Don’t Judge a Book By Its Cover!
Comparative study of the adaptation and evolution of CSR reporting by telecommunication companies in Brazil and South Korea

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Abstract

Purpose: This paper explores the adaptation and evolution of stand-alone CSR reporting in two different political economies and late-capitalist countries: Brazil and South Korea. Instead of selecting between new institutionalism and the varieties of capitalism (VOC) approach, this study attempts to explore how the interaction between converging and diverging pressures appears in the adaptation and evolution of stand-alone CSR reporting (i.e., cross-fertilization process) in two countries.

Design/methodology/approach: Using qualitative content analysis this study focuses on the frameworks of CSR reports and the way CSR issues are described within the stand-alone CSR reports of four telecommunication companies in Brazil and South Korea.

Findings: Even though CSR reports in both countries have become similar due to the convergence of frameworks of CSR reporting, the key themes and the representation on each theme are still embedded within each form of market economy: a hierarchical market economy (HME) in Brazil and a network market economy (NME) in South Korea. From a cross-fertilization perspective, this paper shows that the adaptation and evolution of CSR reporting occurs at two different levels of CSR reporting.

Value: This study has three major values. First, it explains the two different levels of the adaptation and evolution process of CSR reporting by bringing a dynamic cross-fertilization view. Second, it provides a qualitative study that focuses on the content of CSR disclosures instead of the quantity of those disclosures. Lastly, it contributes to the academic and practical research on CSR in late-capitalist countries and in two under-researched types of political economies.

Keywords: Adaptation, CSR reporting, new institutionalism, varieties of capitalism, Brazil, and South Korea

INTRODUCTION

The concept of corporate social responsibility (CSR) – the notion that business has a responsibility to contribute to the economic, social and environmental goals of society on a voluntary basis (Elkington, 1994) – has globally spread as an institutionalized concept (Gjølberg, 2010). As a notion that originated in the U.S. (Carroll, 2008; Matten & Moon, 2008; Vogel, 2005), CSR has diffused worldwide as a best practice (Sahlin-Andersson, 2006). With such a wide diffusion of the concept of CSR, corporations all over the world have reported their social and environmental impacts (Gray, Owen, & Adams, 1996; Livesey, 2002; Tschopp & Nastanski, 2014). Thus, the production of a stand-alone CSR report has become a common CSR practice among corporations (Cho, Patten, & Roberts, 2011; Michelon, Pilonato, & Ricceri, 2015). CSR reporting is "*now a firmly established global trend*", with more than 90% of the 250 largest companies publishing this kind of reports (KPMG, 2015, p. 5).

With such a rise of CSR or sustainability reports, the literature on corporate social and environmental disclosures has burgeoned over the past two or three decades (Laine, 2009), and this literature has provided various insights on how corporations report on their social and environmental issues. Two institutionalist traditions in organization theory provide different explanatory frameworks for this global diffusion of stand-alone CSR reporting: new institutionalism and the varieties of capitalism (VOC) approach. These two institutionalist traditions have significantly contributed to the debate on the effects of globalization on management practices (Tempel & Walgenbach, 2007). Even though a central question of both traditions is how organizations adapt to their institutional environments, they have different focuses and conclusions about the global diffusion of organizational forms and management practices. On one hand, new institutionalism focuses on processes of isomorphism-driven social pressures at the organizational level (Meyer & Rowan, 1977; Powell & DiMaggio, 1991). Consequently, its strong emphasis on global homogenization and standardization of organizational forms downplays the impacts of national peculiarities. In contrast, the VOC approach claims the continued persistence of national differences. This latter approach emphasizes different patterns of practice diffusion and also highlights the adaptation of those practices to each country's national political-economic systems (Gjølberg, 2010; Hall & Soskice, 2001; Whitley, 1999).

In organizational research, however, increasing efforts have been made to overcome the convergence-divergence dichotomy by cross-fertilizing those two arguments (Djelic, 1998; Djelic & Quack, 2003; Matten & Moon, 2008; Tempel & Walgenbach, 2007). As both global standardization and the continued persistence of differences in management practices in different countries are simultaneously observed, scholars in organizational research have increasingly claimed that both institutionalist traditions need to be taken into consideration simultaneously in order to explain the dynamic interactions between converging and diverging pressures in the diffusion and adaptation process of management practices (Brammer, Jackson, & Matten, 2012; Deeg & Jackson, 2007; Djelic & Quack, 2003; Tempel & Walgenbach, 2007). In the CSR and CSR reporting literature, how this interaction happened over time (i.e., cross-fertilization process) has not yet been fully researched.

Taking such a cross-fertilizing perspective, we attempt to explore *how global new institutional influence and national political-economic impacts have interacted between each other in the process of the adaptation and evolution of stand-alone CSR reporting in two different political economies*, an issue that has been still rarely studied in the CSR and CSR reporting literature. For this purpose, we analyse changes in representation of CSR reporting of four major players in the telecommunication sector in Brazil and South Korea. Each country is a representative country of hierarchical market economies (HMEs) and network market economies (NMEs) (Schneider, 2013). The HME and the NME are often found in late-capitalist countries in Latin American and Asian contexts but less investigated than the two well-known political economies: the Anglo-Saxon economies (liberal market economies – LMEs) and the continental western European economies (coordinated market economies – CMEs). Both Brazil and South Korea are active late follower countries in the field of CSR reporting (KPMG, 2013) and have similar economic and political changes; thus they are suitable for a comparative case study of the adaptation process of CSR reporting. The telecommunication industry is also chosen for two reasons. First, this industry has been pressured to develop CSR practices actively due to its social and environmental impacts on society (Runhaar & Lafferty, 2009). Second, this industry can be compared between the two countries despite their different economic and social contexts, as the industry is quite internationally standardized in terms of technologies and services and both countries have experienced similar regulatory changes at the same time (i.e., the change from a state-owned monopoly to an oligopoly of for-profit companies).

The following section presents the background studies on CSR reporting as a globally diffused management practice. We also present the two institutionalist traditions and their views on diffusion and adaptation in different countries and then suggest a cross-fertilizing perspective to synthesize these two viewpoints. In the following section, we present the methodology and the findings. The last section theorizes about the findings and positions them in the context of the current literature.

STUDY BACKGROUND

CSR reporting as a globally diffused CSR practice

The literature includes many different definitions of CSR (De Bakker, Groenewegen, & Den Hond, 2005). Arguably, Carroll's definition is among the most cited: "*social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time*" (1979, p. 500). From this starting point, a multidimensional notion of CSR was developed. For instance, Elkington (1994) presented the concept of triple bottom lines, which includes economic, environmental, and social aspects of CSR. Companies have attempted to meet these responsibilities through CSR performance being defined as "*policies, programs, and observable outcomes that relate to the company's societal relationships*" (Wood, 1991, p. 693).

Corporations, particularly multinational companies in advanced capitalist countries, have reported environmental and social issues via a particular communication channel: CSR reporting (Tschopp & Nastanski, 2014). CSR reporting refers to the disclosure of company initiatives or activities for environmental and social issues in their business operations and interactions with stakeholders (Pérez, 2015). Particularly in advanced capitalist countries, companies shifted from disclosing their CSR issues in addenda to their annual reports to producing stand-alone CSR reports (Cho et al., 2011; Michelon et al., 2015). Nowadays, these stand-alone CSR reports are increasingly considering not only environmental and social issues but also economic information (Cho et al., 2011; Michelon et al., 2015).

With such an evolution of CSR reporting, CSR reporting has become a successfully and globally diffused CSR practice of companies. According to the most recent KPMG survey in 2015, 75% of the largest 100 companies in 45 countries, 4,500 companies in total, now report their CSR activities, which represents an increasing trend from the previous KMPG survey (KPMG, 2015). Indeed, over the last four years, the G250 CSR reporting rate has fluctuated between 90 and 95% (KPMG, 2015). Hence, one can say that CSR reporting is now a common practice in the business field.

Understanding the global diffusion and adaptation of CSR reporting

The rise of CSR reporting has been understood in different ways. Two different institutionalist traditions in organizational research — new institutionalism and the varieties of capitalism (VOC) approach — have provided insightful but competing explanations for the diffusion and adaptation of stand-alone CSR reporting. While new institutionalism explains the global diffusion of CSR and CSR reporting as a convergence process, the VOC approach, whose roots are in societal institutionalism and comparative political economy, highlights different forms of adoption of CSR and CSR reporting according to local realities.

Convergence: New institutionalism

By focusing on isomorphic phenomena among organizations, new institutionalism explores why and how CSR and CSR reporting has been globally adopted and adapted. It generally argues that organizations tend to homogenize organizational practices because of institutional pressures within organizational fields (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Acquiring external legitimization is a key interest of those homogenizing organizations (Powell & DiMaggio, 1991). As homogeneity is related to external conformity, actual organizational activities may become decoupled from what is seen from outside (Meyer & Rowan, 1977). Hence, external appearance is of particular interest in this theoretical stream.

DiMaggio and Powell (1983) identify three mechanisms of isomorphic change in organizations: coercive, normative, and mimetic isomorphism. Coercive factors involve political pressures and the force of the state, which provides regulatory oversight and control. Normative factors stem from the potent influence of the professions and the role of education. Mimetic forces draw on habitual, taken-for-granted responses to circumstances of uncertainty. DiMaggio and Powell (1983) contend that those pressures promote homogeneity across organizations. Because those pressures emphasize conformity and compliance, organizations tend to become isomorphic by aligning policies and practices to the dominant societal rules, norms, and routines (Doh & Guay, 2006).

New institutionalism has been a key explanatory theory for the expansion of CSR practices in the world (Campbell, 2006; Doh & Guay, 2006; Neergaard & Pedersen, 2003). Particularly in the social and environmental accounting literature, scholars have agreed that global institutional pressures have led companies to engage in social and environmental issues and to produce CSR reports. By using this theoretical approach, several studies have explored how coercive, normative, and mimetic pressures result in a trend toward homogeneity in the CSR reporting practice, particularly in the "format" of the CSR reports (e.g., Othman, Darus, & Arshad, 2011; Pedersen, Neergaard, Pedersen, & Gwozdz, 2013; Boiral & Gendron, 2011; Kolk & Perego, 2010; Tschopp & Nastanski, 2014).

Concerning coercive pressures, governments in several countries have not only encouraged but also mandated corporations to engage in CSR practices, including CSR reporting (Albareda, Lozano, & Ysa, 2007; Noronha, Tou, Cynthia, & Guan, 2013; Othman et al., 2011; Pedersen et al., 2013). Moreover, the emergence of global standard-setting institutions for corporate responsibility[1] can be considered as a part of an emerging system of soft law that complements national social and environmental regulations (Gilbert, 2002; Tschopp & Nastanski, 2014), which further accelerates the global convergence of CSR reporting (Gilbert, 2002). Normative isomorphism in financial and nonfinancial forms of auditing and reporting occurs with the adaptation of certificates and professional practices (Boiral & Gendron, 2011; Kolk & Perego, 2010; Perera Aldama & Zicari, 2012; Simnett, Vanstraelen, & Chua, 2009; Thorne, Mahoney, & Manetti, 2014). Normative pressures were particularly evident in the early stages of diffusion of CSR reporting through the initiative of professional auditing entities (Kolk & Perego, 2010; Simnett et al., 2009; Thorne et al., 2014). Professionals across the world can propose and circulate CSR reporting practices in different countries (Perera Aldama & Zicari, 2012). Finally, mimetic pressures can induce inexperienced, first-time reporting companies to search for company role models that they can imitate when preparing

[1] Examples include the "GRI Guidelines" from the GRI; the "Environmental Financial Accounting and Reporting at the Corporate Level" and the "Guidance on Corporate Responsibility Indicators" from the United Nations Conference of Trade and Development (UNCTAD) and its International governmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR); and the Ten Principles from the UN Global Compact.

their reports (Pedersen et al., 2013). These first-time reporters may emulate the CSR practices of larger, more successful companies and/or to adhere to high-profile initiatives, such as the UN Global Compact or the GRI guidelines. In conclusion, all the three new institutionalism pressures (i.e., coercive, normative and mimetic forces) coincide in suggesting a global trend towards homogenization in CSR reporting practices, in particular the "surfaces" (i.e., forms or formats) of CSR reporting.

Divergence: Varieties of capitalism

Even if new institutionalism has contributed to explain why and how CSR reporting or other CSR practices across the world look "alike," it could not explain why and how there is still considerable variability in the adoption of CSR practices. Indeed, CSR is a culturally and temporally embedded concept; thus the diversity of social contexts plays an important role in exploring the deployment of CSR practices and the meanings of CSR around the world (Brammer et al., 2012). In order to investigate the mechanisms of diverse adaptations of CSR practices, scholars in the CSR field rely on various approaches from societal institutionalism, which emphasizes societally and politically embedded institutional contexts at the national level as key mechanisms that influence organizational fields (Amable, 2003; Hall & Soskice, 2001; Pierson & Skocpol, 2002; Whitley, 1999). As one of them, the *varieties of capitalism (VOC)* approach[2] (Hall & Soskice, 2001; Pierson & Skocpol, 2002) have been widely used by several comparative CSR studies (Matten & Moon, 2008; Gjølberg, 2009; Kang & Moon, 2012). As this approach underscores political and social aspects that are deeply embedded in each national economy (Hall & Soskice, 2001; Pierson & Skocpol, 2002), it helps to explain diverging outcomes of globally diffused concepts or practices (Tempel & Walgenbach, 2007).

The VOC approach assumes that each nation owns a particular form of governance and coordination for its specific economy (Fransen, 2013; Kang, 2006). Two types of

[2] We recognize that there are strong generic similarities between the *varieties of capitalism (VOC)* approach and the national business system, which is another comparative institutionalist approach proposed by Whitely (1999). In this paper, we particularly focus on the VOC approach as an aim to compare different relationships between economic organizations and their stakeholders in different forms of political economies in two late-capitalist countries. Moreover, most of comparative CSR studies that show different concepts and forms of CSR in different countries generally use the VOC approach as a representative approach to compare nationally embedded institutions (Gjølberg, 2009; Kang & Moon, 2012; Matten & Moon, 2008). Matten and Moon (2008) even use those two approaches more or less interchangeably.

national economies have been largely compared in an ideal distinction: liberal market economies (LMEs) and coordinated market economies (CMEs) (Hall & Soskice, 2001). In LMEs, firms coordinate their activities primarily via competitive market arrangements (Kang & Moon, 2012; Matten & Moon, 2008). In CMEs, firms depend instead on nonmarket relationships that entail incomplete contracting, network monitoring, and reliance on collaborative relationships (Kang & Moon, 2012; Matten & Moon, 2008). Based on such a categorization, scholars argue that companies would adapt their practices (including CSR reporting) to the characteristics of the market economy in which they operate.

Several studies in the field of CSR have used this approach to show how each country has different CSR concepts and practices even if the term "CSR" originated from the United States or largely from Anglo-Saxon contexts (Gjølberg, 2009; Gond, Kang, & Moon, 2011; Matten & Moon, 2008). Matten and Moon (2008) show that LMEs tend to have more explicit CSR, while CMEs tend to have more implicit CSR, as many CSR concepts and practices are already embedded in legal and cultural institutions in the CMEs. Studies in the social and environmental accounting research community have also shed light on the strong role of political, socio and economic conditions in driving different patterns of CSR disclosure (e.g., Albareda et al., 2007; de Villiers & Marques, 2016; Hibbitt & Collison, 2004; Noronha et al., 2013; Thorne et al., 2014; Van der Laan Smith, Adhikari, & Tondkar, 2005; Vormedal & Ruud, 2009). They explore different levels and types of CSR disclosure due to national conditions (de Villiers & Marques, 2016; Van der Laan Smith et al., 2005; Vormedal & Ruud, 2009) or the impact of national conditions on the extent and quality of each topic in a CSR report (Hibbitt & Collison, 2004; Noronha et al., 2013).

Cross-fertilization between new institutionalism and the VOC approach

As having seen above, scholars have used either the new institutionalism or VOC approaches to explain the global diffusion and adaptation of CSR and CSR practices. Tempel and Walgenbach (2007) argue that scholars need to consider both approaches simultaneously in order to capture what really happen in the process of the global diffusion and adaptation of practices, instead of selecting one over the other. In a similar vein, Deeg and Jackson (2007) and Djelic and Quack (2003; 2008) suggest a dynamic perspective on the two institutional traditions to explore how nationally embedded systems and globalization together influence the way in which an organization in a given nation adopt and adapt a traveling artefact over time. Over the course of the adaptation of an artefact, political, socio and economic conditions of a given nation interact with globalization forces (Deeg & Jackson, 2007; Brammer et al., 2012). Hence, there has been a recent call for the dynamic interaction between converging and diverging pressures in the adaptation process over time (Deeg & Jackson, 2007; Djelic & Quack, 2003; Tempel & Walgenbach, 2007; Brammer et al., 2012), which is referred to as cross-fertilization between new institutionalism and the VOC approach (Tempel & Walgenbach, 2007).

Such a cross-fertilization perspective has not been deeply studied in the CSR literature. Matten and Moon (2008) acknowledged the interactive impacts of both converging pressures from globalization and diverging pressures from the LME or the CME on the adaptation of CSR practices. However, they did not reveal how this interaction happened to the adaptation of CSR practices over time (i.e., cross-fertilization process). This process of the adaptation and evolution of CSR reporting may occur in two different levels. As seen in the previous two sub-sections, converging pressures tend to drive homogenization in the surface of a CSR report (i.e., what it looks like and which frameworks it follows) while diverging pressures tend to result in different types and qualities of CSR disclosure (e.g., contents). Developing these two different levels of CSR reporting, hence, we explore not only what has been disclosed in CSR reports but also how each CSR issue has been addressed or presented in a course of the evolution of CSR reporting over time as inspired by Hibbitt and Collison (2004), who showed differences in *descriptions* of CSR issues in several European countries.

We shed light on *other types of political economies,* instead of the LME and the CME, which have been relatively well researched in the comparative CSR literature (Gond et al., 2011; Kang & Moon, 2012; Matten & Moon, 2008). There are certainly other types of political economies and their own CSR meanings and practices (Gjølberg, 2010; Kang & Moon, 2012; Witt & Redding, 2012). According to Schneider (2013), there are two other distinctive modes of political economies in addition to the LME and the CME: hierarchical market economies (HMEs) and network market economies (NMEs). Those two other types tend to be observed in late-capitalist countries, which are more likely to be recipient countries in the global diffusion of artefacts. The concept of CSR and CSR practices in those two other types have not yet been investigated with a case of CSR reporting. To summarize our research objective, this study aims to explore the adaptation and evolution of *representation within stand-alone CSR reporting in two major types of political economies in late-capitalist countries (the HME and the NME) from the cross-fertilization perspective*.

METHOD AND RESEARCH CONTEXT

Comparative case study: Brazil and South Korea

To explore the cross-fertilization process of CSR reporting in HMEs and NMEs, a comparative case study was conducted. Comparative case studies have been proposed as a tool for theory building (Eisenhardt & Graebner, 2007; Ravenswood, 2011). Furthermore, Yin (2009, p. 8) states that case studies are appropriate for addressing "how" questions. In this particular case, we chose a multiple-case design, which allows the comparison of the phenomena under study.

We selected a representative country of each political economy (the HME or the NME). Brazil is a representative country with features of a hierarchical market economy (HME), and South Korea is a representative country with features of a network market economy (NME) (Schneider, 2013). In HMEs, capital is allocated mostly internally either by large local and diversified conglomerates or by multinational foreign firms. As the role of capital markets is less important than in the LME (Schneider, 2013), companies tend to be financed by local or foreign investors. Particularly for Brazil, the use of debt is important among large companies (Brito, Corrar, & Batistella, 2007). In HMEs, share ownership tends to be largely concentrated among a few owners, and stakeholders are usually quite weak. Relations with suppliers and clients are often unequal and imbued with a hint of coercive hierarchy. In particular, employees have a comparatively weaker position than they do in other market economies. Workers have fluid, short-term links to firms and scarce coordination with other workers through labour unions. Nevertheless, a reduced proportion of employees succeed in having better employment in a few elite employers, usually government, state-owned firms and some large companies (either local or multinational). In this kind of firms, either specific regulation or stronger labour unions can sometimes provide employees with increased protection. In NMEs, capital is allocated through a network of blocked holdings and crossed ownership. Similarly to HMEs, banks and stock markets exist, but they are not the key instruments for capital allocations. Such allocations are based instead on trust by means of continual frequent transactions between private parties. Relationships with stakeholders (e.g., employees and suppliers) tend to be long term, and they are mediated by informal connections. Cooperation and mutual growth are emphasized while short-term, quick profits won over clients, employees or suppliers are discouraged (Schneider, 2013).

In addition, Yin (2009, p. 54) suggests comparing cases with different variables between them. The choice of Brazil and South Korea also follows this recommendation, as both countries have significant differences in terms of geography, language and culture. Furthermore, international commerce and investments between both countries are relatively moderate (International Monetary Fund, 2016). Consequently, there is little opportunity for one country to influence the other significantly. At the same time, both countries remain comparable, as they share many aspects in terms of their economic and political development (i.e., rapid industrialization in recent decades and democratic governments since the 1980s). Therefore, both cases represent good research contexts to explore how a globally diffused CSR practice (e.g., CSR reporting) has been locally adapted.

Institutional environments and their evolution are important backgrounds for this study. Brazil and South Korea are representative of late-capitalist countries in each region, Latin America and East Asia. Brazil is the largest economy in Latin America and arguably one of the most developed countries in the region, along with Mexico, Colombia and Argentina. While the Brazilian state has a sizeable impact on the economy (Musacchio & Lazzarini, 2014) and its active industrial policies are highly influential (Casanova & Kassum, 2014), the role of large privately owned companies has always been important (Schneider, 2013). South Korea has a market economy that ranks 11th in the world by nominal GDP and 13th by purchasing power parity (OECD, 2015). Interestingly, such economic development was achieved in a short period as a result of a strong governmental economic development policy in the 1970s and 1980s, which became a reference for many Asian countries (Amsden, 1989; Wade, 1990).

Brazil and South Korea share similar traits in their economic and political histories, making these two contexts comparable. Brazil regained democracy in 1985. After several years of persistent high inflation and disappointing growth (Salama, 2012), Brazil began its economic reforms during the 1990s. These reforms included privatizing some state-owned firms and liberalizing the market. After the implementation of a successful anti-inflationary plan (Plano Real) in 1994, Brazil witnessed a period of growth. Not only did foreign investment become important, but the country also began to have its own multinational firms (e.g., Embraer, Petrobras, JBS) (Casanova, 2009; Fundaçao Dom Cabral, 2011). This globalization trend is also illustrated by the expansion of Brazilian financial markets, as the country has one of the largest stock market in Latin America (FIAB, 2016, p. 11). In spite of this progress, Brazil remains an unstable economy. While the world financial crisis in 2008 had only a limited impact on the country's economy (Salama, 2012), Brazil slipped into recession since 2014 (The World Bank, 2016).

The case of South Korea is quite similar. South Korea achieved a direct public election in 1987, and the first South Korean democratic administration began in 1988 after two military regimes from the 1960s to 1980s. In the early 1990s, the democratized government gradually began to support Korean companies' overseas businesses with financial liberalization, opening the capital market and abolishing the ceiling on domestic institutional investors' overseas portfolio investments, as well as terminating all policy loans (Kim & Yoon, 2003). With this liberalization policy, many large South Korean companies turned into multinational companies. During the local financial crisis in 1997 and 1998, the International Monetary Fund (IMF) profoundly reformed the South Korean financial system. The financially-oriented restructuration plan by the IMF opened the South Korean stock exchange in 1998 and privatized many state-owned companies. With this policy, multinational companies acquired local firms and made increasing foreign direct investments (Ji, 2007). In this context, the Anglo-Saxon models of the financial system and the shareholder-value-centred business system were adopted in South Korea (Cho, 2004).

Four telecommunication companies in Brazil and South Korea

For comparability reasons, we looked for companies in the same industry in both countries. We chose the telecommunication sector for several reasons. First, academic interest in CSR in that sector is not new, as Runhaar and Lafferty (2009) compared CSR practices in telecommunication firms from three European countries. Second, telecommunication firms all over the world have undergone abrupt technological change in recent years. These changes have even redefined those companies' business models, particularly from the provision of landline service only to the offer of combined services (i.e., “triple play”: internet, cell phone and land line services). Additionally, those changes were paralleled in many countries by rapid regulatory change and transnational investments (i.e., local telecommunication companies selling or opening up their capital to international investors). Those simultaneous processes on a global scale may have led to a global diffusion of management practices, which includes CSR reporting. Third, telecommunications are important in both countries. South Korea is a highly technologically oriented country, the home of companies such as Samsung and LG, while Brazil boasts a widespread use of cell phones: 1.25 subscriptions per capita, a figure comparable with that of developed countries (Elstrodt, Manyika, Remes, Ellen, & Martins, 2014). Fourth, CSR is a relevant issue for these firms: not only are there environmental impacts (i.e., disposal of batteries and energy consumption) but also social impacts (i.e., the “digital divide”). This is consistent with the “Technology, Media and Telecom” sector’s having the third-highest CSR reporting rate, according to KPMG (2015). In our study, all four companies in the two countries have been issuing CSR reports for several years, and they also have been included in sustainability indexes.

Finally, the comparison of telecommunication industries in Brazil and South Korea is also feasible because telecommunication firms in both countries have shown similar evolutionary patterns. In both countries, the state largely used to lead the telecommunication industry with state-owned firms. With the governmental deregulation policy around the year 2000, many privatized firms emerged in this industry. Currently, there is an oligopoly in each country. This study selected the two largest telecommunication firms in each country. In the case of Brazil, a local firm (A) and a foreign-owned company (B) were selected. In the case of South Korea, firm (C) was a company without a single (majority) owner, which used to be a state-owned company until 2002, and the other (D) was an affiliate of a chaebol[3] corporation.

Before 1998, the Brazilian telephone system used to be state-owned. The apex of this system was Telebras, a holding company that controlled a large number of local phone companies all over the country. Telebras also controlled Embratel, the firm that provided international

[3] Chaebol refers to a South Korean form of business conglomerate. The term “chaebol” refers to few capitalists and their family-managed business groups. It includes many global multinationals owning numerous international enterprises, such as Samsung, Hyundai, and LG. Chaebol has the power to control the whole Korean economic system.

phone services for Brazil. This situation changed dramatically in 1998, during the presidency of Fernando Henrique Cardoso, when a new law for telecommunications (Lei Geral de Telecomunicações) was passed. This law re-organized the national telephone system, which was divided into several companies and auctioned to private investors. Because these private companies gradually merged, several telecommunication groups exist today in Brazil. Moreover, this law also created an independent agency (Anatel) to supervise telecommunications in Brazil. Firm (A) was founded in 1998 and is based in a large coastal city. At the end of December 2014, the company had 15.8 million fixed lines and 50.9 million mobile lines (the investor relations website of Firm (A), accessed September 2016). Firm (B) is a subsidiary of a large European telecommunications firm. The European parent firm has gradually bought different telecommunication operators in Brazil in recent years. In March 2016, firm (B) had 23.9 million fixed lines and 73.3 million mobile lines (the investor relations website of firm (B), accessed September 2016). Both firms are among the largest employers in Brazil. For 2013, Firm (A) employed 18,947 people while B employed 18,532 people. Both firms (A) and (B) provide Internet, mobile phone and cable TV services and are quoted in both the Sao Paulo and New York exchanges[4].

The South Korean telecommunication sector has changed in line with its political and economic evolution. Until 1984, the Korean government managed all communication services as a national phone company. When the Korean national phone company began a mobile telecommunication service, it established a subsidiary company as a public limited company (C). Although this subsidiary was legally a public limited company on the stock market, it was operated as a state-owned company. In 2002, the government announced plans for the privatization of company (C), and the government sold all of its shares. The other firm, firm (D), was founded by a chaebol in South Korea in 1984. Currently, firms (C) and (D) are the top two companies in the South Korean telecommunication sector, chased by another chaebol-owned telecommunication company. Firms (C) and (D) had 32,186 employees and 20,955 employees, respectively, as of the end of 2012, offering fixed line and mobile telephony, Internet services and digital television. Both companies are publicly listed on the South Korea Exchange and the New York Stock Exchange.

[4] During the time span of our research both companies had major changes in their capital structure. Company (A) which was initially fully owned by Brazilian investors, opened a part of its capital to a European telecommunication firm in 2011. In 2013, a merger project for both companies was announced. Eventually this merger would not take place, but this cancellation was known after the time span of our study. For its part, company (B), which had a 50% participation in a leading cell phone company, bought in 2010 the remaining 50% of that firm. This allowed firm (B) to integrate all telecommunication activities under the same corporation.

Data and data analysis

The main study data source was a collection of stand-alone CSR reports from the four companies, which were available on their websites (see Table 1). In Brazil, four stand-alone sustainability reports were available on the website of firm (A), ranging from 2010 to 2013, and one stand-alone sustainability report in 2009 at the firm (A)'s corporate non-profit organization (NPO) website. In case of firm (B), ten stand-alone sustainability reports were available on its website, ranging from 2004 to 2013. In South Korea, firm (C) published four "Corporate Social Responsibility Reports" from 2006 to 2009; three "Sustainability Reports" from 2010 to 2012; and one "Integrated Report" from 2013. Therefore, firm (C) published eight stand-alone CSR/sustainability reports from 2006 to 2013. Firm (D) also published eight CSR/sustainability reports in total from 2005 to 2013. Unlike firm (C), firm (D) named its CSR/sustainability reports "Sustainability Reports" from their first publication in 2005. Firm (D) published six "Sustainability reports" from 2005 to 2011 (it did not publish one for 2006), and it published an "Integrated Sustainability Report" for 2012 and an "Annual Report" for 2013 as an integrated report.

We also looked into languages used in CSR/sustainability reports of those four firms. Firm (A) published the four most recent reports both in English and Portuguese, while the first report, the report for 2009, was published only in Portuguese. All CSR/sustainability reports published by firm (B) were written only in Portuguese. The reason may lie in the fact that firm (B)'s parent firm is a European conglomerate and provides reports both in English and Spanish for its global operations (that include their Brazilian activities). All CSR/sustainability reports that firm (C) and (D) published exist in English and Korean, except for the very first report of firm (C), the one for 2005, which was published in only Korean. Moreover, firm (D) published Chinese (from 2007 to 2010) and Vietnamese (only in 2007) versions as well. This is consistent with firm (D)'s interest in China and Vietnam, where it has been selling services, exporting technology, and setting up regional subsidiaries in the last years. Unfortunately, as none of the researchers speaks either Chinese or Vietnamese, those reports could not be analyzed. In any case, as the English and the Korean versions of firm (D)'s reports have the same contents, we could expect that the Chinese and Vietnamese versions to be translations from the Korean original reports.

Even though our main data was this collection of stand-alone "CSR Reports" or "Sustainability Reports," we also looked at other types of non-financial stand-alone reports that the four firms published. Before publishing its first CSR report in 2009, firm (A)'s corporate non-profit organization (NPO) published three reports from 2006 to 2008, which are still available on the NPO's website. These previous reports focused mainly on the philanthropic actions of the NPO (e.g., culture, education, and social development) and not on the activities of firm (A). Beginning from 2009, the NPO's activities have reported in firm (A)'s "Sustainability Reports." The two Korean firms also published other types of non-financial reports. Since 2000, the two companies have incorporated into their annual reports a section explaining their pro-social behaviours as "communication relations," "social responsibility," and "social contributions" or have at least mentioned "corporate citizenship." In particular, firm (D) published nine "Community Relations White Papers" that disclose its pro-social activities and social constitutions from 2001 to 2009. In 2010, it published an "Environmental Report" at the group level as well as its own sustainability report.

############Table 1 ################

We consider stand-alone CSR reports of the four telecommunication firms in Brazil and South Korea as a medium through which each firm presents its understanding of its social responsibility. We analysed CSR reports using qualitative content analysis (Laine, 2009; Livesey, 2002; Tregidga & Milne, 2006). Qualitative contents analysis is defined as a research method for the subjective interpretation of the content of text data to identify core consistencies and meanings (Hsieh & Shannon, 2005; Patton, 2002). Instead of counting words or extracting objective content from texts, which we can find in many other (quantitative) content analysis (e.g., Deegan & Gordon, 1996; Erusalimsky, Gray, & Spence, 2006; Krippendorff, 2004; Unerman, 2000), this analytical method emphases an integrated view of texts and their specific contexts and leads researchers to examine manifest or latent meanings, themes and patterns in a particular text (Zhang & Wildemuth, 2009). Even if this analytical approach is not as popular as quantitative content analysis within the social and environmental accounting literature, some scholars in the literature have taken this analytical approach to explore how things are represented in relation to the broader social contexts (e.g., Laine, 2009; Livesey, 2002; Tregidga & Milne, 2006). With this method, we can closely investigate how specific CSR themes have been represented in the process of the adaptation and evolution of CSR reporting over time and how such representational features can be linked to each company's market economy (i.e., the HME for Brazil and the NME for South Korea).

Following a qualitative content analysis process designed to condense raw data into categories or themes based on valid inference and interpretation (Zhang & Wildemuth, 2009), we looked into themes and categories emerging from the reports over time. We found that all reports were structured by describing key corporate information and stakeholders, such as suppliers, employees, customers, and local communities as well as government. The analytical process involved our inductive reasoning about important aspects of globalization in CSR reporting and each type of market economy: the HME and the NME. In order to find signals of globalization, we checked what kinds of global guidelines and initiatives were mentioned, whether each report was assured, and which organization provided assurance services. We then focused on how each stakeholder was understood or defined within each report and how each stakeholder relation was described by focusing on key expressions and tones in use.

Next, we checked whether there were major differences in the representation of CSR issues in each country and whether the differences were consistent with key features of each type of market economy, as proposed by Schneider (2013). In doing so, we looked for excerpts that illustrated national peculiarities in the CSR reports in terms of firm-stakeholder relations. For instance, in the 2010 report for firm (C) (South Korea), we encountered this excerpt:

> "Our employee benefits are largely divided into an employment benefits system and a family-friendly system in order to maximize employee satisfaction. Going forward, firm (C) plans to introduce more diverse programs to raise employees' satisfaction levels at work and in their family lives." (Firm C, 2010, p. 58)

Each of us analysed the selected quotes in order to develop a first-order coding. During this coding process, several themes evolved from the data. For instance, the aforementioned excerpt led to the following codes: employee's welfare as a general code and family-friendly policies as a specific code that describes features of the related general code more in-depth. From this stage, we decided to focus on three stakeholders – suppliers, employees and government – as we found striking and comparable differences in the descriptions of those three relationships between the two countries. However, both the definition of customers as a stakeholder category and their relation to the company was quite similar in both countries. This similarity might be related to the aforementioned globalization of managerial practices in the telecommunication sector (Runhaar & Lafferty, 2009). Because the results were so similar for customers in all four firms, we chose to leave this category aside and to focus instead on the remaining three categories of stakeholders.

We then focused on the evolution of the representation of CSR issues within CSR reports over time. Longitudinal studies have long been used in social accounting (Gray, Meek, & Roberts, 1995; Deegan, Rankin, & Voght, 2000; Tregidga & Milne, 2006). We attempted to understand how CSR reporting has evolved from 2004 to 2013, particularly focusing on the structure of CSR reports and the representation of CSR issues on each stakeholder group. As a final stage, we compared each pair of same-country companies. While we expected that national similarities would imply that information from each pair of companies is similar, several specific issues eventually appeared for each company. This intra-country comparison of companies allowed for a richer understanding of data in each country and for a better discernment of what corresponds to each company and what might pertain to local similarities.

In all stages, we prepared a consolidated table for the four companies with all the contents in English. This table contains quotations that range for the entire period studied and includes several key stakeholders in the two countries. When a report in English was available, the excerpts were taken directly from that report. Because company (A)'s 2009 report and all company (B)'s reports were available only in Portuguese, the excerpts were translated into English. This process allowed us to crosscheck the selected quotes and first-order coding for each country and to compare them across both countries. Several discussion meetings enabled us to compare and contrast each individual analysis and to come up with a shared understanding of the data.

FINDINGS: CROSS-FERTILIZING MECHANISM OF CSR REPORTING IN BRAZIL AND SOUTH KOREA

From new institutionalism: Stand-alone CSR reporting as a standardized management practice

In this section, we explore stand-alone CSR reporting in the four firms of the two countries from a new institutionalism perspective. At first glance, the general outline and structure of CSR reports from both countries are remarkably similar. All four companies disclose that they follow the GRI reporting guidelines for their CSR reports, while the pace of the adoption of GRI standards and its level of application (e.g., “a”, “b” or “c”) has been different from one company to another. For instance, in the case of firm (A), the 2010 CSR report was not based on GRI (only a table linking data with Global Compact principles and Millennium goals was available), but the 2011 CSR report uses the GRI guidelines. This trend continued with the following reports: the 2011 report was checked as “c” and the 2012 report checked as “b”, where the passage from ”c” to “b” grade represents a higher-level application of the GRI guidelines. Moreover, this trend towards GRI-compliant reporting is common in both countries. According to the KPMG Survey of Corporate Responsibility Reporting 2013, both Brazil and South Korea tend to produce more GRI-compliant reports than other countries (KPMG, 2013). Particularly, the figure 16 in that survey indicates that more than 90% of companies that disclose CSR issues refer to the GRI guidelines in their CSR reporting in Brazil and South Korea (KPMG, 2013). This suggests that the GRI guidelines play a role as an important soft law in both countries, leading the four firms to produce reports with a similar format.

Another common trend in CSR reporting is to publish CSR reports in several languages, including a country’s own language and English. In our case, three out of the four firms gradually provide CSR reports in other languages as well as their own local ones. This trend may be explained by the need to communicate with an increasingly international audience. All four companies have financial instruments quoted in international markets and have either international operations or foreign shareholders. Thus, communicating with more diverse and international stakeholders has become a normative business practice. In the case of firm (A), only a Portuguese language version of these reports was available for 2009, while both English and Portuguese versions were available from 2010. The two Korean firms (C and D) also published their CSR reports in Korean and English from their first report (except for the first report from firm (C) in 2005). Firm (D) published Vietnamese and Chinese versions during some time.

CSR reports of all four firms, which began as nonfinancial reports, gradually became closer to financial reports by including more business information and by translating CSR performance into business language. This trend is apparent in the section describing corporate philanthropic activities, where all four companies increasingly explain their philanthropic activities in the light of the corporate strategy. Thus, they emphasize how their philanthropic activities resemble their business operations and contribute not only to beneficiaries but also to the companies themselves. Philanthropy activities are frequently described as a corporate strategic move, closely aligned with key business activities, instead of mere donations. Recent reports from both South Korean firms clearly continued this trend by framing CSR information within the concept of creating shared value (CSV) (Porter & Kramer, 2011), which emphasizes the link between competitive advantage and corporate social responsibility.

Similarly, all four firms are increasingly using more pages on basic business information, such as data on sales, profits and share value, while their first reports simply showed stakeholder issues as descriptive narrations. The newer reports also present aggregated figures about economic performance. Especially, the two South Korean firms began to publish “integrated sustainability” reports in 2012, disclosing financial and nonfinancial data in the same report. Thus, a financial viewpoint seems to influence the way in which recent reports from all four firms present their environmental and social activities, as followed by the recent GRI trends. Not only recent CSR reports contain more information about economic performance, they also present nonfinancial information translated into financial data and figures. For instance, the 2013 report for firm (B) studies the economic impact of CSR activities for different stakeholders, while firms (C) and (D) recently presented a materiality analysis for all stakeholders and financial quantification of their socially responsible activities. By this doing, the concept of CSV (Porter & Kramer, 2011) plays a crucial role in framing CSR information, as it happens in the recent reports from the two Korean firms. Consequently, the new institutionalism contention for homogeneous practices is supported in our case by the common use of the global GRI standard, the increasing use of English and the trend toward producing CSR reports that are closer in their appearance to conventional business reports.

From the VOC approach: CSR reporting as a mirror of the political economy in a given country

While the format of CSR reports of the four firms corresponds to global standards and trends, the contents of these reports — how the four firms describe corporate relationships with stakeholders — evidence the particular economic context of each country. In this section, we show the way in which our sample companies disclose for each stakeholder group, such as suppliers, employees and government.

Brazil

Stakeholder relationships in hierarchical market economy

A vertical relationship with their suppliers clearly appears in the reports of the two Brazilian firms. In the reports describing their supplier relations, both companies illustrate how strictly they assess their suppliers and require them to stick with high levels of compliance, as presented below.

> "...(an) evaluation process in socio-environmental criteria to suppliers…those who are classified in codes considered to be risky…have to respond to a self-evaluation questionnaire..." (Firm B, 2009, p. 23)

> "Aiming at ensuring better delivery of services to its customers and preventing situations of risk for the company, Firm (A) maintains a system of assessment, development and qualification of suppliers…" (Firm A, 2010, p. 35)

Suppliers do not seem to be considered primarily partners but rather a source of risk for the company, as previous excerpts suggest. This risk is related to local legal requirements. Thus, in the reports, firms (A) and (B) present how they enforce legal compliance among their suppliers, as shown below:

> "…all outsourced professionals providing security services to Firm (A) are trained in the company's procedures concerning human rights…the Company's Security Policy (Police)...hires unarmed guard services." (Firm A, 2012, p. 49)

> " (in) compliance with resolution 155 from Anatel…(there is) obligation to publicly announce all purchase processes of communication services." (Firm B, 2005, p. 101)

In regard to CSR policies, the two Brazilian firms adopt a tone of legal compliance and top-down control management. Large companies in Brazil are required to assume responsibility for managing potential problems of suppliers' environmental and social issues. Thus, firm (A) describes the basis of its responsibility for suppliers and a top-down documented socio-environmental management system for its suppliers, as presented below.

> "…requirements were also included which apply to compliance with the environmental legislation in force…(consequently) the Company drew up a document entitled…Socio-environmental Normative Requirements which accompanies the Company contracts with all its suppliers." (Firm A, 2011, p. 87)

At the same time, both companies claim to use this power over suppliers prudently. CSR reports describe transparent, objective selection processes for their suppliers. For instance,

> "…the process of selection, recruitment and evaluation of firm (A)'s suppliers is based on strict technical, professional and ethical criteria…" (Firm A, 2012, p. 48)

Control over suppliers is not limited to their selection. As suppliers carry risk for the company, they need to be routinely monitored and inspected:

> "The Group…is developing different initiatives oriented to gradually set up social responsibility practices in the supply chain….1181 suppliers of (B) were analysed on labour issues… From those companies, 34 of them were inspected…" (Firm B, 2006, p. 31)

In addition, both firms provide their suppliers with certification and training programs. However, those programs are frequently presented as protection against potential problems instead of contributing to suppliers. For instance, firm (A) claims having "*the biggest professional certification program in Brazil the purpose of which is to guarantee excellent quality of customer service through outsourced labour*" (Firm A, 2011, p. 88). For its part, firm (B) has a program to "*guarantee the compliance of social environmental and labour parameters for suppliers*" and an "*online certification system for technicians who install and repair for clients*" (Firm B, 2009, p. 23). In this latter example, compliance and better service for clients (and not support for suppliers) are the rationales for those programs.

Regarding employees, both Brazilian firms present them as a valuable resource. For instance,

> "Firm (A) is a company for people who bet on intelligence and courage to make a difference." (Firm A, 2010, p. 31)

> "Being conscious that our external success depends mostly of our professionals, we engage ourselves to provide them the best place to work and to create opportunities of personal development." (Firm B, 2011, p. 28)

Both firms portray themselves as employers that provide generous work benefits, thus aiming to position themselves differently vis-à-vis potential recruiters. For instance, firm (A) claims to have an "*excellent benefit package*" (Firm A, 2009, p. 29), while firm (B) states, "*employee satisfaction has been a priority objective for the group for some years*" and that the "*global satisfaction index was 75%*" (Firm B, 2006, p. 20).

Both firms similarly describe comprehensive human resources (HR) policies (e.g., recruitment, training, and career planning). Both firms present themselves as meritocracies that emphasize transparency, fairness and internal promotions. The link between compensation and results is also highlighted:

> "Firm (A) values its talents also through internal recruitment, which is a priority for the company." (Firm A, 2010, p. 33)

> "Compensation plans and programs are intended to ensure the competitiveness of the remuneration." (Firm A, 2012, p. 43)

> "…all employees…are eligible to variable remuneration based on business results…company results and its performance are objectively measured..." (Firm B, 2005, p. 73)

Both companies put forward the notion of employability instead of long-term employment. Thus, neither of the two firms hides the possibility of layoffs; for instance,

> "Firm (B) diminished its employee base…in practice one level (of management) was reduced — that of superintendent." (Firm B, 2007, p.14)

Consistently with the idea of employability, both firms explain their efforts to facilitate their employees' further employment; for instance,

> "The Corporate Education Program, available for employees… (so as to share) knowledge in order to support their employability." (Firm A, 2012, p. 42)

> “We aimed to treat the colleagues that went away in the most humane, respectful possible way…74% of professionals that used the (outplacement) consulting service are now working elsewhere.” (Firm B, 2012, p. 41)

In the reports, the government is presented mainly as a regulator. For instance,

> “(firm (B) in Sao Paulo was the) first concessionary firm of land lines to comply …with targets from General Plan of Universalization Targets.” (Firm B, 2005, p. 5)

The relationship with the government is not presented as collaborative, but rather contractual, perhaps tense. “Legalese” is frequently used in these report sections. Negotiations are presented as difficult, and differences of opinion are even acknowledged. For instance,

> “The signature of new Concession Agreements, initially forecast for 31/12/2010, took place only on 02/05/2011, due to discussions related to the proposal of a new General Plan on Universal Services (PGMU), marked by differences of opinion about the economic and financial impacts that result from meeting the proposed targets...” (Firm A, 2011, p. 49)

The government is also depicted as a severe watchdog that does not refrain from setting penalties to companies. For instance,

> “Firm (A), similarly to other telecommunications carriers, was forbidden to sell its chips of prepaid plans by Anatel in the period between July 23 and August 3. The punishment was based on the amount and degree of consumer complaints regarding the services provided.” (Firm A, 2012, p. 55)

In addition, the reports show a relative change in government priorities. In the earlier reports, much emphasis was given to “universalization” (geographical deployment of services throughout the country). This progress was consistent with the rules of the initial concession to the telecommunication companies. There was a strong incentive to meet universalization targets, as this would allow firms to enter new markets (i.e., mobile service). In this way, companies improved the country’s telecommunication infrastructure, which was relatively outdated at the end of state ownership. In the later reports, as universalization targets were already met, the focus shifted towards service quality (fewer client complaints).

############Table 2 ################

Differences between both Brazilian firms

While strong similarities exist in the content of firm (A)'s and firm (B)'s CSR reports, our analysis found several differences between both firms.

While both firms maintain top-down relations with suppliers, they still put forward different actions that tend to moderate that power relation. For instance, firm (A) presents finance support programs for its suppliers:

> "…Firm (A) began an agreement last year to advance funds to suppliers, in conjunction with banking institutions." (Firm A, 2011, p. 87)

By the same token, firm (B) has an "*online satisfaction survey, of confidential nature that includes all registered suppliers"* (Firm B, 2005, p. 102). Firm (B) also mentions its efforts to pay on time: "*once payment dates are negotiated, firm (B) makes its best to comply with them…7% (of total value) was not paid in the deadline negotiated with suppliers*" (Firm B, 2006, p. 31).

Regarding employees, both companies similarly portray themselves as elite employers. However, several nuances exist. Firm (B), a multinational firm, highlights the importance of its Brazilian employees to the global group: "*(our) employee base represents 30.7% of total amount of group employees in the world*" (Firm B, 2005, p. 70). Firm B presents itself as the "*second largest private employer in the Country*" (Firm B, 2006, p. 20). Moreover, firm (B) states, "*(in the call centre activity) a large part of positions is oriented to groups that traditionally have trouble in accessing the labour market*" (Firm B, 2006, p. 20). Firm (B) consistently highlights the advantages that its international status can offer its employees. For instance, *"(the) possibility of developing an international career through the rotation program…(and) exchange among companies in Latin America and Spain…This program (is) a differential of Firm (B) Group*" (Firm B, 2005, p. 77).

For its part, firm (A) describes its corporate volunteering program as a contribution to society: "*Every year, firm A conducts the Volunteering Program…the success of firm A's program is due to several factors. One is the constant commitment of the employees, with shows that the* *attitude of being solidary is in the workforce's DNA*" (Firm A, 2010, p. 34). Firm (A) also presents itself as a good corporate citizen, compliant with labour law: "*Firm (A) respects the right of its employees to join labour unions, and also guarantees the right to collective bargaining*" (Firm A, 2011, p. 71). The firm also shows that its lowest salary exceeds the local minimum salary rate for each Brazilian state (Firm A, 2011, p. 81).

There is little difference in the ways in which both firms describe their relation with the government. Firm (A) asserts its "Brazilianess" by mentioning its presence in Antarctica, its free-of-charge support to the Brazilian Army and the provision of services in the Amazonia frontier. Firm (B) instead notes several group policies for all countries in which it operates:

> "Firm (B) group companies in Spain and Latin America receive almost 200 thousand petitions from courts and police organizations on client information." (Firm B, 2006, p. 17)

More generally, several broad features also reflect the relative positioning of each firm. First, firm (A) has produced reports in both Portuguese and English since 2010, while firm (B)'s reports are available only in Portuguese. Such a difference comes from the target audience of each firm. Firm (A) is a Brazil-headquartered firm that aims to communicate to both the local and international markets. In contrast, because firm (B) is fully owned by a European multinational firm, it prefers to present a sustainability report for its Brazilian operations in Portuguese only; there are both Spanish and English sustainability reports for their world operations.

Second, firm (B) aims to combine the global and the local. For instance, firm (B)'s reports usually begin with letters from the global CEO and the Brazilian country manager. There is a strong message about the advantages that a multinational company can bring to Brazil (i.e., employment and global best practices). For instance, the participation of the parent company in the Dow Jones Sustainability Index is mentioned in the 2004 report (p. 33), while the participation of the parent company in the FTS4Good (sustainability index in London exchange) is also highlighted in the 2005 report (p. 11).

Finally, firm (A)'s CSR reports include a short social report inspired mostly by a previously existing local standard: the IBASE social reporting model (for the IBASE model see Torres & Mansur, 2008). One may suppose that this local standard report is kept not only for comparability reasons (as firm (A) had been using it at least since 2006) but also as a way to underline the local condition of company (A).

South Korea

Stakeholder relationships in the network market economy

Regarding supplier relations, we observe that the two South Korean telecommunication companies highlight a long-term, close cooperative and collaborative relationship with their suppliers. Small and medium-sized suppliers in all reports of both companies are called "*partners*" or "*companions*," instead of "*suppliers*." Firm (C) even calls the partnership with suppliers a "*Wonderful Family Partnership*" (Firm C, 2008, p. 63).

The concept of "win-win" frequently appears in the sections describing the relationship between the two firms and their suppliers. In order to highlight mutual development or common growth, the two firms often use the "*win-win*" relationship or partnership as a metaphor. We also see such a notion of mutual prosperity when the two firms describe several training programs they provide to suppliers. The two quotations below presented well how they frame several programs for their suppliers.

> "Firm (D)'s Win-Win Growth Program consists of financial assistance, technical assistance and protection, training and HR support, and management support." (Firm D, 2012, p. 35)

> "Firm (C) has formulated various policies that support partner companies so that they can gain competitive edge with the goal of establishing a long-term partnership. The company put in place a partner-company grading scheme to motivate them and strengthen their competencies." (Firm C, 2007, p. 71)

Even when the two firms intend to manage their sustainable supply chain by providing CSR or sustainability programs to suppliers, the concept of "win-win" is still applied. Firms "*encourage*" suppliers to "*engage in CSR management by offering diverse incentives*" (Firm C, 2008, p. 67) rather than requiring compliance of CSR standards among suppliers. Instead of simply saying "*managing or controlling*" suppliers' sustainability or CSR programs, firms (C) and (D) choose to say "*strengthening suppliers' sustainable management capabilities*" (Firm C, 2012, p. 39). Therefore, the two firms "*help*" and "*support*" their suppliers to "*earn* *the environmental management system (ISO14001) consulting and certificates*" (Firm C, 2012 p. 39) and to "*build business partners' sustainability management capacities*" (Firm D, 2007, p. 41).

In a win-win partnership, the two firms highlight mutual trust and respect as key values and goals. Firm (D) clearly declares that its goal and strategy in its supplier relation is "*win-win partnerships based on mutual respect and trust*" (Firm D, 2011, p. 20). Firm (C) even underscores that its supplier relationships have to be "*horizontal rather than vertical relationships with suppliers*" (Firm C, 2010, p. 18).

In terms of relationships with employees, the two South Korean firms consider employees as "*the valuable asset and the origin of competitiveness of companies*" (Firm C, 2006, p. 42). As they believe "*having the right people is a paramount to growing a company"* (Firm D, 2005, p. 32), the two firms explain how they dedicate themselves to developing their employees' individual careers and talents. They present their human management programs, which provide "*diverse on-/offline training opportunities with a goal to be among the world's very best in their respective fields*" (Firm C, 2010, p. 26) and "*promote professional growth*" by having "*Job-Person Fit System*" that "*allows employees to track their past duties and career history, set up a mid-to-long term career path and identify their transfer aspiration according to that goal*" (Firm D, 2007, p. 38).

The companies also present themselves as a big family. Each firm's employees and their families are also part of this family. For instance, firm (C) has a subsection about work-life balance, calling it work and family balance, and another section about its family program or family-friendly system. In its 2009 report, it says, "*You are and will always be a part of the (C) family*." In the case of firm (D), it also treats its employees as family and clearly states it.

> "We also introduce our corporate vision and social responsibility endeavors to our employees' family members to make them proud that they are part of firm (D) family." (Firm D, 2005, p. 32)

As a family, the two firms highlight a horizontal, open and cooperative culture within firms. Firm (C) brings the notion of "win-win" into its employee relationship, as presented below:

> "Firm (C) pursues 'partnership in growth,' whereby labour and management advance in tandem to foster a "win-win" corporate culture. This approach is designed to bring together company productivity with individual employee competitiveness." (Firm C, 2010, p. 26)

"*Trust,*" "*passion,*" "*fun,*" "*a harmonious work-life balance*," "*horizontal organizational culture*" and "*openness*" are highlighted in each report's section about employees as values that the two firms want to maintain among employees and management.

Similar to the relationship with suppliers, long-term relation and mutual trust with employees are also underscored. Until the 2010 report, both firms presented a subsection showing their long-term policies, as the below exemplary quotation shows:

> "Despite firm (C)'s systematic HR system and comparative long period of continuous employment (18.64 years as of December 31, 2006), assessment results indicate that many employees feel insecure about their futures, demonstrating a dire need to build mutual trust based on an open culture." (Firm C, 2007, p. 53)

The two firms also have a HR program that helps their employees to prepare their careers and lives even after retirement or layoffs. These after-retirement/layoffs programs are designed to "*help employees transfer to other occupations*" (Firm C, 2011, p. 51) or to "*maintain their skills and employability as well as to support their retirement plans*" (Firm D, 2005, p. 37).

The key subsections have not changed much in terms of the employee relations over their reports. However, reports from two firms gradually give a sense that they treat their employees as their human capital rather than as family members. This change began with the change of their HR evaluation systems. Both companies began to introduce a performance-based compensation system in about 2010. In 2010, firm (C) replaced its seniority-based system, which raised payrolls and positions of employees by their seniority, with a performance-centred annual salary system. Firm (D)'s report also introduced its human capital management "*to innovate human capital and culture, enabling the achievement of the vision through performance-based recognition and rewards and to improve the competencies of employees through challenges and innovations*" (Firm D, 2013, p. 57). Both companies gradually discarded their informal and seniority-based systems and adopted the Anglo-Saxon system, which consists of an individual performance and liberal competition-based HR system. Their reports proudly describe their new HR system as a better and more socially responsible HR policy by stating the new HR system offers fairer competition.

In the two South Korean companies' reports, the role of South Korean government is quite importantly highlighted. Both firms in South Korea underscore their governmental relations by showing various cooperative activities with the government. Firm (C)'s CSR report in 2006 clearly states this closeness in the section about "*cooperative engagement*."

> "The telecommunication industry is a part of the governmental policy, so that an active communication with various stakeholders is very important. ... We try to enhance the status of South Korea as the world IT leader by cooperating with and supporting the government." (Firm C, 2006, p. 43)

Firm (D)'s reports also have a section explaining its engagement in public policy regulation and showing how it contributes to several government issues. Reports frequently and explicitly mention "*cooperation with the government*" or "*active participation in the government policies and projects*" with respect to all categories (employment policy, environmental policy, philanthropy, customer service, etc.). The exemplary quotation below clearly shows this wide range of engagement with governmental policies.

> "Policy cooperation: It is also an active supporter of government policies on anti-corruption, fair competition, job creation, gender equality, and low carbon, green growth." (Firm D, 2012, p. 17)

Along the same line, firm (C) presents various collaborative projects with the government. Many of them are not strictly related to the telecommunication sector, but firm (C) proudly underscores its participation in government-driven economic and social activities through cooperation with the Ministry of Trade, Industry and Energy, the Ministry of Knowledge Economy, and KOICA, a government grant aid agency.

In cooperation with the government, the notion of "win-win" and a cooperative relationship is also highlighted in the two firms' reports. Beyond following governmental policies or helping the government, firm (C) presents a project with governmental agencies as the "*Win-win Productivity Partnership Support project*" (Firm C, 2012, p. 38). Moreover, the two firms always show cooperative relationships with governments. Firm (C) even established "*the government satisfaction center in order to take governmental calls and to deal with them as one-stop*" (Firm C, 2006, p. 47). The firm clearly claims that it "*keeps a close relationship with government*" by doing so (Firm C, 2006, p. 47). Firm (D) also declares the existence of a working group "*to proactively respond to stronger calls from the government for network sharing and adoption of laws requiring eco-friendly wireless stations*" (Firm D, 2006, p. 75). Each year, firm (D) mentions the same sentence, which assures its continued supportive and collaborative position towards governmental policies. For instance, "*firm (D) will continue to work closely with government regulatory agencies to invigorate the entire market and maximize consumer welfare*" (Firm D, 2006, p. 75).

As such, both firms in South Korea are clearly aware of government as an important stakeholder and confirm the role of government as a major stakeholder by visually showing materiality tests for their stakeholder relations. The important status of the government has not changed much over time, even though two firms increasingly mention transnational governance at the industrial level and the business level.

############Table 3###############

Differences between both South Korean firms

CSR reports from the two South Korean companies tend to disclose more or less similar contents. There is a distinguishable difference in the way the two South Korean firms address the South Korean government in their reports. The South Korean government appears in all subsections of the Firm (C)'s reports. In contrast, Firm (D)'s reports have an independent sub-section (called "public policy cooperation") that includes various cooperative activities with the government.

While the number of times that each firm mentioned government is similar in the late 2000s, this frequency was different in their first reports. For instance, the very first CSR report of firm (C) (the 2005 report) has a section about "*public responsibility*," which is distinguished from the "*social contribution*" section. In the public responsibility section, the report claims providing telecommunication services widely in South Korea as a kind of “welfare” for South Korea. Moreover, this section has a subpart called “*supporting the major national communication*”, which explains the governmental communication policy for fast Internet networks nationwide and the active role of firm (C) in governmental policy. Firm (C) clearly explains its supportive activities in line with governmental policy and key political drives. For instance, in the early reports of firm (C), the firm describes in its early report how it actively supported the governmental policy for the cooperation with North Korea by providing communication networks when the South Korean government had a favourable attitude towards the North Korean government in 1999-2007 (the administrations of Kim Dae-jung and Roh Moo-hyun).[5] Firm (C) also discloses its dedication to various governmental agencies and events by establishing communication networks for the governmental organizations and events, such as the Blue House, the Korean Army, national and regional elections and the APEC. In contrast, firm (D)’s first report discloses that some social activities were performed in collaboration with the South Korean government. Moreover, in that report, firm (D) mentions the Chinese government and the Vietnamese government in its explanation of its business scope and management because they began businesses in those two countries around the middle of 2000s. In comparison, firm (C) does not mention foreign governments as key stakeholders.

The two firms deal differently with the South Korean government because of their ownership structure and history. Firm (C) used to be a state-owned company, and it is currently without a single owner, whereas firm (D) is a chaebol company with a salient owner. Such different characteristics also affect the focus of social contributions of these two firms. For instance, firm (C)’s social contribution programs have broader targets than the targets of firm (D)’s programs. Firm (D)’s major social contribution programs tend to focus on educational programs or the welfare of children and teenagers. This concentration on education and young people is coherent with many affiliates of firm (D) because its founder has consistently regarded education as his philanthropic focus. In contrast, firm (C)’s major social contribution programs tend to generally cover South Koreans who may be isolated from communication technology. Moreover, firm (C)’s social contribution programs are in line with the key governmental policies of each administration.

[5] From 1998 to 2007 (the administration of Kim, Dae-jung and Roh, Moo-hyun), the South Korean government had the Sunshine Policy towards North Korea. This policy was a particular foreign policy of South Korea to enhance political contact between the two states and resulted in several economic collaborations, such as the Kaesong Industrial Complex (KIC).

DISCUSSION AND CONCLUSIONS

Based on a growing call for cross-fertilization between new institutionalism and the VOC approach, our research intends to illustrate a cross-fertilization case in which both globalization forces and nationally embedded environments have simultaneously affected the adaptation process of a globally diffused management practice, namely, CSR reporting (Tempel & Walgenbach, 2007). Our findings suggest that both new institutionalism and the VOC approach are needed to understand the adaptation process of a globally diffused management practice. At the same time, each of the institutionalist traditions can be applied at different levels of the adaptation process. From new institutionalism, we can see that CSR reporting in both countries look fairly similar, as formats tend to be homogeneous (GRI compliance, increasing use of English and closer resemblance to financial reporting). From the VOC approach, we also can see that the different ways stakeholder issues are portrayed in the CSR reports of both countries, as they reflect the socio-political economic system of each country. Furthermore, we are answering to calls for a temporally dynamic view on nationally embedded systems (Deeg & Jackson, 2007; Djelic & Quack, 2003), by illustrating the ongoing dynamic cross-fertilization process of adaptation of a particular practice — stand-alone CSR reporting — in the Brazilian and South Korean telecommunication industries.

Consequently, our findings suggest that globalization forces and nationally embedded environments operate at different levels in the adaptation process of “global” stand-alone CSR reporting. As the four firms in Brazil and South Korea follow the global trends of the global CSR reporting frameworks (i.e., the GRI guidelines), the “surfaces” of their CSR reports look remarkably similar. New institutionalism seems to explain the similar “surfaces” of the companies’ CSR reports, as the four firms are emulating what telecommunication firms in advanced countries hold as best practices, including publishing CSR reports. Moreover, the fact that three of the four firms now publish an English version of their CSR reports, as well as versions in other languages, indicates that the four telecommunication firms are no longer playing only in their local contexts. This suggests that all four firms are gradually taking global stakeholders into consideration as their key audience.

While globalization strongly drives homogenization in frameworks of CSR reports (a phenomenon explained by new institutionalism), nationally embedded political and societal systems still largely influence how relationships with each stakeholder are presented inside of those CSR reports. We found differences in the content of the CSR reports in the two countries. The disclosures of four firms in both countries reflect the way these firms understand their stakeholder relations, which are embedded in their economic contexts. Table 4 summarizes such a national-level difference.

############Table 4################

The VOC approach can play a role in explaining those differences. The ways in which each stakeholder relationship is described within reports still represent the features that come from each nationally embedded market system: either the HME or the NME. This study suggests that the four firms express a local understanding of stakeholder relations in each country. For instance, in their reports, firms (A) and (B) describe their top-down relationships with their suppliers, employees, and government. Such vertical relationships are consistent with the vertical relationships between large firms and their stakeholders, as described by Schneider (2013) for HME economies. He shows that powerful large companies authoritatively control and monitor their suppliers by setting some rules for their suppliers and (somehow forcefully) encouraging them to participate in certification, training, and monitoring programs (Schneider, 2013).

On the other hand, the two South Korean firms chose to highlight their social responsibility by presenting longer-term and closer stakeholder relations. Both South Korean firms expose their informal and horizontal relationship with their stakeholders, and they describe their stakeholder management system. Indeed, the use of the “family” and “win-win” metaphors to describe their stakeholder relationships is consistent with the importance of loyalty and trust in NMEs, which Schneider (2013) proposes. Hence, the ways in which two companies present stakeholder relations is consistent with the South Korean type of market economy, the NME, even if the firms follow a globally standardized format of CSR reporting.

By concentrating on one industry and by focusing on the representation of key CSR issues in a set of CSR reports during a definite period of time, we intend to explore how a cross-fertilization process works at different levels of the adaptation and evolution of CSR reporting. In order to better explore this process, we had to depart from the common practice in the CSR literature of counting the number of words with respect to certain categories and themes. Furthermore, as our study is not so much focused on the relative importance of issues disclosed but instead on how global and local forces affect those reports, we chose to investigate how certain categories and themes are presented, and not the number of words. Thus, we divided CSR reporting into two different levels — surfaces and contents — and we argued that both institutionalist traditions simultaneously play an important role in explaining similar surfaces and different contents of those CSR reports. By this doing, we are answering to the call of Tregidga, Milne, and Lehman (2012) for more qualitative studies in the field of social and environmental accounting. We hope that our study might pave the way for similar studies on comparative CSR reporting.

This study also makes an empirical contribution by expanding the research on CSR reporting into under-researched geographies and political economies. Blasco and Zølner (2010) compare how CSR is understood between France (an early-capitalist country) and Mexico (a late-capitalist country), but few studies compare differences in the concepts of CSR across late-capitalist countries, which are recipient countries in the global field of CSR. Moreover, our study contributes to the CSR literature by borrowing recent insights from political economy, particularly Schneider (2013)'s description of relations between large companies and their key stakeholders in HMEs and NMEs. The HME and the NME models have not been much investigated comparing to well-known political economies: the LME and the CME models. As most of late-capitalist countries in Latin America and Asia have either the HME or the NME model (Schneider, 2013), our study can provide insight into studies about the adaptation of globally diffused CSR practices in many last-capitalist countries that follow the HME or the NME model.

In terms of public policy, this paper supports the idea that global standards in CSR can coexist with local adaptation in contents. Thus, while late-capitalist countries are recent receivers of CSR standards, they can still adapt those frameworks to their local, specific realities. Global frameworks might be adopted in those countries, but reports compliant with those norms can still represent the actual relation with local stakeholders. Particularly, the case of company (A) in Brazil presents the interesting case of a combination of a global standard (the GRI guidelines) and a local one (IBASE) in the same document.

In terms of managerial implications, our paper explains how companies in late-capitalist countries manage the tension between the global and the local. While all four firms in our study adopt international models, they eventually adapt the specific content of their reports to their local realities. By so doing, they are still able to describe their relationship with key stakeholders in a way that is consistent with the kind of market economy in which they operate.

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Table 1. The summary of our key data

B: Both English and local language
L: Only local language
X: No report
***We mainly analyzed stand-alone CSR/sustainability reports, neither corporate NPO's reports nor community white papers.**

<table>
<tr><th>Year</th><th colspan="2">Firm A</th><th>Firm B</th><th>Firm C</th><th colspan="2">Firm D</th></tr>
<tr><td>2004</td><td colspan="2">X</td><td>L</td><td>X</td><td>X</td><td rowspan="6">Community White Paper (2001-2009)</td></tr>
<tr><td>2005</td><td colspan="2">X</td><td>L</td><td>X</td><td>B</td></tr>
<tr><td>2006</td><td rowspan="3">X</td><td rowspan="3">NPO report (2006-2008)</td><td>L</td><td>L</td><td>X</td></tr>
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<tr><td>2013</td><td colspan="2">B</td><td>L</td><td>B</td><td>B</td><td></td></tr>
<tr><td>Total #</td><td colspan="2">5 + 4 = 9</td><td>10</td><td>8</td><td colspan="2">8 + 10 = 18</td></tr>
</table>

Table 2. Changes in Brazil (issues emphasized in CSR reports)

Issues about Stakeholders	Early CSR reports (both firms)	Late reports (both firms)
Suppliers	• Equal opportunity to suppliers	• Increasing demands to suppliers (more demands and monitoring practices)
Employees	• Both firms present themselves as one of the few elite employers in the country – thus emphasizing a contrast with other local firms	• More extensive information – higher disclosure
Government	• Focus on universalization (geographical deployment of services in all the country)	• New focus in service quality (i.e., number of clients' complaints to regulators)

Table 3. Changes in South Korea (from CSR reports)

Some issues about Stakeholders	Early CSR reports (both firms)	Late reports (both firms)
Suppliers	• Long term and close supplier relations • Informal values, such as family • Intensive supports	• Suppliers' CSR management with respect to global CSR regimes (additional aspect)
Employees	• Long term and close employee relations • "Family value" and "seniority" • Intensive education and training	• Performance-based HR system • Liberal competition based on skills of each employee
Government	• Government as a very important stakeholder • "Cooperative activities" and "engagement in public policy"	• Not much change (still government as a critical stakeholder) • The increasing number of mentions to transnational governance issues

Table 4. Comparison between two countries

Stakeholders and relations described in the reports		Brazil (A and B)	South Korea (C and D)
Suppliers	**Meanings and roles**	• Source of risk	• Business partners or companions
	Highlighted features of the relationship	• The "vertical" relationship with suppliers • Top-down requirements	• Horizontal relationship • Win-win cooperation or "growing together" system
		• Objective and transparent supplier selection processes	• Mutual trust and respect-based networks with suppliers
		• Monitoring and inspections • Risk prevention	• Rewarding and training for suppliers' competitiveness
Employees	**Meanings and roles**	• Valuable resource	• Valuable asset and the origin of corporate competitiveness • Family or (sometimes) internal customer
	Highlighted features of the relationship	• World-class employers – trying to emphasize a contrast with informal employment practices that may happen in that country	• Collective and family value
		• Generous work benefits targeted to the individual • Meritocracies	• Horizontal/ open/ cooperative culture and work-life balance
		• Employability: training, outplacement support. • Company does not take responsibility for long-term contracts: layoffs are mentioned.	• Long-term employment and Life time learning • Long-term employment until 2010 (Since around 2010, the HR system has been changed into the performance-based HR system from the seniority-based HR system) • Benefits to employees and training and education programs (even to prepare the post-retirement or layoff periods)
Government	**Meanings and roles**	• Watchdog / regulator	• The target of cooperation, an important stakeholder to give guidance for CSR policies
	Highlighted features of the relationship	• Contractual relation • Penalties can be set • Severity	• Wide range of public engagement beyond legal compliance (e.g., environmental, technological, local community-oriented policies)
			• Always cooperative and supportive relationship between government and the firm