Expressions of Corporate Social Responsibility in U.K. Firms

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ABSTRACT. This study examines corporate publications of U.K. firms to investigate the nature of corporate social responsibility disclosure. Using a stakeholder approach to corporate social responsibility, our results suggest a hierarchical model of disclosure: from general rhetoric to specific endeavors to implementation and monitoring. Industry differences in attention to specific stakeholder groups are noted. These differences suggest the need to understand the effects on social responsibility disclosure of factors in a firm's immediate operating environment, such as the extent of government regulation and level of competitiveness in the industry.

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Corporate social responsibility is an issue of some currency in business and academic circles. Perhaps its immediacy is a result of the excesses of the 1980s, and perhaps in the U.K. it is being spurred by the restructuring, reengineering, and downsizing of the 1990s. Whatever the causes of the current attention to the topic, our interest lies in exploring how firms express social responsibility in their corporate communications. Based on examination of corporate publications of U.K. firms, the present study investigates the following research questions:

- To what extent are firms issuing general statements about corporate social responsibility versus making specific commitments to social responsibility initiatives? In other words, how likely are firms to "walk the talk"?
- Do corporate statements about social responsibility tend to resemble one another or are they firm- or industry-specific?
- Which stakeholders receive the greatest attention from corporations? Do firms in particular industries tend to emphasize their responsibilities to certain stakeholders?

The wider questions which implicitly underlie this inquiry concern the motives that drive ethical communication and action and the degree to which these two modes of response are separable, i.e., questions about what functions are served by ethical communication in its various forms. Motives are likely to be important, for example, in evaluating the capacity of the firm's communications to provide a spur for subsequent action, or whether such communications are more likely to operate merely as a substitute for action (Nicholson, 1994).

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A certain amount of rhetoric may be inevitable in the area of social responsibility. Managers may even believe that making statements about social responsibility insulates the firm from the necessity of taking socially responsible action. However, some firms have moved beyond rhetoric to reports of specific programs and actions. In the following sections of our paper we: (1) present a stakeholder conceptualization of corporate social responsibility, (2) outline our study's methodology, and (3) report our results in terms of a hierarchical model of corporate social responsibility disclosure: from general rhetoric to specific endeavors to implementation and monitoring.

Social responsibility framework

In an ambitious and insightful analysis, Wood (1991a, 1991b) has reformulated the corporate social responsibility literature into three major principles: the principle of legitimacy, the principle of public responsibility, and the principle of managerial discretion. The *principle of legitimacy* functions on an institutional level and is based on a firm's overall responsibilities to the society in which it operates. This principle is concerned with the institutional relationship between business and society and specifies what is expected of business. The *principle of public responsibility* functions on an organizational level, stating that "(B)usinesses are responsible for outcomes related to their primary and secondary areas of involvement with society" (1991b, p. 390). Thus, a business's responsibilities are confined to those problems directly related to the firm's activities and interests. Finally, the *principle of managerial discretion* functions on an individual level and is concerned with managers as moral actors. This principle delineates manages' responsibilities in the choice of activities designed to achieve socially responsible outcomes.

Our study chooses to focus on the *principle of public responsibility*. Thus, our view of corporate social responsibility does not dictate that a firm need be concerned with every element of the society in which it functions. Instead, our narrower conceptualization of corporate social responsibility mandates concern both with remedying social problems a firm has caused and avoiding potential problems associated with the business's day-to-day operations (Wood, 1991a). Similarly, Wartick and Cochran (1985) consider the focus of corporate social responsibility to be the interface between a firm and its immediate operating environment rather than between a business institution and society as a whole. Sethi (1979) also believes that social responsibility can only be assessed by considering the specific time and environment in which the firm operates.

The principle of public responsibility can be exercised through responsibility to a firm's stakeholders according to the model developed by Freeman (1984). Using this model, a firm's social responsibilities consist of the sum of its obligations toward a specific set of stakeholders: shareholders, customers, employees, suppliers, and the communities in which the firm operates. Goodpaster (1991) designates the nature of corporate social responsibility to stakeholders as "extra-legal obligations" quite apart from fiduciary obligations to shareholders. Goodpaster argues that merely "taking into account" the interests of various stakeholders is not sufficient. Corporations should specify the nature of their ethical obligations to each stakeholder group.

In fact, firms in both the U.S. and U.K. tend to use the language of stakeholder analysis in discussing corporate social responsibility and ethical issues (Robertson and Schlegelmilch, 1993). An analysis of the content of U.K. firms' written policies on social and ethical responsibilities reveals that many such documents consist of an elaboration of the firm's social responsibilities to specified stakeholders such as employees and customers (Schlegelmilch and Houston, 1989). The Conference Board (1987) reports the percentages of U.S. codes of ethics addressing certain "constituency relationships." For example, 91% of U.S. codes specifically refer to relationships with employees, consumers are mentioned in 87% of the codes, suppliers in 87%, home country government in 56%, local communities in 47%, foreign governments in 46%, employees' families in 45%, and shareholders in 40%.

Corporate social responsibility and analysis of company documents

Previous studies have examined corporations' annual reports in order to draw conclusions about various aspects of the firm's performance. Analysing the content of corporate communications, particularly a firm's annual report, has been related to prognosis of the firm's well-being. The annual report and the CEO's letter in that report have been found to contain valuable "signals" about what lies ahead in terms of the firm's performance (McConnell *et al.*, 1986).

A number of studies have examined directly the corporate social responsibility component of company annual reports or other company documents. Bowman and Haire (1975) investigated the relationship between attention to corporate social responsibility in the annual report and a firm's financial performance, concluding that the two are positively related. Abbott and Monsen (1979) constructed a Social Involvement Disclosure scale based on content analysis of the annual reports of the *Fortune* 500. Their study included issues related to the environment, equal opportunity, personnel, community involvement, and company products, and found a slight positive correlation between attention to these issues and average annual return to investors.

Other studies of corporate social responsibility disclosure, particularly in the social accounting literature, have discussed reasons for increased disclosure and have investigated questions of the relationship between amount of social disclosure and industry characteristics (Cowen *et al.*, 1987); social disclosure and firm characteristics (Trotman and Bradley, 1981); social disclosure and public pressures versus profitability (Patten, 1991); and social disclosure and economic performance (Ullman, 1985). In addition, studies have documented the extent of corporate social disclosure on specific topics including gender distinctions (Tinker and Niewmark, 1987); hazardous waste disposal (Rockness *et al.*, 1986); and environmental practices (Patten, 1992; Wiseman, 1982).

More recently, Kabanoff (1992) has analyzed the frequency with which Australian organizations make different value statements in their annual reports, mission statements and internal magazines for the years 1986–1990 and categorized the organizations according to four culture types: elite, leadership focused, meritocratic, and collegial. Kabanoff observed industry differences in the incidence of the culture types. The culture types would seem to have an impact on the treatment of stakeholders, particularly employees. In the U.K., Vyakarnam (1992) examined the annual reports of the top one hundred companies, finding that their social responsibility activities roughly fall into two main categories: (1) actions which have a direct bearing on the nature of business undertaken by the company and (2) charitable donations and sponsorship which bear no direct relation to the company's business. A comparative study of social responsibility in the U.S., Europe and Asia confirms that in the U.K. charitable contributions and, thus the community as stakeholder, play a prominent role in corporate social responsibility activities (Hitachi Research Institute, 1988). Similarly, a study of approximately one hundred statements of ethical values of European firms has revealed that employees and the community are the most frequently mentioned stakeholders as recipients of corporate attention to ethical issues (Willie, 1989).

Methodology

An underlying rationale of our study is that corporate attention to social responsibility issues may take forms other than the codification in written policy described in the previous section. Wood (1991a) points out that policies to address social issues are only one possible form of social responsibility, and, in fact, that the presence of policy does not necessarily indicate the presence of social responsibility. Policy may exist, but be ignored. Similarly, Ryan (1994) reports that the U.K. firms most admired in terms of "community and environmental responsibility" have not always implemented formal corporate codes of ethics. Many firms are clearly committed to ethical conduct yet do not feel it is necessary to codify that conduct. Indeed it could be argued that it is only necessary to codify conduct when there is misconduct.

Our study used survey methodology to ask respondents a series of questions about how much management attention is focused on a given social responsibility topic, whether the issue is mentioned in the company's annual report, whether the issue is discussed in written company policy, and whether or not the firm is planning to develop written policy concerning that issue. In addition, we requested that firms send samples of corporate communications.

A mail survey was sent to a sample of 1,000 CEOs of companies identified from a public database and selected according to their size and industry characteristics. Certain industries were selected so that firms could be grouped into identifiable business areas. Industries were selected representing a broad but controlled range of service and manufacturing, traditional and new, public and private, industrial and domestic types, as well as aiming to secure an even spread of sizes from small (100 employees) to large (several thousand). The industries studied are: chemicals; construction; distribution and retail; energy; engineering; financial services; food, drink and tobacco products; newspapers; pharmaceuticals; publishing; radio and television; textiles; water; and other services.

The survey cover letter was addressed to the firm's CEO and asked that the recipient pass the questionnaire along to a "senior person in your firm who has the most direct contact with issues of social responsibility." In addition to asking for a response to the questionnaire, we requested "one example of a mission statement, annual report or other corporate communication dealing with these [social responsibility] issues." A reminder letter and replacement questionnaire were sent to non-respondents three weeks later.

In total, 299 completed survey forms were received. Taking account of forms returned undelivered and an estimated number failing to reach their destinations, including companies who have ceased trading, this amounts to a response rate of 32%. This response rate is comparable to the rates achieved in other mail surveys on business ethics (e.g., Ferrell and Skinner, 1988), although lower than the mean response rate of 43% for business ethics surveys reported by Randall and Gibson (1990). The response rate is particularly good given that the questionnaire was expected to be re-routed to the appropriate person in the firm.

Of the 299 responding companies 118 also sent some form of company document. These included annual reports and mission statements; environmental policy statements; codes of ethics, codes of practice or statements of values; other policy statements (including health and safety, philanthropic, quality, customer, community and employee); and in-house publications, fact books and reports to employees. Annual reports were by far the most common form of corporate communication sent to us.

Our intention was to use these materials as illustrations of the types of corporate attention paid to particular areas of social responsibility. We were particularly interested in how the interests and values expressed in corporate communications fit within a stakeholder framework. (In the discussion to follow, chosen illustrations are taken exclusively from publicly available company documents such as annual reports; if any doubt existed about the public availability of a document, we excluded its use on confidentiality grounds.)

Results

The corporate documents sent to us reveal a hierarchy of three levels of social responsibility disclosure: corporate rhetoric, specific endeavors, and implementation and monitoring. Industry differences in attention to specific stakeholder groups are apparent. Each of these overall findings will be discussed in the following sections.

Internal versus external communications

Responses to the questionnaire portion of our study indicate patterns of internal and external corporate communication about social responsibility issues (Nicholson and Robertson, in press). There are major differences between issues communicated in the annual report and those communicated internally to employees. We are particularly interested in the differences which may exist between the "public" and "private" face of social responsibility concerns. With the exception of "relations with the local community," all stakeholder concerns are more likely to be communicated internally to employees than externally through the company's annual report. The largest discrepancy occurs on "employee safety." As would be expected, this is an issue about which a great deal of communication to employees takes place. Differences are also found between external and internal communications on "employee well-being" and "discrimination," both issues one would expect to be communicated more internally than externally.

On the other hand, one might expect "product quality" to be more communicated externally since it is an issue of concern to both shareholders and customers. In fact, "product quality" is the subject of a great deal of both internal and external corporate communication. Of all the stakeholder concerns, it is the most likely to be mentioned in the annual report and the second most likely (after "employee safety") to be communicated to employees.

Examination of the "Annual Report" column in Table I reveals a range in the percentage of companies mentioning each stakeholder concern in the annual report from 23% ("discrimination") to 44% ("product quality"). The "Employee Communication" column (inclusion of issues in internal employee communications), by contrast, has a much wider range from 25% of the firms ("relations with local community") to 83% ("employee safety"). This finding suggests that variation in coverage of stakeholder concerns is much greater in internal communications to employees than in annual reports. Perhaps this is because convergence in both the form and content of annual reports is occurring. It is also interesting to note that a great deal less is communicated to employees about "employee well-being" and "discrimination" than about "employee safety."

Hierarchy of social responsibility disclosure

Our study discovered differences among companies as to whether they communicated laudable but vague social responsibility values or whether they outlined precise social responsibility policies and programs. Cynics of corporate intentions may consider all corporate social responsibility disclosure to be "lip service" or "window dressing." Cynicism seems justified when descriptions of corporate social responsibility across a range of annual reports from different companies read as though they were written by the same person, and are so general as to be meaningless.

Our results suggest that corporate social responsibility disclosure can be categorized hierarchically. The first level in the hierarchy is corporate recognition of the value of social responsibility and reference to it in company documents. Our findings indicate that most firms are well established in the first level that we term "General Rhetoric." Nearly all firms refer to stakeholders (in addition to shareholders) in their company documents.

The second level in the hierarchy, the

TABLE I
Questionnaire results

Stakeholder concern	% Firms mentioning issue in annual report	% Firms mentioning issue in employee communications
Employee safety	29%	83%
Employee well-being	27%	53%
Discrimination	23%	54%
Product quality	44%	57%
Responsiveness to consumers	34%	39%
Relations with local community	33%	25%
Protection of the environment	32%	40%

TABLE II
Social responsibility disclosure hierarchy

Stakeholder	General rhetoric level	Specific endeavor level	Implementation and monitoring level
Employees	"Employees are a major asset." ". . . our most important resource is our people, their skills and their commitment to our customers."	". . . staff are encouraged to achieve their career goals through careful training and personal development." – Norwich Union	". . . we have encouraged active participation and involvement and at the year end around 81% of our employees held shares in the Company." – Anglian Water Plc
Consumers	"Customer responsiveness at all stages of manufacturing and marketing is the first priority." "We aim to build long term relationships with our customers on the basis of mutual trust." ". . . customer satisfaction is the key to our success."	"On quality of service, the past year has been noteworthy for the production of Codes of Conduct . . ." – Barclays Plc	"We will refuse to provide financial services to tobacco product manufacturers." – The Co-operative Bank
Community	"Good community involvement means good business." "Investment in communities where the company concludes operations is a high priority."	"We support several students through building degree courses and, unlike other construction companies, we do not insist they join us on graduation by way of recompense." – Haymills "Substantial donations made in the U.K. . . . demonstrate Glaxo's commitment to the advancement of science and health care through charitable and community support." – Glaxo Holdings Plc	"Sedgwick is a member of the Per Cent Club, contributing a minimum of 0.5 percent of U.K. profit to community initiatives." – Sedgwick Group Plc
Environment	"We believe that we should do all we can to promote action for a cleaner environment."	"News International has been using recycled newsprint for the past six years." – News International	"ICI was prosecuted for environmental offenses on 26 occasions worldwide in 1991 compared with 36 occasions in 1990." – ICI

TABLE II *(Continued)*

Stakeholder	General rhetoric level	Specific endeavor level	Implementation and monitoring level
Environment	"Protection of the environment is another crucial aspect of our responsibilities as good corporate citizens."	"To help identify what can be recycled, many Tesco products are clearly labelled with the distinctive Tesco Cares 'recyclable' logo and the name of the material from which it was made." – Tesco	"As a result, the Board formed an Environmental Advisory Council (EAC) comprised of non-management directors and leading external scientists." – Rohm and Haas Company "Bristol-Myers Squibb has . . . committed to a 50 percent reduction in environmental releases of specified substances by 1995." – Bristol-Myers Squibb

"Specific Endeavor" level, consists of corporate social responsibility initiatives specifically tied to the firm and its operating environment. Company documents in our study demonstrate examples of such individually designed policies and activities. Corporate communications in this category tend to differ widely in their appearance, style and form. The differences found provide direction for future firm-specific corporate social responsibility efforts. Firms can be creative in their approach to corporate social responsibility and need not merely imitate what other large firms are doing. For example, newspapers are in a unique position to initiate paper recycling programs, and pharmaceutical firms have great credibility in the distribution of health care information to the local community.

A third level in the hierarchy is "Implementation and Monitoring" of social responsibility programs. Activities such as annual environmental audits or reviews characterize this level. Companies which publicly set targets and report the progress made have reached this third level. This level is consistent with an overall corporate goal setting approach. It is our contention that firms who have been successful in formulating and enacting strategic goals should apply this process additionally to social responsibility initiatives (Guerard *et al.*, 1990).

At present a great many of these kinds of programs are responses to government pressures. Thus, certain areas such as environmental efforts and non-discrimination policies typify this third level in the hierarchy. Activities at this level are likely to require changes in organizational design and employee compensation and incentive systems. For example, in the U.S. employees at Sears auto repair centers were discovered to be recommending and completing unnecessary automobile repairs. One immediate response to the revelation of the sales abuses was to eliminate "commissions and product-specific sales goals for auto center employees nationwide" (*Business Week*, 1992, p. 24), reducing the rewards associated with selling more and the punishment associated with not selling enough. A management level example has been reported on the company Martin Marietta, where an "incentive compensation plan for executives" ties compensation to success in promoting ethical conduct (Paine, 1994).

Industry differences

Conforming to these three hierarchical levels, we found industry differences in emphasis on corporate social responsibility toward various stakeholder. All industries stress responsibility to their shareholders; after all, the majority of company documents received were annual reports. However, there are differences in emphasis from industry to industry. For example, the food, drink, and tobacco products industry placed the least emphasis on the role of the shareholder in its literature. Most companies in this industry stress product quality and their image as responsible citizens of the community. We had anticipated that the financial services firms would emphasize responsibility to shareholders, yet relative to firms in other industries, they did not. The electricity industry combines corporate social responsibility to employees with shareholder interests. Employees in most electricity companies are offered shares of company stock so that they become shareholders; thus employee interests become aligned with those of shareholders.

In addition to shareholders, four stakeholders account for the large majority of emphasis on corporate social responsibility. These four are employees, consumers, the community, and the environment. The environment is not usually considered to be a stakeholder, but we believe that the enormous impact of corporations on the environment warrants its inclusion as a stakeholder. The identification of these groups is consistent with the meaning of social disclosure discussed by Anderson and Frankle (1980). Their definition focuses on the reporting of information about a firm's "community involvement, human resources, environmental impact, and product/service contributions" (p. 467). The following sections review industry differences across these four stakeholder groups.

Employees. As discussed earlier, our questionnaire responses indicate that the topics of "employee safety," "employee well-being," and "discrimination" are likely to be described as an "issue on which our firm has specific written policies communicated to employees." Considerably fewer firms were likely to designate these topics as an "issue that is explicitly mentioned in our annual report."

Nevertheless, companies in all industries tended to recognize the importance of employees as a major determinant of firm success and to mention employees as stakeholders in a general way in their annual reports. The following constitutes a typical example of this general rhetoric about the importance of employees:

> We aim to provide for our employees a business in which commitment brings job fulfilment and fair reward.

In addition, we found industry differences in emphasis on particular aspects of employees as stakeholders. The chemical industry places great emphasis on employee development; this makes sense in light of the highly educated workforce needed for research and development. However, in the pharmaceutical firms, which also depend on highly skilled employees, much emphasis was placed on research on new products, but little mention was made of the employees doing the research and making the discoveries. Electricity and water firms also stress training opportunities for their employees, but these efforts tend to be discussed more in terms of a good investment on the part of the company than as an aid to employee development, stressed in chemical firms' literature. Construction firms pay a great deal of attention to employee safety with some companies sending us separate documents dealing with this topic. Manufacturing firms tended to be the largest in our sample in terms of employee size and also the most likely to send separate documents dealing with a range of topics, including employee welfare.

Consumers. Product quality and responsiveness to consumers emerged as topics likely to be the subject of a great deal of corporate communication. As mentioned above, the food, drink, and tobacco industries stress customer satisfaction. The newspaper industry places emphasis on customers through the quality of their products; similarly, the radio and television industry's major stakeholder concern is the customer, that is, the listener or viewer. The financial services industry stress service to the customer through repeated use of words like "quality," "dependability," and "security" to describe customer relationships.

> On quality of service, the past year has been noteworthy for the production of Codes of Conduct;

one for the personal customer devised jointly by all the major banks and building societies, and one for smaller businesses where each bank has produced its own. These codes lay down standards of service to be maintained at our branches and business centres. Source: Barclays plc

The Community. Generally the industries emphasizing the customer also emphasize the community. The chemical industry was found to be unlikely to mention either stakeholder group in its corporate communications; rather attention to the community is usually subsumed under concerns about protection of the environment.

A specific example of community involvement follows:

> Community support is another aspect of Glaxo's commitment to good corporate citizenship. During the year the Company made charitable donations amounting to £3.6 million and together with its U.K. subsidiaries, made other contributions in support of the community amounting to £2.4 million. The combined total of £6.0 million was equivalent to 4.1 per cent of that share of Group pre-tax profits proportional to the contribution to Group turnover made in the U.K. Source: Glaxo

The Environment. The environment as stakeholder is acknowledged by a majority of the company documents received. In our questionnaire this is also the topic on which the largest number of responding companies said they were formulating new policy for the future (37%).

The environment serves as a prime example of an area which divides into those who make very general statements of commitment to the environment versus those who document their specific efforts. The following is typical of the type of sweeping statement found in much company literature:

> Our firm remains committed to safeguarding the environment while providing safe, secure, efficient, economic products to meet the needs of our customers.

On the other hand, in some industries such as the water industry, firms are providing details of their environmental review processes. Some companies produced pieces of literature devoted entirely to the environment. Very specific examples include:

> (T)he Board formed an Environmental Advisory Council (EAC) comprised of non-management directors and leading external scientists. Since its first meeting, the Council has served as a consulting body to management and the Board. This independent and outside perspective is a resource for the company in ensuring leading-edge safety, health, product integrity and environmental practices. Source: Rohm and Haas Company
>
> Sedgwick is undertaking an environmental review in the U.K.; it is taking steps to conserve natural resources and minimize any harmful impact on the environment. For instance the group already encourages the use of lead-free petrol, does not purchase hardwood furniture, uses largely ozone-friendly gases and undertakes recycling projects. An energy management group carries our quarterly reviews of energy efficiency and recommends improvements. Our environmental policy will be audited on an annual basis. Source: Sedgwick Group plc

Stakeholders largely missing from company documents

Competitors. Perhaps the most conspicuous absentee is a firm's competitor or competitors as stakeholders. We could find no mention in the corporate documents received of policies directed to the competition. In fact, relatively little research has focused on corporate social responsibility in relation to competitors, compared with studies of other stakeholders.

However, recent events suggest the need for firms to formulate policies toward their competitors. For example, in British Airways' alleged "dirty tricks" campaign waged against Virgin Atlantic, employees appeared to be overly zealous on BA's behalf (*Business Week*, 1993). Such employees might have benefitted from greater corporate attention to and guidelines concerning their competitor's customers. Similarly, the allegation that a General Motors executive took proprietary G.M. information (along with a number of key G.M. employees) with him in his move to Volkswagen raises the question of social responsibility to one's former employer as competitor (*The Economist*, 1993).

Government. Our questionnaire results indicate that government relations is an "issue that receives a great deal of management attention" (41% of respondents), but is unlikely to be an "issue that is explicitly mentioned in our annual report" (9%) or an "issue on which our firm has specific written policies communicated to employees" (6%). The only industry that consistently mentioned the government in its company literature was the construction industry. This may not seem surprising in light of the numerous government codes and permits required in construction.

Corporate alliances. New categories of stakeholders are currently being generated by increasing numbers of corporate reformulations such as strategic alliances, joint ventures, and relational contracting in which suppliers and buyers develop long-term, cooperative exchange relationships. However, these stakeholders tend not to be mentioned in the corporate documents received in this study. Perhaps firms do not consider, for example, a long-term supplier to be a stakeholder, or perhaps such arrangements are recent enough that corporations have not as yet clearly formulated their responsibilities to such stakeholders.

Discussion

Our study has found the following in relation to corporate social responsibility disclosure: (1) more variability in the treatment of social responsibility in internal corporate communications than in external communications; (2) industry differences in emphasis on stakeholder groups; and (3) greater predominance of corporate rhetoric than delineation of specific action plans. These results hold implications both for future research and for implementation by management.

Our findings suggest that study of a wide range of corporate communications may be of further research interest. The lack of variability in the issues covered in corporate annual reports suggests that perhaps too much research attention has been paid to this form of corporate communication. Although internal communications are more difficult to obtain for research purposes, they may prove to be a more telling indicator of how a firm is addressing social responsibility concerns. The standardization and convergence of annual reports found in our study may mean that they are not the most revealing source of corporate social responsibility. Our results point to differences between the "public" face and "private" face of social responsibility concerns.

Future studies may wish to focus on characteristics of the firm associated with corporate social responsibility. Studies such as that of Preston (1978) and Cowen *et al.* (1987) indicate that corporate size is positively related to amount of corporate disclosure. Yet, the mechanisms by which size has this effect have not been identified, though their nature may be surmised. Corporate disclosure can be seen as an attempt to influence opinion, i.e., a proactive enactment strategy by weighty firms seeking to build reputation and stake out reputational territory. Furthermore, other organizational variables, particularly structural variables, may influence the amount and form of social responsibility disclosures. This is likely to occur through structure facilitating processes, via dedicated functions, accountabilities etc., which focus strategic intent within ethical domains.

Another worthwhile avenue for future research exploration is that of industry characteristics and corporate social responsibility disclosure. The discovery of systematic industry differences in amount of social disclosure and topics covered in the disclosures would lead to a better understanding of company response to its immediate operating environment. For example, three major factors we consider to affect the ways in which firms in particular industries formulate their social responsibility initiatives are: the extent of government regulation of the industry, level of competitiveness in the industry, and proximity to the end user of the product.

Interaction among these factors is also important. We would expect industries that are close to the end user of the product, such as the water industry, food and beverage industry and pharmaceuticals, to be more likely to emphasize social responsibility. Market pressures would force these firms to pay close attention to their reputations (Smith, 1990). This is likely to apply especially to very high profile stakeholders such as the environment. Similarly, companies in industries in which there is a great deal of competition can be expected to be more focused on social responsibility issues. The relationship between corporate social responsibility and firm strategy is complex and intriguing. Finally, in industries in which there is substantial government regulation, we would expect references to corporate social responsibility to consist primarily of descriptions of compliance efforts. These relationships may well be explained by resource dependence theory which would lead one to expect attention to stakeholders on which firms most depend, are most dynamic or uncertain, and which are least substitutable (Pfeffer and Salancik, 1978).

Our findings about the three levels of corporate social responsibility disclosure suggest that companies need to move beyond corporate rhetoric and to concentrate on goal setting and monitoring of social responsibility activities. Corporate rhetoric is important as a signal of interest in corporate social responsibility, but it is meaningless if not backed by specific objectives and actions.

We propose that an ideal model of corporate social disclosure can be identified and that it consists of the following elements: (1) corporate social responsibility efforts closely tied to the mission of the firm which means tailoring of efforts to the firm's mission and industry conditions; (2) clear communications to all constituencies or stakeholders involved; and (3) a specific process for delineating goals, monitoring progress towards their completion, and reporting goal attainment.

The gap between rhetoric and action is of practical importance. A strategy such as we have outlined is important for this gap to be closed, so that firms achieve a unity of purpose and tangible benefits in their relationships and in the areas of their operations. At the same time, however, we should be cautiously aware that the relationship between rhetoric and action may be time-lagged. More complex relations still are possible, such as Brunsson's (1989) observation that talk and action, may, under certain circumstances, operate in different and incommensurate realms. In these conditions he sees the gap as inevitable, and the relations between them as either "justification" (of action by talk) or "hypocrisy" (symbolic and behavioural actions are allowed to be contradictory). In this interpretation "hypocrisy" is a more open realistic stance than "justification". This raises deeper questions for more far-reaching future inquiry. For the moment, let us conclude that there is a case to answer and a widely unsatisfied challenge to firms to achieve a unified ethical stance.

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