

## EDITORIAL PREFACE

# Balancing Corporate Success & Social Good

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The 12th International Conference of the Society for Global Business and Economic Development (SGBED) held from July 21-23, 2011, in Singapore was in many respects a remarkable meeting. It is a great moment for the SGBED and its major sponsors as we have successfully organized and implemented the 12th event in cooperation with Singapore Management University and a number of partner universities from around the world. The conference had accepted 220 papers and 10 abstracts after submitting them to a double review process. The conference attendees included 233 academics from 41 countries representing 125 universities.

More than ever before, the present economic and environmental conditions have prompted businesses and institutions to promote a sustainable and balanced economic development (Pinkse, Kuss, & Hoffmann, 2010; Capaldo & Petruzzelli, 2011). Sustainability and inclusive growth considerations have assumed even greater significance due to the need to balance corporate success and social good, especially, when nations are at different stages of development (Rohrbeck & Gemünden, 2011; Crespin-Mazet & Dontenwill, in press). In this context, the organizers of the 12th International Conference have invited theoretical and empirical research, case studies and proposals to address a range of themes that encompass a gamut of policy issues and corporate practices.

This special issue contains extended versions of selected high-quality papers from this conference. The set includes five articles with both theoretical and empirical content; these articles were chosen because they cover a wide range of issues, promote cross-learning, and contribute to the present understanding and the existing body of knowledge on new challenges of building capabilities for sustainable global business. Also, each paper has been double-blind reviewed again by three regular Editorial Board members of the journal.

The third article focuses on “Cluster Go Green: Drivers of Environmental Sustainability in Local Networks of SMEs.” Da Ronch et al. explore how the traditional industrial district model copes with environmental issues, based on an original interpretative perspective and extended case studies. Moving from the theoretical analysis on eco-parks and eco-clusters, in which conditions and policies are settled in order to develop new sustainable activities with a top-down approach on industrial ecology, and on traditional industrial districts and their unique model of development, based on a relational governance structure and a bottom-down, self-organized approach, the paper explores the ways in which existing Italian industrial districts have settled their green paths.

The authors concentrate on a very interesting theoretical issue, since very few studies

have addressed this topic in detail. Literature on eco-parks and eco-clusters has emphasized the opportunities for the coupling of local economic development and sustainability, going beyond firms' green strategies to include also supply chains and local networks of firms. Studies have described the conditions and policies for the development of new sustainable economic activities in specific areas based on the industrial ecology approach. In contrast, little attention has been given to analysing how existing industrial districts are facing the chances of the new competitive pressures related to sustainability. Studies on industrial districts have in fact considered evolutionary paths of local networks of SMEs driven by innovation technologies as well as globalization trends, also stressing the role of leading firms in the renovation of the district model. At the international level the debate about how environmental pressure can shape the district model is limited and this paper sheds new light on how local networks of SMEs can cope with such new competitive force.

The paper investigates the drivers and the evolutionary paths of industrial districts towards environmental sustainability, offering a new integrated interpretative framework of analysis. The empirical analysis is based on qualitative case studies of two Italian industrial districts specializing in the production of leather (Arzignano) and tiles (Sassuolo), which are extensively developed by the authors in order to provide further elements to the discussion about environmental paths of local networks of SMEs. This paper enriches theoretical studies on environmental sustainability and its impact on economic activities at the firm and district level. It offers new insights on how traditional districts can evolve toward eco-clusters and provide useful managerial and policy implications. Moreover, this contribution also extends literature on industrial districts by including also the environmental perspective in the analysis of evolutionary trends of district models.

The fourth paper deals with "Gender Wage Gap: Discrimination or Different Preferences of Men and Women? A Case Study of Ostrava, Czech Republic." According to Zuzana Ma-

chová and Lenka Filipová, measuring of wage determinants and wage discrimination makes one of the core parts of labor market research. With respect to gender wage discrimination, there exist many papers using Mincer's wage regression and Oaxaca-Blinder decomposition to prove the extend of the discrimination, but the objective characteristics of men and women that are used in regression as explaining variables usually include just objective characteristics, such as education, work experience, job characteristics, firm characteristics, etc. On the other side, there also exist many papers preferring sociological approach that try to show that there are also some subjective characteristics of individuals that may be very important determining wages. Above all, different preferences of men and women are highlighted and the special attention is paid to those referring to work-family balance. Nevertheless, these studies often lack adequate quantitative methods that would precisely prove the influence of preferences on wages. This paper is based on a unique questionnaire survey on a sample representative for Ostrava, Czech Republic, that brings individual data including objective (gender, age, education, job/firm characteristics, marital status, and number of children) and subjective (family role) characteristics as well as information about wages. The data are used in a wage regression that shows differences in wage determinants of men and women. The results of the regression are used in Oaxaca-Blinder decomposition then.

The main conclusion of the paper may be expressed in two statements: (1) family role is an important wage determinant and its inclusion to Mincer's Wage Regression leads to better explanation of wages; and (2) including family characteristics into Oaxaca-Blinder decomposition can significantly reduce unexplained part of gender wage gap, i.e., a part of a wage difference usually ascribed to gender wage discrimination can be explained by different preferences of men and women on a labor market. On the other hand, it is important to note that the division of family roles according to gender and its consequences in a different behavior of men and

women on a labor market does not necessarily reflect their preferences, but may be the result of social pressures exerted on women. The aim of this research, however, is only to point out that whether it is real women's preferences, or the result of social pressures, family roles are one of the important wage determinants. The main contribution of the research can be seen in the complexity of wage determinants understanding which tries to take into account subjective characteristics of individuals as well as in the unique data collection and its analysis using quantitative methods.

The first paper titled "Foreign Market Entry Strategies in the North-Adriatic Area: The Role of Cultural Distance" was written by Rubens Pauluzzo. The author suggested that cultural distance between Italy, Austria, Slovenia and Croatia affects entry mode strategies of Italian companies. He tested this hypothesis with multiple statistical analyses techniques based on an exploratory factor analysis and Structural Equation Modeling (SEM). Pauluzzo showed three results for the selected countries: the characteristics of the company, in terms of better international experiences, larger size and higher longevity of the company, lead towards entry modes characterized by higher degrees of control; the characteristics of the local market, in terms of legislative, institutional and competitive environment and geographical distance from the home country, force companies to adopt strategic decisions focused on a lower degree of control; cultural distance forces companies to choose entry modes characterized by a lower degree of control.

The author did excellent work in this paper with very interesting implications both from the theoretical as well as the empirical point of view. Pauluzzo provided an additional perspective to the existing body of knowledge by stressing the significance of cultural factors in affecting the strategies implemented in the North-Adriatic area. He also showed that cultural issues should be carefully considered by companies, together with other contextual factors, to implement and manage sound entry strategies in the examined markets. He suggested that a better compre-

hension of cultural differences can provide a competitive strategic tool to overcome cultural barriers and boost companies' competitive advantage. The paper can also provide important contributions to companies' strategies within the framework characterized by the consolidation process of economic and political relations of the North-Adriatic area and their formalization encouraged by the new institutional structures of Euro-regions. As suggested by Pauluzzo, companies are part of an increasingly complex and competitive environment, with new pressures that have gradually transformed the competitive landscape, requiring changes in the international strategic approaches. Each company has to manage the opportunities and challenges of international markets under the pressure of the processes of regionalization and globalization. In this context, culture can be considered as a fundamental determinant being able to promote the awareness and knowledge needed to pursue the path of international success.

The second paper by Fabio Musso and Mario Risso examines the influence on small and medium suppliers of the adoption of Corporate Social Responsibility (CSR) by large retailers. Due to their position of channel leaders, retailers play a predominant role in controlling the sustainability of both the production and distribution processes of the products they sell. Through a quantitative research on a sample of 89 small and medium enterprises (SMEs) in the food sector in Italy, the authors analyzed the level of diffusion of CSR practices among SME manufacturers and the factors that influenced the adoption of CSR initiatives. This is an original perspective on CSR and retailing issues, as previous literature focused on the retailers' point of view, highlighting the major initiatives adopted by retailers and the difficulties that emerged with suppliers.

Results revealed that those firms more involved in relationships with large retailers have reached a higher level of consciousness in CSR relevance and, above all, are more capable of autonomously managing CSR activities by adopting standards and certification systems. Those with a lighter weight of large retailers in

sales showed a delay in adopting more advanced criteria for CSR management and they tend to develop CSR practices only after retailers' stimuli. A difference emerged depending on the dimension of the manufacturers analyzed. Smaller firms are facing more difficulties in responding to CSR related requirements, and they do not perceive real benefits from CSR, unless in the possibility of selling to large retailers. On the other hand, as the firm's size increases, an increasing awareness about the overall benefits of CSR corresponds. The expected benefits are mainly on the company image and in relationships with consumers. In this case the ability to respond to the requirements of retailers is just considered a sort of "sine qua non" condition.

Overall, this paper highlights the key role of large retailers for the establishment of a sustainable supply chain, an attenuation of the hierarchic/conflictual relationship with the supply chain members, and a reduction of the margin-compression effects for smaller suppliers as a consequence of power imbalances. A relevant consequence of CSR is a relationship development model in which all the involved subjects can benefit, including smaller partners inside the supply chains.

The last paper explores the "Effect of Hofstede's Cultural Differences in Corporate Social Responsibility Disclosure." Silvia Romero and Belen Fernandez-Feijoo look at culture differences in sustainability reporting among countries. The authors present an original perspective, combining data from the survey conducted by KPMG within twenty-two countries and the Hofstede's model. KPMG survey report different topics as well as data at the country and industry levels. These topics are: (1) Disclosure of CSR strategy; (2) Existence of stand-alone reports; (3) Reporting on business opportunities and financial value of CSR; (4) Reporting of supply-chain risks; (5) Reporting on carbon footprint; and (6) Inclusion of Assurance Statement (AS). The authors worked out these variables as a framework for Corporate Social Responsibility (CSR) disclosure. Regarding Hofstede, initially, he identifies and defines a set of dimensions to explain the variance in the

behavior of industrial employees in 74 countries. These dimensions describe different perspectives for the structure of an organization and for the motivation of people in an organization and within society. The defined dimensions of cultural characteristics used in this paper are: Power distance; Collectivism vs. individualism; Femininity vs. masculinity; and Uncertainty avoidance. Hofstede's model is presented as a country cultural framework.

The increasing importance of reporting on CSR, and the need of transparency and credibility of sustainability reports (SR), require an academic research with a multidisciplinary focus, based on theoretical models extensively proved (Hofstede) with a new vision (KPMG survey). Given that the level of disclosure changes along countries, the interest of this research is to determine if cultural variables have a clear effect on CSR reporting. Previous research has analyzed the relationship between sustainability disclosure and other variables, such as industry, size, CSR regulation, or national wealth. This research has an original approach, defining variables to measure CSR disclosure, assuming as independent variables those well-known as affecting reporting and explaining differences through Hofstede's dimensions. It can be highlighted that they work with twenty-two countries, offering a broad panorama of CSR reporting. This is one of the main contributions of the paper. Another point to highlight is the approach to assurance statements (AS). Neither the presentation of SRs nor the inclusion of ASs with the SR is mandatory, limiting the value of the SR and its AS and questioning its credibility. The authors point out that lack of obligation can, therefore, make the AS a tool to convey some credibility to the report, rather than actually increasing its credibility. They conclude that the level of disclosure is determined by the regulation in the country more than cultural factors. Regarding credibility, reflected through ASs, Collectivism vs. individualism and power distance are explicative of it. Romero and Fernandez-Feijoo main findings are of great interest for the globalization

process, contributing to the knowledge of the effect of country culture on CSR disclosure.

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