ethics are evident in the food industry. Once again, this finding is understandable and reflects the nature of products that comprise this industry. The direct impact on health and safety is viewed as necessitating higher levels of truthfulness in their production and marketing processes.

Greater levels of action on resource conservation in the food industry can be linked to the relatively high consumption of natural resources such as petroleum, electricity and natural gas at the various stages of the

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean values</th>
<th>Source of variation²</th>
<th>Significance (P &lt; .05)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining and upgrading a written code of marketing ethics.</td>
<td>3.38</td>
<td>Industry (F)</td>
<td>.000</td>
</tr>
<tr>
<td>Providing incentives to managers to establish high ethical standards in decision making.</td>
<td>2.91</td>
<td>Country (B)</td>
<td>.000</td>
</tr>
<tr>
<td>Allocating funds for philanthropic/charitable activities.</td>
<td>3.54</td>
<td>Country (B)</td>
<td>.000</td>
</tr>
<tr>
<td>Having a specific policy on community welfare.</td>
<td>2.90</td>
<td>Country (B)</td>
<td>.000</td>
</tr>
<tr>
<td>Supporting anti-pollution legislation.</td>
<td>3.52</td>
<td>Country (B)</td>
<td>.000</td>
</tr>
<tr>
<td>Specific policy on resource conservation (use of procedures that minimise wastage of natural resources).</td>
<td>3.75</td>
<td>Country (B)</td>
<td>.006</td>
</tr>
</tbody>
</table>

Note: 1. Results obtained from sample ANOVA applied to each item separately.

2. The letter in brackets indicates which country or industry had the higher mean score on the item in question. A stands for Australia and B for Bangladesh. F stands for food and C for clothing.

3. *Denotes significant at 5 percent level after Benferroni adjustment for multiple comparisons.
food-production process. Greater willingness to initiate action in this area may have arisen from the realisation that these resources are limited, and that wise use of these resources will help sustain the long-term physical environment of the country.

8. Conclusion

The pattern and extent of corporate social action varied significantly between Australian and Bangladeshi businesses in a number of the decision areas tested. Australian managers were generally more willing to take action in the core marketing mix areas of product, price, distribution and communication. On the other hand, Bangladeshi managers took more action on environmental pollution, community welfare, resource conservation, and corporate giving.

The study revealed that in certain decision areas, maintenance of product standard and quality, provision of authentic and factual information in advertising, and effective complaints handling, managerial action did not vary significantly between the two survey countries.

In the industries surveyed, the findings were somewhat mixed. In Australia, companies in the food industry recorded a greater tendency to take managerial action on matters relating to ethics, compared with the clothing industry. In Bangladesh, the results were quite the opposite: within the Bangladesh clothing industry, the garment companies exhibited a greater readiness to respond favourably to corporate social responsibility than their food sector counterparts.

The main finding of this study was that, apart from market and economic conditions, other factors also greatly influence managerial commitment and willingness to act in a socially responsible manner, where diverse cultural environments are concerned. These factors include, but are not limited to, religion, physical environment (climatic condition), welfare policy and social structure.

The study also suggested that environmental variables such as competition and customer service have a significant impact on managerial action, most noticeably in the marketing mix areas, where socially responsible behaviour is critical for survival in the marketplace. The results suggest that forces in the external environment of business, such as consumerism, markedly influence corporate action in the area of social responsibility. This is reflected in the action taken in response to questionable business practices such as product piracy, deceptive advertising, warranty and guarantee, product quality, safety, and product labelling.

The greater readiness of Australian business to act in the marketing mix areas seems to suggest that Australian business managers’ behaviour is directed mostly towards the more tangible areas of business activity. As such, factors like customer satisfaction, competition and regulation have a relatively more visible role to play. Similarly, a greater willingness to act in the core mix areas may be a reflection of the more sophisticated marketing environment existing in Australia, which has the characteristics of a mature consumer society.

In the case of Bangladesh, the study found that corporate action is particularly prevalent in the areas of public relations, product piracy, specific social responsibility and, to some extent, in distribution. A relatively low propensity to act on the core marketing mix is probably reflective of the initial stages of the development and growth of consumerism in Bangladesh.

On the other hand, Bangladeshi managers show a greater inclination to take action in the broader areas of social responsibility such as ethical issues, environmental protection, community involvement and corporate giving. This may, however, be in response to the special needs of a developing country. Businesses are very powerful institutions, controlling the bulk of national resources in such societies, and would normally be expected to take greater roles in meeting the social welfare demands of their communities. Consequently, positive business responses towards social responsibility in many cases appear to be influenced by factors such as poverty, hardship caused by regular disasters, and moral and theological obligations, rather than economic rationalism. It is worth noting, however, that businesses that invest in moral capital are reported as more likely to gain social recognition and government sympathy in the form of tax relief.

9. Limitations of the Study

The findings of this research and the conclusions drawn need to be considered in the context of the following possible limitations. First, the present study is limited to a comparison of two industries within and between two countries. To broaden an understanding of the pattern of response actions of corporations at an international level, a wider spectrum of countries and industries could be considered in a future study. Second, the concept of CSR is susceptible to subjective and value-laden judgements. Thus, the responses of the managers could carry some
bias, particularly in verbal claims on levels of commitment towards social responsibility.

Lastly, the decision to use one particular methodology is always made at the expense of alternative methods. As such, the chosen method carries certain inherent limitations. For example, the decision to use a self-administered mail survey to capture the opinions of the two convenience samples carries the possible limitations of low-response and social desirability. A low response rate implies that those members of a sample frame who do not participate are viewed as having a significant impact on the findings, resulting in a non-response bias. Furthermore, the implications of social desirability suggest that respondents may reply in terms of their perceptions rather than reality, or in ways that are biased towards the views of the research managers.

10. Implications of the Study

The findings of this study have important implications for practitioners. This research could assist firms in the developed and developing contexts to address social demand effectively, and to meet their corporate social responsibilities. In a specific country-market, a foreign firm may use the findings to look more closely at the macro-environmental factors shaping the nature and intensity of social demand in the relevant setting. This is because the nature and intensity of the social pressures in a foreign environment are likely to differ significantly from those in the home country.

Specifically, these findings have important implications for those wishing to understand the drivers of social demand and the associated corporate responsibilities in different contexts. For instance, firms desiring to form partnerships with businesses in Bangladesh need to understand the implicit role of such firms within the social fabric of their societies, and the importance of factors such as religion and poverty. Likewise, firms considering an involvement with businesses in Australia need to recognise the explicit role of regulatory frameworks in driving CSR in such environments. Firms need to appreciate the special considerations that are inherent within certain industries, particularly the health and safety concerns of the food industry. It follows, therefore, that a full assessment of the patterns and impacts of the social demands needs to be thoroughly undertaken before designing any public policy strategy.

While this study has found that firms in different development contexts tend to emphasise either macro- or micro-strategies in reaction to social pressures, firms within each of these contexts could also benefit from a more holistic approach. For example, when firms from the developed world take socially responsive action by making decisions based on micro-environmental issues, which involve the elements of the marketing mix, it may be prudent to also take into account macro-forces such as competition, regulation, social welfare situation and the vagaries of nature.

Conversely, when firms originating in the developing world target a developed-country market, they should avoid restricting their actions to the macro-environmental factors alone, and also give due consideration to the micro-factors that contribute to shaping social pressures, and to the resultant action in those markets. This is true partly because most of the social issues in the latter environs have already been institutionalised in the form of regulations, which make it mandatory for firms to comply with the social regulations in force. In addition, in such environments consumers are typically aware of their rights, and enjoy much more power than their counterparts in the developing countries.

11. Future Research

This study explored the possible impact of some of the macro-environmental factors on the behaviour of managers in different cultural environments and the industries within. However, no attempts were made to develop a specific set of variables to assess their impact on corporate action. Future research could therefore be directed towards developing a set of environmental variables and a model for assessing the causal relationship between these macro-environmental variables and corporate social behaviour in an international context.

While the findings revealed important differences between the developed and developing worlds, as represented by Australia and Bangladesh respectively, future research could explore whether these differences hold in other representative nations. Furthermore, the extent to which these findings are synonymous with the developmental phase of the countries, or the different industries within these countries, could also be explored in greater detail using a range of alternative methodologies.

Likewise, future research could also consider the similarities that exist between countries and industries, as well as the inner dynamics of decision-making processes and their impact on managerial action on societal issues in unlike environments. Since company
managers selected in this study were from urban areas only, further studies could include non-business, semi-urban and rural/regional samples in order to enhance the applicability of the results to a broader context.

Notes
An earlier version of this paper was presented at the Sixth Symposium on Cross-Cultural Consumer and Business Studies held in Hawaii, USA.

References


Hudson, R., Oqbuehi, P., Kochuny, O., 1995. Ethics and...


Marketing Observations. 1982. Department of Marketing, University of Dhaka, Bangladesh.


Quddus, M.A., Quazi, A.M. 1986. Consumer protection and trade-marks law in Bangladesh – a study of some


Academy of Management Review 10, 758-769.


Biographies

Ali M Quazi is Head of the Marketing and International Business Group within the Newcastle Business School at the University of Newcastle, Australia. He received his PhD in International Marketing Ethics from the University of New South Wales. His research interests are in the areas of marketing ethics, corporate social responsibility, green marketing and corporate environmentalism in an international context. His articles have appeared in the European Journal of Marketing, Journal of Business Ethics, Business and Professional Ethics Journal, Journal of Economic and Social Policy, Intellectual Property of Asia and the Pacific, Journal of Business Administration, and Indian Journal of Marketing.

Robert Rugimbana is the Deputy Director of the Newcastle Graduate School of Business at the University of Newcastle. He received his PhD in Consumer Behaviour from Macquarie University. His research interests are consumer psychology, diffusion of
innovation and cross-cultural marketing. Dr Rugimbana has published in a number of refereed journals, including The International Journal of Bank Marketing, The Journal of Marketing Education, The Leadership and Organisational Development Journal, The Journal of Managerial Psychology. He has also co-authored several book chapters.

Siva Muthaly is the Director of Executive Programs within the Newcastle Graduate School of Business at the University of Newcastle, Australia. He received his PhD in International Marketing from Monash University. His research interests are in the areas of food marketing, innovation and technology management. He has published widely in international marketing and business journals, which include International Journal of Technology Management, Entrepreneurship, Innovation, and Change Journal and British Food Journal.

Byron Keating is a Doctoral Candidate within the Newcastle Business School at the University of Newcastle. He is currently undertaking a PhD in the area of e-retailing, and has extensive managerial experience in the area of leisure and hospitality management. Mr Keating has published several book chapters and peer reviewed conference papers exploring issues related to emerging technologies, relationship marketing, cross-cultural marketing, and the impact of such on developing countries and the small and medium enterprise sector.

Correspondence Addresses
Dr Ali M Quazi, Newcastle Business School, University of Newcastle, Callaghan, NSW 2308, Australia, Telephone: +61 (2) 4921 5013, Facsimile: +61 (2) 4921 6911, E-mail: ali.quazi@newcastle.edu.au; Dr Robert Rugimbana, Newcastle Graduate School of Business, University of Newcastle NSW 2300, Australia, Telephone: +61 (2) 4921 5968, Facsimile: +61 (2) 4921 7398, E-mail: robert.rugimbana@newcastle.edu.au; Dr Siva Muthaly, Newcastle Graduate School of Business, University of Newcastle, NSW 2300, Australia, Telephone: +61 (2) 4921 5578, Facsimile: +61 (2) 4921 7398, E-mail: siva.muthaly@newcastle.edu.au; Mr Byron Keating, Newcastle Business School, University of Newcastle, NSW 2300, Australia, Telephone: +61 (2) 4921 7389, Facsimile: +61 (2) 4921 6911, E-mail: byron.keating@newcastle.edu.au