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The Antecedents and Effects of Strategic Caring: A Cross-National Empirical Study

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THE ANTECEDENTS AND EFFECTS OF STRATEGIC CARING:

A CROSS-NATIONAL EMPIRICAL STUDY

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ABSTRACT

THE ANTECEDENTS AND EFFECTS OF STRATEGIC CARING: A CROSS-NATIONAL EMPIRICAL STUDY

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This study develops a new construct, strategic caring, defined as actions taken by top managers within stakeholder relationships to improve the well-being of both the stakeholders and the firm. This construct is based on a review of the multidisciplinary caring literature from which a definition of individual caring was developed through content analysis, and then subjected to conceptual inferences to the organizational level of analysis. Strategic caring focuses on a broad set of firm stakeholders, and this stakeholder orientation suggests that a firm can take actions to improve the well-being of these many stakeholder groups and perform as well as, or better, that firms that do not. It is proposed that in the short-term, strategic caring will have an inverse-U relationship with firm performance.

For this study, the upper echelons theory was used as a framework to suggest that national institutions would impact top managers' decisions which would impact firm performance for a wide array of firms operating throughout the global economy. Archival data were collected at the national and firm level as a preliminary investigation of strategic caring. Specifically, a global sample of over 9,000 firms from over 40 countries and 10 GICS industry sectors is used to develop and test a hierarchical linear

model that investigates the relationships among national level institutions, organizational discretion, and strategic caring. Finally, the relationship between strategic caring and financial performance is tested using ordinary least-squares regression models.

In this study, there was relatively weak support for the relationship between national institutions and strategic caring. However, there was a positive relationship between national freedom of the press and strategic caring. In addition, there was also partial support that there is a nonlinear relationship between strategic caring and firm performance. Surprisingly, a negative relationship was found between national humane orientation norms and strategic caring. There were also linear relationships found between strategic caring and market performance (positive) and firm profitability (negative).

This study contributes to the upper echelons theory by providing evidence that the national institutional context is weakly related to firm outcomes suggesting that the industry context and/or individual characteristics of the members of the top management team may be more influential than national institutions. Nonetheless, I did find that some institutions are systematically related to strategic caring. Furthermore, strategic caring was found to be systematically related to short-term financial performance outcomes. When managers implement organization-wide initiatives based on strategic caring, they must carefully consider the expected costs and benefits of the initiatives as they attempt to balance short-term and long-term financial impacts.

This dissertation is dedicated to Jenny for her support in helping me follow my dreams, to Mom for giving me the freedom to grow, to Frau Adickes and Frau Pasewald for helping me see things differently, and to Jane for inspiring me to pursue strategic caring.

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ANTECEDENTS AND EFFECTS OF STRATEGIC CARING

CHAPTER 1

INTRODUCTION

This study investigates the antecedents and effects of strategic caring based on extant literature and logic, develops a theoretical model, and empirically tests the model. First, I synthesize the care literature and develop the following definition of "individual caring": taking an action within the context of a particular relationship aimed at improving the well-being of a cared-for based on understanding the cared-for's and carer's needs and desires. This definition is primarily based on the educational, nursing, and psychological literature where the majority of previous scholarly work on caring has occurred. This literature focuses on the individual level of analysis and relationships between two people; thus, I suggest how the definition of caring at the individual level can be refined and extended to the firm level to yield the scholarly construct of "strategic caring": defined as, "actions taken by top managers within the context of ongoing stakeholder relationships to improve the joint well-being of both the stakeholders and the firm."

This study also contrasts two important constructs with strategic caring because there are strong similarities that could lead to confusion. Recent management literature (Atkins & Parker, 2012; Kawamura, 2013; Rynes, Bartunek, Dutton, & Margolis, 2012) describes caring and compassion in organizations in such a way that one could infer the two terms represent the same construct (Madden, Duchon, Madden, & Plowman, 2012;

Tsui, 2013). In this study, I argue that they represent separate constructs. From the perspective of this research, compassion, which is an action to alleviate pain in another, is subsumed by caring which can be an action in response to a wider range of motivations, such as joy, pain, or something in between.

Corporate social responsibility (CSR) is another construct with conceptual similarities to strategic caring. In this study, I argue that the foundations of the two constructs lead to different manifestations and focuses where the main focus of CSR is improving society in such a way that there are three potential outcomes: the focal firm benefits, the firm and the stakeholders benefit, and the stakeholders benefit. The main focus of strategic caring is improving the well-being of all entities involved, such as customers, shareholders, employees, and the focal firm.

Using the definition of strategic caring, I develop the model to be tested in this study. Strategic caring depends on the top managers' decisions; therefore, the model is developed within the framework of the upper echelons theory (Hambrick & Mason, 1984). The model has two levels: (1) national and (2) firm. I describe elements from each level that may influence a firm's implementation of strategic caring as well as the outcomes a firm could expect when manifesting strategic caring. At the national level, I describe the relationship between the formal national institutions of freedom of the press and investor protection and the informal national institutions of corruption and humane orientation and the top management team and their influence on strategic caring by applying the upper echelons theory (Hambrick & Mason, 1984).

At the firm level, I describe the moderating effect of managerial discretion on the relationship between national institutions and strategic caring because discretion factors could strengthen or dampen the drive to manifest strategic caring. When a firm has higher discretion, it is more able to implement a broader set of initiatives, such as strategic caring initiatives. Then I discuss the short-term performance outcomes of strategic caring. Throughout the model description, I propose several hypotheses which I test with national and firm level data. Next, I discuss the implications of the results from a scholarly perspective and a managerial perspective. Finally, I propose future research suggestions to expand upon this initial empirical study on the relationship between strategic caring and firm performance.

MOTIVATION TO EXAMINE STRATEGIC CARING

A prevalent driver of corporate decision-making is Friedman's suggestion that the primary obligation of a firm is to increase its profits (1970). When taken to the extreme, this could lead to firms committing completely self-interested acts in the name of increasing profits. Although, the pursuit of profits is a pervasive concept, there are firms that take actions which seem to diminish their profits and benefit other stakeholders. This dichotomy of actions – the self-interested and uncaring versus the other-focused and caring – in firms is interesting and creates the foundation for this investigation.

In recent times, there have been some notable acts of uncaring behavior by corporations which have resulted in millions of people across the globe being negatively impacted. As our daily diet of popular press reports, some major corporations are doing things that benefit the few at the top and hurt their customers, communities, shareholders, and employees. For example, AIG's leadership decided to enter the credit default swap (CDS) business because of the perceived profit potential. During the recent financial crisis, AIG was required to pay claims on its CDSs that amounted to more than AIG was able to pay. This resulted in a potential bankruptcy; therefore, AIG sought and received over USD 122 billion in loans from the US government to keep it from failing. Soon thereafter, executives attended a lavish retreat, and AIG decided to pay the employees in the CDS department over USD 218 million in bonuses. Paying the bonuses was excoriated by the press and the public and resulted in a punitive 90% tax being levied by the US Congress. Although, the 418 AIG employees benefited from the bonus, it was generally perceived as a misuse of public funds that harmed the millions of US taxpayers (Andrews & Baker, 2009; Rasheed, Pinkham, & Dess, 2012).

Millions of people have been harmed from the self-centered and uncaring actions of corporations and their executives. Big business has practically become a pariah with the scandals of the past decade, such as Enron (Sendjaya, Sarros, & Santora, 2008), the global financial crisis, and paying executives extremely large salaries (Kanter, 2009). Public confidence in major corporations has dropped precipitously in recent years because of the perception that business just does not care about anything other than maximizing short-term financial targets (Reich, 2009).

The firms which have manifested these uncaring acts have operated from a position of self-interest without regard for what impact their actions would have on others. They epitomize the idea that the "ends justify the means." This narrow focus on a firm's ends without regard for how the firm pursued those ends has become a part of the modern understanding of how a firm does business. It fits with the widely held interpretation of Friedman's (1970) work that a firm's main purpose is to maximize profits.

On the other hand, there are firms that take actions that do not benefit them; rather, their actions benefit others. For example, in 1991 milk prices in the US fell, and the ice cream manufacturer, Ben and Jerry's Homemade announced it would calculate the average price of milk over the last five years and pay its milk supplier that price in order to keep from harming the local Vermont dairies (1991). Walgreens is another example. In 2003, Walgreens decided to develop a new distribution center and employ people who were challenged in some physical or mental way (Lewis, 2011). In both of these cases the firms did not take the easiest actions and took actions that did not purely benefit the firms. These type of actions do not maximize profits; therefore, they cannot be explained by the prevalent Friedman philosophy.

In contrast to Friedman's philosophy, strategic caring suggests that a firm which is focused on doing the best for itself and the other entities with which it has a relationship has a positive impact on the firm's business. If a firm can understand the needs and desires of as many of the entities it impacts as possible and take actions to benefit itself and all of the affected entities, it can create win-win or nonzero sum situations in which the firm and the affected entities win. Nonzero sum situations are not typical of normal business practices; rather, the typical business actions result in the firm winning and other stakeholders losing (Simola, 2011). The focus on self and others simultaneously is the root of individual caring, but some argue that this is not the proper role of corporations as it dilutes managerial attention to efficiency concerns and usurps the private individual's instinct to care for others (Friedman, 1970). Others argue that exclusive focus on one set of stakeholders is not only damaging to society, but also to the corporation (Freeman, 1984). Thus, this dichotomy of actions firms take leads to a gap in the literature of why a firm would take actions that do not maximize profits. This leads to the following research question: what are the antecedents and effects of strategic caring?

INDIVIDUAL CARING

In order to develop the construct of strategic caring, one must understand how the literature describes caring at the individual level and apply lessons learned to the firm level while carefully distinguishing between these two different social actors and levels of analysis. A serious discussion of individual caring began in the early 1980s with Gilligan's (1982) and Noddings' (1984) works on feminine ethics in order to describe differences between the moral development between men and women. Gilligan (1982) suggests that there is a different view of the world besides the competitive view typically associated with men which is a relationship-based view in which the goal is for all people in a relationship to benefit. The discussion concerning individual caring occurred mainly in the education and nursing disciplines and has been almost nonexistent in management (Gittell & Douglass, 2012; Kroth & Keeler, 2009); although, the topic is beginning to be explored in management literature. For example, the 2010 annual meeting of the Academy of Management had a theme of "Dare to Care" (Academy of Management, 2010) which resulted in the October 2012 issue of the *Academy of Management Review* (2012) being dedicated to the enhancement of caring and compassion in organizations.

One issue with the care literature is there is no universally accepted definition of individual caring. There are many suggestions about what caring is, what it would look like, or what it is not, but no universally accepted definition. For example, literature suggests that it occurs in a relationship (Gilligan, 1982; Noddings, 1984), it is balancing the needs and desires of both entities in the relationship (Burton & Dunn, 2005), and it is acting in the best interest of the both entities. Individual caring is being concerned about one's self as well as others (Autry, 1991). It is about sharing both good and bad (May, 1969). Each instance is unique because it depends upon the entities in a relationship and their needs and desires which results in actions tailored to particular individuals and situations (Finkenauer & Meeus, 2000). In these few characteristics from the literature, there is a focus on relationships, unique actions, and balance which are not typical business focuses. Therefore, I develop this comprehensive definition of individual caring: taking an action within the context of a particular relationship aimed at improving the well-being of a cared-for based on understanding the cared-for's and carer's needs and desires. It is based on individual caring literature. I use it to develop the strategic caring construct and describe how strategic caring will impact firms.

STRATEGIC CARING

The resulting definition of strategic caring developed below is actions taken by top managers within the context of ongoing stakeholder relationships to improve the well-being of both the stakeholders and the firm. If a firm seeks to be strategically caring, it will work to strengthen and develop relationships with its stakeholders creating nonzero sum outcomes more than a traditional firm would. An example of a nonzero sum outcome is the program Walgreens developed in its new distribution centers to hire people with disabilities. For some of the employees, their jobs with Walgreens are the first they have held (2014). In Walgreens' 2013 Diversity and Inclusion Report, Walgreens experienced greater productivity, higher employee retention rates, and improved efficiency. Both Walgreens and its employees benefited from Walgreens' efforts to employ employees with disabilities (Walgreens, 2013). In today's complex world, firms that implement strategic caring will benefit by developing stronger relationships with their stakeholders which will help them develop an ability to adjust to an ever-changing global market and respond to their many stakeholders in productive ways (Teece, Pisano, & Shuen, 1997). Firms that understand the needs of a wide variety of stakeholders, such as customers, employees, stockholders, and communities will benefit by building deeper and stronger relationships with these groups. Today's business requires dealing with unique situations and different needs and desires for long term success (Kanungo & Conger, 1993). In the current global conditions, interdependence among businesses across the globe is common. In this environment, the firms that implement strategic caring will benefit from their strong relationships; whereas, firms that do not will not benefit (Sander-Staudt, 2011: 261).

CHAPTER 2

LITERATURE REVIEW

Most scholarly study of caring has been conducted at the individual level; therefore, this study first focuses on the individual level and understanding the context in which the literature places individual caring. This is followed by a content analysis of extant descriptions of caring in order to extract a literature based definition of individual caring which I extend to develop a definition of the firm level construct of "strategic caring". In the management literature, there are two other constructs, organizational compassion and CSR, which I contrast with individual caring and strategic caring, respectively, in order to elucidate the literature gap that strategic caring fills. Finally, I describe behaviors and attitudes that could exist in a firm that makes choices congruent with the strategic caring construct in order to illustrate strategic caring's effects based on extant literature.

INDIVIDUAL CARING

Following Kanov, Maitlis, Worline, Dutton, Frost, and Lilius, (2004) who suggest it is important to understand how a construct applies at the individual level in order to theorize how it impacts an organization, I describe some of the characteristics of an environment in which individual caring exists. Then, I review a number of extant descriptions of caring in order to demonstrate the diversity of themes attributed to individual caring and to highlight a core set of themes. From this core set of themes, I develop a proposed definition of individual caring which I then apply to firms and propose a definition of "strategic caring".

In order to discuss individual caring, there are two important terms that need to be defined. The first is "carer" (Noddings, 1988). This is the person who takes the caring action towards another person (Autry, 1991; Bishop & Scudder, 1991; Liedtka, 1996). The second term is "cared-for" (Noddings, 1988). This is the person who receives the action of the carer. These are not static roles which means that in subsequent interchanges, the person who was the carer can be the cared-for. Because individual caring happens within a relationship (Gilligan, 1982; Noddings, 1984), these roles are important to describe and understand individual caring.

Individual caring is difficult to define and, hence, challenging to measure (Beck, 1999). There is no agreed upon definition of what individual caring is (Engster, 2011; Swanson, 1991). As a result, there are many descriptions and definitions of individual caring in the literature. Most descriptions of individual caring are overwhelmingly based on caring demonstrated between individual humans (Gilligan, 1982). The literature largely agrees that the motivation behind the action is the key to describing an action as caring (Sander-Staudt & Hamington, 2011). The act of caring can represent different types of human experience; for example, it can be an emotion that motivates carers to be involved with a specific cared-for (Finkenauer & Meeus, 2000). There are also different perspectives of the word such as caring for something; for example, an elderly parent; being caring, such as the caring professions (e.g., nursing); or caring about something (e.g., a sports team). These different connotations and nuances make it difficult to understand what a person means when he or she says the word, "caring" (Gaut, 1983). However, the care literature has developed several themes over the past 40 years that allow researchers to build upon this diverse stream of research. First, I describe the context in which individual caring is manifested. Then, I compare the extant descriptions and develop a definition of individual caring. Finally, I build upon this individual literature to propose a definition of strategic caring at the firm level of analysis.

Contextual Influences on Individual Caring

Individual caring depends on the context of a situation (Burton & Dunn, 2005; Hawk, 2011; Puka, 2011), and is made manifest in a concrete, emotion-filled manner because it depends on the relationship between the carer and the cared-for within a specific context (Curzer, 2007; Gaut, 1983; Terjesen, 2011). This means that caring actions are unique to a relationship and situation. When individual caring is manifested, the carer and cared-for often develop and maintain close relationships (Walker & Frimer, 2007). When making caring decisions, the carer looks at the entire, broad context and considers the needs and desires of the particular cared-for in order to determine the proper course of action and develop concrete actions (Hawk, 2011). This means a carer must look at the uniqueness of each cared-for in order to determine what action is appropriate in a situation which means practically every situation and every caring response is different (Nelson, 2011). Therefore, there are no concrete standards that define how a person should treat any other person who has a need and desire. There are always situational nuances that must be considered in determining the final action the carer takes towards a particular cared-for.

Individual caring also emphasizes interdependent relationships (Gatzia, 2011; Hawk, 2011; Liedtka, 1996; Palmer & Stoll, 2011; Puka, 2011; Simola, 2011) and responsibilities (Curzer, 2007; Liedtka, 1996). It is more than just an exchange between two people. It is a carer acting towards the cared-for without regard to what the carer will receive from the cared-for (Kroth & Keeler, 2009); although, over the long run, both the carer and the cared-for will give and take in their relationship and will probably swap roles if the relationship lasts long enough. Individual caring requires that the carer invest himself or herself in fulfilling the cared-for's needs and be personally involved with the cared-for. (Jones, Felps, & Bigley, 2007; Liedtka, 1996: 182). This would be exemplified by the person who refuses to give money to a beggar on the street who desires money for food; rather, the person takes the beggar to a shop and purchases food for the beggar to eat. This action requires a deeper involvement than just handing over a few coins. Individual caring is relational and reciprocal (Brave, Nass, & Hutchinson, 2005; Noblit, 1993). Building relationships is a behavior that signals a caring act (Kroth & Keeler, 2009). Both the carer and the cared-for receive benefits and are committed to each other (Finkenauer & Meeus, 2000; Noblit, 1993). An important aspect of individual caring is that its strength depends on the relationship. If a relationship is a close relationship, that will make the importance of acting in a caring manner greater. If the relationship is distant, the action is not as important (Burton & Dunn, 2005). Individual caring happens in a relationship between a carer and a cared-for who are invested in the relationship.

Because the behaviors the carer takes to help the cared-for grow depend upon the cared-for's response and the carer's own limited understanding (Williamson, 1975) of the cared-for, there is risk to the carer. The carer expects that his or her actions will result in the appropriate outcome for the cared-for, but he or she cannot count on the success of his or her actions (Burton & Dunn, 2005). A carer takes a risk by investing himself or herself in the cared-for. This leaves the carer open to gains and losses (Frankfurt, 1982). There is no guarantee that a caring action will result in the outcomes the carer expects, the carer feeling good, or the carer receiving any sort of benefit, either from the cared-for or otherwise. Individual caring is a recognition that the other entity matters and the willingness of the carer to suffer for the other (May, 1969). "Caring is risking being with someone towards a moment of joy" (Parse, 1981: 130), and the joy may or may not manifest itself. In caring for someone, there is the possibility of experiencing joy or sorrow. If one intends to experience joy, the risk is that the sorrow will be experienced. Caring leaves a carer vulnerable (Liedtka, 1996). The carer always risks being disappointed (Shoemaker, 2003) or hurt (Thayer-Bacon & Bacon, 1996). In individual caring, the carer acts for the benefit of the cared-for, but the outcome is not guaranteed.

Another important characteristic of individual caring is the carer's behavior towards the carer, especially because it is relationship based, and reciprocal interactions are a part of relationships. The carer must balance his or her needs and desires with the cared-for's needs and desires (Chan, 2000; Liedtka, 1996). For individual caring to be manifested, the carer must take his or her own needs into account, as well as the cared-for's. It is not possible to be caring without considering oneself (Engster, 2004). A carer has to have some level of altruism to be caring (Bishop & Scudder, 1991; Kroth & Keeler, 2009); however, the carer cannot be altruistic to the point of self-sacrifice where the carer suffers too much (Autry, 1991). Individual caring requires that the carer displaces, but not replaces, his or her motivation for being involved to focus on the needs and desires of the cared-for (Noddings, 1984). A carer cannot be self-centered either (McCroskey & Teven, 1999). Individual caring requires that the carer balance his or her needs with the needs of the cared-for and neither gives too little nor gives too much.

To summarize the context in which individual caring occurs, there are important characteristics of the setting in which caring behaviors manifest. The context is unique, and the caring behaviors depend on the context. This means it would be difficult to manifest caring using detailed standard operating procedures, because the procedures would describe what actions a firm is to take if the same situation happened over and over instead of similar, unique situations happening. Each situation could require a different action. Individual caring happens in a relationship between a carer and a particular cared-for; therefore, the relationship is unique and the caring actions are tailored for the particular relationship with a cared-for. Being caring also opens the carer up to the risk that the carer's actions may not result in the expected outcomes, and the carer must balance his or her actions in order to avoid self-sacrifice.

Proposed Definition of Individual Caring

Drawing on the general literature related to individual caring, I describe the inductive study conducted on descriptions of caring from various disciplines used to develop a definition of individual caring. First, I conducted a database search for any references related to caring. I searched the Web of Science, ABI/INFORM Global, Business Source Complete, ScienceDirect, and JSTOR citation databases using the search terms "care" and "caring" in the topic field. I did not limit the domain to management research because there are so few scholarly works that investigate caring in the management domain. In order to find other pertinent references, I searched the reference sections of the works that I encountered. As I read the sources I found, I collected any description of care that was definitional or a definition. This resulted in 25 descriptions of care or caring.

Exhibit 1 presents descriptions of caring and pertinent themes from those descriptions. To be included in this exhibit, the authors had to define or describe "care" or "caring." The first column of the table, Reference, is the source of the description of caring. The second column, Description, is how caring is characterized within the particular source. Some of the descriptions were pages long, in which case I summarized them, and some were very short, in which case I included them verbatim.

Reference	Description
May (1969)	"a state composed of the recognition of another, a fellow human being like one's self; of identification of one's self with the pain or joy of the other; of guilt, pity, and the awareness that we stand on the base of a common humanity from which we all stem...Care is a state in which something does matter (289). . . Care is always about something. . . In care one must, by involvement with the objective fact, do something about the situation; one must make some decisions" (291).
Leininger (1981)	"a generic sense as those assistive, supportive, or facilitative acts toward or for another individual or group with evident or anticipated needs to ameliorate or improve a human condition or lifeway" (9)
Frankfurt (1982)	"A person who cares about something is, as it were, invested in it. He identifies himself with what he cares about in the sense that he makes himself vulnerable to losses and susceptible to benefits depending upon whether what he cares about is diminished or enhanced. Thus he concerns himself with what concerns it, giving particular attention to such things and directing his behavior accordingly" (260).
Gilligan (1982)	"The ideal of care is thus an activity of relationship, of seeing and responding to need, taking care of the world by sustaining the web of connection so that no one is left alone" (62).
Gaut (1983)	"any action may be described as caring, if and only if, S has identified a need for care and knows what to do for X; S chooses and implements an action intended to serve as a means for positive change in X; and the welfare-of-X criterion has been used as a nonarbitrary principle in justifying the choice and implementation of the activities as caring actions" (322)
Noddings (1984)	Caring is composed of engrossment, displacement, and commitment. The carer is engrossed when his or her undivided attention is placed on the cared-for. The carer displaces his or her view of the world in order to understand the cared-for. The carer and the cared-for must agree to whole-heartedly participate in the relationship.
Morse, et al. (1990)	Caring is a "human trait", "a moral imperative or ideal", "an affect", "an interpersonal relationship", and "a therapeutic intervention"
Bishop & Scudder (1991)	"(1) compassion for others, (2) doing for others what they can't do for themselves, (3) using professional understanding and skill for the patient's good, and (4) taking care in the sense of being diligent and skillful in actual practice (Pellegrino, 1985, pp.11-12)" (24)
Swanson (1991)	"Caring is a nurturing way of relating to a valued other toward whom one feels a personal sense of commitment and responsibility" (165).
Noblit (1993)	noticing, including, and protecting others

Reference	Description
Teven & McCroskey (1996)	"empathy, understanding, and responsiveness" (2)
McCroskey & Teven (1999)	"a means of opening communication channels more widely" as well as survey items representing caring: interests of other at heart, not self-centered, concerned about other, sensitive, understands other
Finkenauer & Meeus (2000)	"an enduring emotion that motivates caregivers to meet and gratify the needs of a specific dependent" (100)
Shoemaker (2003)	"one must, along with the possibility of joy (and other positive emotions), accept the possibility of distress (and other negative emotions) when things are not going well with the cared-for object in order for one truly to be said to care for it in the first place" (92)
Engster (2004)	"Caring itself requires personal contact and varies according to individuals and situations" (115). . . "A good caregiver will not impose her own notions of care on others but rather will always remain attentive to the other's needs and concerns as he or she express them" (117).
Burton & Dunn (2005)	Caring is "understanding the needs of self and others" (460) in unique situations and creating responses tailored to the particular other, including the other's reality, with a focus on "the future and the relationships involved" (461).
Held (2006)	"a relation in which carer and cared-for share an interest in their mutual well-being" (35)
Curzer (2007)	Components of care: best interests of another, manifest the best interests, desire for well-being of another, compassion, sympathy, empathy, generosity, help... Ten Core Doctrines: 1. There is a particular person in a particular situation which makes rules less potent; 2. People's identities develop because of the relationships they are in; 3. There are different types of relationships which require different types of care; 4. Care is the preferred motivator over duty; 5. Care helps understanding situations and responding; 6. Relationships are of primary importance; 7. The responsibilities of caring depend on the closeness of the relationship; 8. The responsibilities of caring only exist in our relationships ; 9. Relationships need to be tended (nurtured, grow, etc.); 10. Care and Justice work together.

Reference	Description
Kroth & Keeler (2009)	"We define managerial caring as a process wherein a manager exhibits inviting, advancing, capacitizing, and connecting behaviors toward an employee or employees. Care building is the ongoing process of managerial caring, subsequent employee response, and then ensuing managerial response that result in the growth of care between the two parties" (521).
Vidaver-Cohen, et al. (2010)	"integrating the interests of all parties" (2)
Engster (2011)	"associates moral action with meeting the needs, fostering the capabilities, and alleviating the pain and suffering of individuals in attentive, responsive, and respectful ways" (98)
Hawk (2011)	"the ongoing concern for the well-being and the constructive development of the one caring, the one or ones cared for, and the relationship" (4)
Puka (2011)	Caring is balancing the needs of self and others; developing relationships, attending to, responding to, communicating with, taking responsibility for, empathizing with, understanding the needs of, having compassion for, helping, supporting, nurturing, and empowering others; working toward consensus, understanding the needs of others; being flexible; and not harming others (125)
Tsui (2013)	"I use 'compassion' and 'caring' interchangeably" (168).
Kawamura (2013)	"care is a universal construct and is inherent in all human beings; care is the core foundation, the core energy, of all human activity, work, and interaction; care may be seen as a socioeconomic resource that acts similar to the knowledge resource and may be built into organizational strategy, management, and leadership and serves as a measurable and trainable managerial capability; and care comprises identifiable qualities in individual, relational, and managerial decision-making categories" (100)

Exhibit 1: Sample of 25 Descriptions of Caring at the Individual Level

Next, in conjunction with two other researchers, I analyzed the content of the 25 descriptions to determine the categories considered to be important in care research. First we read the descriptions and noted the categories we felt related to each description. This process resulted in 63 different categories (See Appendix 4 for the complete list). Next, the three of us compared our categories in order to create a set of themes we could use in a second round to categorize the descriptions. We discussed the discrepancies we had, debated the semantic differences of categories, and suggested which categories could be collapsed and which could not. Through consensus, we determined the final list of categories to apply in the second round which resulted in 21 different categories (See Appendix 5 for this list). We then reread the descriptions and applied the 21 consensus categories to the descriptions. Exhibit 2 presents the notated descriptions with the consensus categories included after the part of the description that was related to the category. The themes are inside parentheses and presented with bold, capital letters in the text of the descriptions.

Reference	**Description with Themes**
May (1969)	"a state composed of the recognition of another, a fellow human being like one's self (**RELATIONSHIP**); of identification of one's self with the pain or joy of the other; of guilt, pity, and the awareness that we stand on the base of a common humanity from which we all stem (**AFFECT**)...Care is a state in which something does matter . . . Care is always about something. . . In care one must (**RESPONSIBILITY**), by involvement with the objective fact, do something (**ACTION**) about the situation; one must make some decisions"
Leininger (1981)	"a generic sense as those assistive, supportive, or facilitative acts (**ACTION**) toward or for another individual or group with evident or anticipated needs to ameliorate or improve (**WELL-BEING**) a human condition or lifeway"
Frankfurt (1982)	"A person who cares about something is, as it were, invested in it. He identifies himself with what he cares about in the sense that he makes himself vulnerable (**VULNERABLE**) to losses and susceptible to benefits depending upon whether what he cares about is diminished or enhanced. Thus he concerns himself with what concerns it, giving particular attention to such things and directing his behavior accordingly (**ACTION**)."

Reference	Description with Themes
Gilligan (1982)	"The ideal of care is thus an activity (**ACTION**) of relationship (**RELATIONSHIP**), of seeing (**NOTICE**) and responding to need, taking care of the world by sustaining the web of connection so that no one is left alone."
Gaut (1983)	"any action may be described as caring, if and only if, S has identified a need (**UNDERSTAND**) for care and knows what to do for X; S chooses and implements an action (**ACTION**) intended to serve as a means for positive change (**WELL-BEING**) in X; and the welfare-of-X criterion has been used as a nonarbitrary principle in justifying the choice and implementation of the activities as caring actions."
Noddings (1984)	Caring is composed of engrossment (**RESPONSIBILITY**), displacement (**UNDERSTAND**), and commitment (**RELATIONSHIP**). The carer is engrossed when his or her undivided attention is placed on the cared-for. The carer displaces his or her view of the world in order to understand the cared-for. The carer and the cared-for must agree to whole-heartedly participate in the relationship.
Morse, et al. (1990)	Caring is a "human trait (**HUMAN TRAIT**)", "a moral imperative or ideal", "an affect (**AFFECT**)", "an interpersonal relationship (**RELATIONSHIP**)", and "a therapeutic (**WELL-BEING**) intervention" (**ACTION**)
Bishop & Scudder (1991)	"(1) compassion (**COMPASSION**) for others, (2) doing (**ACTION**) for others what they can't do for themselves, (3) using professional understanding and skill (**UNDERSTAND**) for the patient's good, and (4) taking care in the sense of being diligent and skillful in actual practice (**CAPABILITY**)"
Swanson (1991)	"Caring is a nurturing (**WELL-BEING**) way of relating to a valued other (**RELATIONSHIP**) toward whom one feels a personal sense of commitment and responsibility (**RESPONSIBILITY**)"
Noblit (1993)	noticing (**NOTICE**), including, and protecting others (**ACTION**)
Teven & McCroskey (1996)	empathy (**AFFECT**), understanding (**UNDERSTAND**), and responsiveness (**ACTION**)
McCroskey & Teven (1999)	"a means of opening communication (**COMMUNICATION**) channels more widely" as well as survey items representing caring: interests of other at heart (**WELL-BEING**), not self-centered, concerned about other, sensitive, understands other
Finkenauer & Meeus (2000)	"an enduring emotion (**AFFECT**) that motivates (**MOTIVATION**) caregivers to meet (**ACTION**) and gratify (**WELL-BEING**) the needs of a specific dependent"

Reference	Description with Themes
Shoemaker (2003)	"one must, along with the possibility of joy (and other positive emotions) (**AFFECT**), accept the possibility of distress (and other negative emotions) (**VULNERABLE**) when things are not going well with the cared-for object in order for one truly to be said to care for it in the first place"
Engster (2004)	"Caring itself requires personal contact (**RELATIONSHIP**) and varies according to individuals and situations (**UNIQUE**)". . . "A good caregiver will not impose her own notions of care on others but rather will always remain attentive (**NOTICE**) to the other's needs and concerns as he or she express them (**UNDERSTAND**)"
Burton & Dunn (2005)	Caring is "understanding the needs (**UNDERSTAND**) of self (**CONCERN FOR SELF**)and others" in unique situations (**UNIQUE**) and creating responses (**ACTION**) tailored to the particular other, including the other's reality, with a focus on "the future and the relationships (**RELATIONSHIP**) involved"
Held (2006)	"a relation (**RELATIONSHIP**) in which carer and cared-for share an interest in their mutual (**CONCERN FOR SELF**)well-being (**WELL-BEING**)"
Curzer (2007)	Components of care: best interests of another, manifest the best interests, desire for well-being of another (**WELL-BEING**), compassion, sympathy, empathy, generosity, help... Ten Core Doctrines: 1. There is a particular person in a particular situation (**UNIQUE**) which makes rules less potent; 2. People's identities develop because of the relationships they are in (**RELATIONSHIP**); 3. There are different types of relationships which require different types of care; 4. Care is the preferred motivator over duty (**MOTIVATION**); 5. Care helps understanding situations and responding (**ACTION**); 6. Relationships are of primary importance; 7. The responsibilities of caring depend on the closeness of the relationship (**RESPONSIBILITY**); 8. The responsibilities of caring only exist in our relationships; 9. Relationships need to be tended (nurtured, grow, etc.) (**LONG-TERM**); 10. Care and Justice work together.
Kroth & Keeler (2009)	"We define managerial caring as a process wherein a manager exhibits inviting, advancing, capacitizing, and connecting (**WELL-BEING**) behaviors toward an employee or employees. Care building is the ongoing (**LONG-TERM**) process of managerial caring, subsequent employee response, and then ensuing managerial response (**ACTION**) that result in the growth of care between the two parties (**RELATIONSHIP**)"

Reference	Description with Themes
Vidaver-Cohen, et al. (2010)	"integrating the interests (**WELL-BEING**) of all parties (**CONCERN FOR SELF**)"
Engster (2011)	"associates moral action (**ACTION**) with meeting the needs, fostering the capabilities, and alleviating the pain and suffering of individuals in attentive, responsive, and respectful ways"
Hawk (2011)	"the ongoing (**LONG-TERM**) concern for the well-being (**WELL-BEING**) and the constructive development of the one caring (**CONCERN FOR SELF**), the one or ones cared for, and the relationship (**RELATIONSHIP**)"
Puka (2011)	Caring is balancing the needs of self (**CONCERN FOR SELF**) and others; developing relationships (**RELATIONSHIP**), attending to (**NOTICE**), responding to (**ACTION**), communicating with (**COMMUNICATION**), taking responsibility for (**RESPONSIBILITY**), empathizing with, understanding the needs of (**UNDERSTAND**), having compassion for (**COMPASSION**), helping, supporting, nurturing, and empowering others; working toward consensus, understanding the needs of others; being flexible; and not harming others (**WELL-BEING**)
Tsui (2013)	"I use 'compassion' (**COMPASSION**) and 'caring' interchangeably"
Kawamura (2013)	"care is a universal construct and is inherent in all human beings (**HUMAN TRAIT**); care is the core foundation, the core energy, of all human activity, work, and interaction; care may be seen as a socioeconomic resource (**CAPABILITY**) that acts similar to the knowledge resource and may be built into organizational strategy, management, and leadership and serves as a measurable and trainable managerial capability; and care comprises identifiable qualities in individual, relational (**RELATIONSHIP**), and managerial decision-making categories"

Exhibit 2: Notated Descriptions and Themes of Caring (n = 25)

Overall, we found 16 themes in the descriptions. I created a frequency table of the themes to determine which themes were included in the most descriptions, see Exhibit 3 for a list of the themes the number of descriptions in which the theme was included, as well as the percent of descriptions.

Caring Theme	Count	%
Action-based	15	60%
Relationship	13	52%
Well-being	12	48%
Understand	7	28%
Affect	5	20%
Responsibility	5	20%
Concern for Self	5	20%
Notice	4	16%
Compassion	3	12%
Long-term	3	12%
Unique	3	12%
Vulnerable	2	8%
Communication	2	8%
Human Trait	2	8%
Motivation	2	8%
Capability	2	8%

Exhibit 3: Frequency of Inclusion of Individual Caring Themes (n = 25)

The frequencies of the use of those categories ranged from a high of 15 to a low of 2. In moving up the frequency count, the first break occurred between five descriptions including a theme and seven descriptions including a theme. This first break was used as the demarcation between including a theme in the definition of caring and not including a definition. This resulted in four major themes which are: (1) action-based, (2) relationship, (3) well-being, and (4) understanding. Action-based means that the carer is expected to do something for the cared-for. Relationship means there is a personal connection between the carer and cared-for. Well-being means the carer acts in order to improve the well-being of the cared-for. Understanding means the carer seeks to understand the needs and desires of the cared-for. Hence, the proposed definition of individual caring for this work is as follows:

> taking an action within the context of a particular relationship aimed at improving the well-being of a cared-for based on understanding the cared-for's and carer's needs and desires

This does not imply that the action the carer takes is the right thing to do or the thing that the cared-for wants, just that the carer tries to do the best he or she can do for the cared-for. The essential point is that the carer considers both his or her needs as well as the cared-for's needs before making a determination of what will result in well-being (Burton & Dunn, 1996). There is an intent of well-being behind individual caring that the actions taken will be the best the carer can do at that time to create a nonzero sum outcome that increases well-being of the cared-for and the carer. Next, I will compare and contrast compassion and individual caring because the two terms are closely related to each other but not identical and the management literature has intimated they represent the same construct (Tsui, 2013).

Caring and Compassion in Organizations

There have been a number of articles describing caring and compassion in the recent management literature. This literature describes caring and compassion in organizations (Rynes et al., 2012) in such a way that one could interpret them to be the same construct, and it frequently uses the two terms interchangeably (Tsui, 2013). In the management literature, compassion has been conceptualized as noticing another's pain, feeling for the person, and acting to relieve that person's pain (Atkins & Parker, 2012; Madden et al., 2012). Notably, a number of management articles have discussed caring and compassion terms in one of three manners. One way is to use the dictionary definition of compassion and focus upon the desire to alleviate pain (Atkins & Parker, 2012; Dutton, Worline, Frost, & Lilius, 2006; Madden et al., 2012; Miller, Grimes, McMullen, & Vogus, 2012; Tsui, 2013). A second way is to use the caring and compassion terms interchangeably (Tsui, 2013). The final manner is to combine the two terms into a single unit (Lawrence & Maitlis, 2012).

It is important to describe how caring and compassion differ from each other. This implied equivalency is not the characterization the individual caring literature presents. It encompasses compassion as a characteristic of caring (Bishop & Scudder, 1991; Brave et al., 2005; Fuqua & Newman, 2002; Grant, Dutton, & Rosso, 2008; Leininger, 1981; Palmer & Stoll, 2011; Puka, 2011; Sander-Staudt & Hamington, 2011; Watson, 2005). Based on the individual caring literature describing both caring and compassion, I assert these two constructs are different. To understand the difference between compassion and caring, I start with the dictionary definition of compassion: sympathetic consciousness of others' distress together with a desire to alleviate it (Merriam-Webster Inc, 2003). This definition focuses only on a person alleviating the pain of others which could be restated as: a carer takes an action to alleviate the pain of a cared-for. In the definition of caring developed in this study, improving the well-being of the cared-for is not limited to times of pain. There is no limitation on the emotional state of the cared-for. Based on the definition and pertinent themes described above, the care literature has a broader understanding of the meaning of caring which also includes times of joy the cared-for experiences. There are descriptions of caring that explicitly state caring happens in times of joy (Shoemaker, 2003) as well as in times of pain (Dutton et al., 2006). For example, if a carer attends a cared-for's graduation, which is a joyful occasion, that would be considered a caring action.

Based on the definition of individual caring proposed in this work and the definition of compassion found in the management literature, the two constructs are different. In summary, caring in organizations and compassion are interrelated, but they are not identical constructs. Caring encompasses compassion (Kawamura & Eisler, 2013) because caring is not only a response to pain but can also involve celebrating another's accomplishments (Lawrence & Maitlis, 2012). Caring includes being with people in times of both pain and joy (May, 1969; Parse, 1981); it is not purely responding to pain. Therefore, in this study, compassion is considered a construct under the umbrella of caring.

STRATEGIC CARING

The purpose of explaining individual caring and proposing a definition is to apply the definition to organizations and to theorize how caring unfolds and impacts firms. Now that individual caring is defined, I examine the constructs of strategic marketing, strategic human resources, and strategic management in order to show how they differ from marketing, human resources, and management and how these differences metamorphose the nonstrategic constructs. I compare the definitions of the strategic and nonstrategic constructs to determine the transformations required to create the strategic constructs. Then, I apply those transformations to the proposed definition of caring and develop a definition of strategic caring.

First, I apply the proposed definition of caring to firms. In the definition of caring there are two actors: the carer and the cared-for. In the case of a firm, the carer is the overall firm which has a wide variety of entities it impacts, including shareholders, employees, customers, communities, customers, and suppliers, as well as other stakeholders; therefore, the cared-for is a particular stakeholder, and, as there can be many cared-fors who have relationships with a carer in the case of individual caring, there can be many stakeholders who are impacted by an organization.

First, I will discuss strategic marketing. Marketing is defined by the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (Keefe, 2008: 28). The essential focus is informing potential customers of the products or services the firm has to offer. The description of strategic marketing is:

> the study of organizational, inter-organizational and environmental phenomena concerned with (1) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of creation, communication and delivery of products that offer value to customers in exchanges with organizations, and (2) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations (Varadarajan, 2010: 119).

The focus of this description is the actions the general management of a firm decides will be taken to provide consumers the products or services they deem as valuable enough to provide resources to the firm in exchange for the firm's products or services; thereby, increasing the firm's resources. Strategic marketing adds a focus of top managers deciding the message to convey to consumers in order to improve the performance of a firm.

Now to look at human resources management which basically entails ensuring that a firm complies with all employment laws, hires people to work, fires people who need to be fired, and makes sure workers are where they are needed (Storey, Ulrich, & Wright, 2009). Strategic human resources management adds the focus on developing the proper human capital of a firm so that it can contribute to the mission of the firm (Lepak, 2007; Rucci, 2009) in order to achieve firm outcomes (Latham, 2007; Storey et al., 2009). Strategic human resource management's focus is to contribute to the performance of the firm based on the vision of the top managers through developing the proper staff. Finally, the definition of management is "judicious use of means to accomplish an end" (Merriam-Webster Inc, 2003). One of the more recent definitions of strategic management is: "the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their external" and internal environments (Nag, Corley, & Gioia, 2007:944). Strategic management focuses on sustainable competitive advantage (Teece et al., 1997) or top managers handling resources in such a way to improve firm performance.

In all three disciplines, top managers are involved in deciding upon actions to improve overall firm performance. The common theme among the three terms above that are transformed into their strategic versions is that the top managers are taking actions to improve firm performance in the domain that is transformed. In order to develop my proposed definition of strategic caring, I have to apply this theme to individual caring which depends on relationships between two individuals. At the firm level, there are many relationships with stakeholders, for example, the firm's employees (McAllister & Bigley, 2002), shareholders, communities, suppliers, and customers, as well as itself. To be a strategically caring firm, the top management team will decide upon actions after considering the firm's relationships with its stakeholder groups. The intention will be to improve firm performance and the well-being of its stakeholders. Therefore, the proposed definition of the construct, strategic caring, is:

> **Actions taken by top managers within the context of ongoing stakeholder relationships to improve the well-being of both the stakeholders and the firm.**

This proposed definition of strategic caring implies that a firm's relationships with its stakeholders cause top managers to seek to understand the needs and desires of the firm's stakeholders in order to decide what behaviors will improve their well-being and enact those behaviors. Of course, the firm is also a stakeholder; therefore, its well-being is a decision factor. Firm well-being includes both financial and nonfinancial performance. In order for a firm to enact any behaviors, not just caring, it has to have the resources to do so; therefore, it has to perform well financially. A firm that has a top management team that is guided by strategic caring will take caring behaviors towards its employees, shareholders, suppliers, customers, communities, other stakeholders, and itself. Many of these behaviors would not be typical of firms in the business climate that currently exists. Although many of the outward manifestations of strategic caring and CSR would be similar, and that warrants a comparison between the two.

Corporate Social Responsibility and Strategic Caring Intentions

CSR and strategic caring share some similar attributes which leads to the necessity to examine differences between the two constructs. As with describing individual caring, describing CSR is difficult because its definition is not agreed upon (Aguilera, Rupp, Williams, & Ganapathi, 2007; Frederick, 1978; Freeman & Hasnaoui, 2011; McWilliams, Siegel, & Wright, 2006), and it continues to evolve (Du, Swaen, Lindgreen, & Sen, 2013). In this study, I use a working definition of CSR from the management literature that McWilliams and Siegel (McWilliams & Siegel, 2001; 2006: 1) proposed in the ***Academy of Management Review***: "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". The crux of this definition is that the actions appear to improve society. I argue there is a continuum of intentions for CSR from pure self-interest where the actions only appear to be good for society but actually are calculated to benefit the corporation to purely altruistic where the well-being of the firm is not considered in the actions to benefit society. That means there is an overlap of intentions between CSR and strategic caring because the intention behind strategic caring is to benefit both the firm and the firm's stakeholder groups. I describe some of the attributes that make CSR similar to strategic caring then further elucidate the important attributes that make CSR different from strategic caring.

There are many actions that could be taken based on a firm being socially responsible that would be similar to actions based on strategic caring; for example, managing stakeholders with concern (Freeman & Hasnaoui, 2011; Marín, Rubio, & de Maya, 2012); supporting volunteerism (Freeman & Hasnaoui, 2011), helping people in need (Freeman & Hasnaoui, 2011), protecting the natural environment (Freeman & Hasnaoui, 2011; Werther & Chandler, 2005), assisting local communities (Freeman & Hasnaoui, 2011; Oh, Park, & Ghauri, 2013), listening to customer demands (Peloza, Loock, Cerruti, & Muyot, 2012), implementing programs to improve employee welfare (Du et al., 2013; Flammer, 2013; Frederick, 1978), and contributing to charity (Arendt & Brettel, 2010). These actions could be taken from either a CSR or strategic caring perspective. The difference is the motivation behind the actions. From a strategic caring perspective, the motivation is seeking win-win situations in which all stakeholders' concerns are considered and the final action taken is intended to improve the well-being of as many stakeholders as possible, including the firm. From a CSR perspective, the actions could be taken from three main intentions: (1) to make the firm look good or a win-lose situation, (2) to help others with a disregard for the firm or a lose-win situation, and (3) to balance the needs of the firm and its stakeholders or a win-win situation. See Exhibit 4 for a graphical depiction.

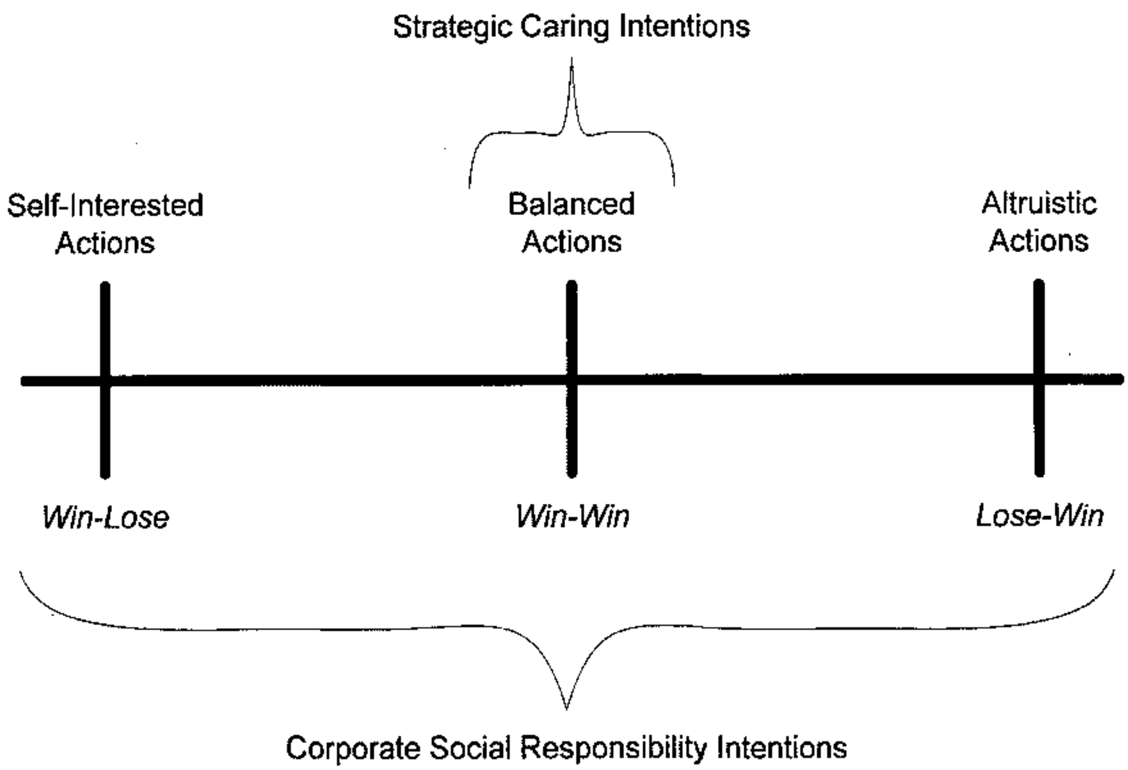

Exhibit 4: Continuum of Corporate Social Responsibility Intentions Compared to Strategic Caring Intentions

The difference in motivations between CSR and strategic caring are important to this study because of the two cases that are incongruous with strategic caring: (1) actions taken from a self-interested intention and (2) actions taken from a purely altruistic intention. These are the cases where the intentions are at the extreme of the continuum.

Self-Interested Actions. On the one extreme, the firm takes actions that appear to be socially responsible but are designed so that the firm benefits from the actions while the other stakeholders are of secondary importance (Freeman & Hasnaoui, 2011). The results of these actions would be satisfactory to the firm if they resulted in win-lose situations for the firm. Vaaland, Heide, and Grønhaug (2008: 931) propose that CSR "is management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefit." Therefore, the firm takes actions described by CSR that will create some benefit for the firm, such as increased visibility to consumers (Arendt & Brettel, 2010; Singh, Iglesias, & Batista-Foguet, 2012) or improved reputation (Arendt & Brettel, 2010). For example, Enron donated money to many organizations, including political campaigns. Critics of Enron suggest that these donations were calculated to create a positive business environment for Enron without true regard to the donation targets (Associated Press, 2003). Considering the actions taken by a firm as motivated by a self-interest leads to a view that CSR is just another cost of doing business in which the firm benefits (Flammer, 2013).The intention behind strategic caring is that both the firm and its stakeholders benefit and not just the firm.

Altruistic Actions. On the other extreme, the firm takes actions that focus on stakeholders besides itself. These actions would be satisfactory to the firm if the outcome were a lose-win situation. Actions based on this intention result in firm programs to better society (Flammer, 2013; Frederick, 1978; Smith, 2003; Stubbs & Cocklin, 2007; Werther & Chandler, 2005). Therefore, the firm determines how it can improve society and takes actions that support worthy societal causes (Arendt & Brettel, 2010; Du et al., 2013; Freeman & Hasnaoui, 2011; Lichtenstein, Drumwright, & Braig, 2004) with the concern for the firm being secondary. Actions that could taken with this intention include implementing a triple bottom line (Freeman & Hasnaoui, 2011), implementing corporate ethics programs (Freeman & Hasnaoui, 2011), supporting fair trade (Freeman & Hasnaoui, 2011), investing in socially responsible ways (Freeman & Hasnaoui, 2011; Oh et al., 2013), and supporting corporate governance initiatives (Freeman & Hasnaoui, 2011). These initiatives are taken to improve society and could result in the firm's well-being diminishing. If a firm were to just implement programs to improve society without consideration of itself, it would have an outflow of its resources that it could not use to invest in itself, and it most likely would not thrive, and possibly, it would cease to exist and no longer be able to take caring actions.

Balanced Actions. In strategic caring, there is a balance between considering the firm and the firm's stakeholders. Just as a carer cannot sacrifice himself or herself for the cared-for or only take actions that benefit the carer, a firm that implements strategic caring cannot sacrifice itself for its stakeholders or focus purely on itself. Strategic caring calls for bettering society and bettering the firm at the same time and requires asking: What actions can the firm take that improve the firm and improve its stakeholders?

Corporate Social Responsibility and Managerial Expertise

Besides the difference in the intention continuum, another issue is the managerial focus. If a firm uses its managerial resources to develop CSR programs instead of focusing on the main reason the firm exists, to provide specific goods or services, the result is inefficiency (Freeman & Liedtka, 1991). If managers have to make decisions to support CSR initiatives, those decisions are outside of their business expertise which means people without the proper expertise will be involved in creating firm initiatives (Freeman & Liedtka, 1991) and creating initiatives that are outside a firm's mission. This is also counter to strategic caring which requires that a firm pursue its well-being, too. Creating inefficiency is not in the best interest of the firm.

To summarize, strategic caring and CSR are separate constructs. For one reason, the intention behind strategic caring is developing win-win situations that result in well-being for as many stakeholders as possible, including the firm. From a CSR perspective, there is a continuum of intentions from win-lose to win-win to lose-win. The intention behind strategic caring is more narrowly focused: seeking well-being of both the firm and its stakeholders; whereas, there are three possible intentions behind CSR: better the firm, better the firm and society, and better society. Within strategic caring, the intention is better the firm and society.

Vision of Strategic Caring in a Firm

The following section describes what an idealized firm that implements strategic caring could be like. First, I address the concern that a firm cannot feel; therefore, it cannot manifest caring behaviors. Then, I describe how implementing strategic caring is impacted by the uniqueness of each situation, the treatment of firm stakeholders, and the firm's structure.

Some researchers suggest it is an illusion that a firm can be caring (Liedtka, 1996) because caring depends upon a relationship between two people, but I propose a firm can create a corporate culture within which caring can take place, is encouraged, or is facilitated (Atkins & Parker, 2012; Engster, 2011; Fehr & Gelfand, 2012; Gatzia, 2011; Grant et al., 2008; Grant & Patil, 2012; Lawrence & Maitlis, 2012; Madden et al., 2012). Creating a perception that a firm cares will happen if a firm develops programs to manifest the attributes of individual caring described above, instills them throughout the firm, and acts towards the firm's internal and external stakeholders according to the guidelines strategic caring suggests. The processes that operate at an individual level are the same processes that operate at the collective level when the processes become accepted norms within the organization and propagate throughout the organization (Kanov et al., 2004); therefore, a firm that develops collective caring behaviors would lead observers to perceive that the firm is caring which would create a de facto caring firm. When caring behaviors taken towards a firm's stakeholders become ubiquitous within a firm, a caring firm begins to manifest. These shared caring behaviors would be observable and allow one to say caring is part of the organizational culture (Kanov et al., 2004).

Uniqueness of Context and Particularity of Stakeholders: An organization that cares is not a traditional concept within the world of business (Autry, 1991; Brophy, 2011; Burton & Dunn, 2005; Gatzia, 2011; Liedtka, 1996; Sander-Staudt & Hamington, 2011; White, 1992). In a caring firm, understanding the needs and desires of the firm's stakeholders is required. This increases the data managers include in their decisions which complicates the decision-making process. In traditional business, measureable targets, principles, and "objective" standard operating procedures are important to management. Managers are pressed for time, and using a standard decision template that ignores subtleties associated with a strategic caring orientation simplifies decision making (Burton & Dunn, 2005; Koehn, 2011). Determining how to create nonzero sum situations that improve the well-being of the largest number of stakeholders is not important.

In an idealized firm guided by strategic caring, individual stakeholders and context are important (Burton & Dunn, 2005; Gilligan, 1993; Noddings, 1984; Sander-Staudt & Hamington, 2011). Any corporate action begins with a particular stakeholder's needs and an understanding of the situation (Engster, 2004) as the primary input to developing a response. Therefore, a firm guided by strategic caring has minimal predetermined solutions, legalistic principles, or pat formulae to rely upon in order to make decisions (Puka, 2011: 183). A firm that is implementing strategic caring will possess fewer standard operating procedures (Burton & Dunn, 2005; Chan, 2000; Koehn, 2011) than a traditional business. Because each caring action depends upon the particular situation and the particular stakeholder, every response is practically unique. Standards can only be applied in repeating situations (Burton & Dunn, 2005). Under this paradigm, it is not possible to absolutely determine whether an action is caring or not. The same action may be the caring response in one instance and not caring in another instance because of the uniqueness of a situation and the particularity of a stakeholder (Burton & Dunn, 2005; Engster, 2004; Gilligan, 1977). Strategic caring requires understanding the stakeholder and the situation before blindly applying a template. It is quite possible that similar or the same actions can be taken, but what is important is considering the uniqueness of the stakeholder and the situations.

When the top executives of a caring firm make strategic decisions, they must take into account multiple viewpoints, rules, guidelines, and principles to create a solution that fits the particular stakeholder and particular situation being addressed in the moment (Koehn, 2011). Therefore, an idealized firm that manifests strategic caring will have few standards because it has to understand the uniqueness of each situation in order to fulfill a particular stakeholder's need.

Stakeholder Orientation and Strategic Caring: An important focus for a caring firm is its stakeholders (Watson, 2005). In order to create nonzero sum situations, a firm needs to know the needs and desires of its stakeholders. A caring organization has a close relationship with its stakeholders. It is friendly (Brave et al., 2005), respectful (Kroth & Keeler, 2009; Sander-Staudt & Hamington, 2011), and trusting (Autry, 1991; Leininger, 1981), but it also extends itself more. It is involved with its stakeholders (Leininger, 1981). It nurtures them (Leininger, 1981; Liedtka, 1996; Puka, 2011; Spears, 2010; Walker & Frimer, 2007). It includes them in its decision making (Fuqua & Newman, 2002; Noblit, 1993). It builds community with its stakeholders (Fuqua & Newman, 2002; Liedtka, 1996; Spears, 2010). A caring firm is generous (Fuqua & Newman, 2002; Grant et al., 2008), has a philanthropic mission, and makes charitable donations (Fuqua & Newman, 2002).

An idealized caring firm also has programs to provide comfort and healing to its stakeholders (Kroth & Keeler, 2009; Leininger, 1981; Spears, 2010). It has strong employee support programs. It withholds judgment (Watson, 2005) and inspires stakeholders (Puka, 2011). It encourages (Fuqua & Newman, 2002) stakeholders and is committed to responding to them with their success in mind (Burton & Dunn, 2005). It helps its stakeholders develop (Liedtka, 1996) and supports them in their endeavors (Leininger, 1981; Puka, 2011; Watson, 2005). A caring firm is expected to be in lines of business or industries that improve human life (Engster, 2011; Leininger, 1981).

A global, caring firm is concerned about how the local communities where it operates are affected and how employees given international assignments are affected (Sander-Staudt & Hamington, 2011). It conducts business responsibly in support of local communities to minimally impact them (Sander-Staudt & Hamington, 2011). Following the law is important to caring organizations, but not just the letter of the law. Following the spirit of the law is important, too (Palmer & Stoll, 2011). A caring organization is concerned with its entire value chain and pays attention to all entities involved in creating and delivering its product (Palmer & Stoll, 2011).

Managers in a caring firm seek to understand the effects of policies on all of their affected stakeholders (Koehn, 2011; McCroskey & Teven, 1999; Puka, 2011; Watson, 2005) and to find ways to satisfy their needs and desires (Kroth & Keeler, 2009; Palmer & Stoll, 2011; Simola, 2011; Spears, 2010). A caring organization values its stakeholders and conveys to them they are worthy (Watson, 2005). It enables (Leininger, 1981) and notices its stakeholders (Engster, 2011; McCroskey & Teven, 1999; Noblit, 1993; Sander-Staudt & Hamington, 2011; Watson, 2005). It is accepting towards its stakeholders (Fuqua & Newman, 2002; Liedtka, 1996) and communicates openly with them (Kroth & Keeler, 2009; Puka, 2011; Spears, 2010; Watson, 2005).

An important stakeholder group to any firm is its employees. A caring organization provides its employees a safe and healthy environment in which to work (Engster, 2011).Employees are not interchangeable (Sander-Staudt, 2011). A caring organization retains as many employees as possible when something in its environment changes for the worse, such as a hostile takeover or economic downturn (Puka, 2011). It empowers its employees (Liedtka, 1996; Puka, 2011).

The tasks of a leader in a caring organization are intricate and require a different way of thinking and doing things, as Burton and Dunn describe:

> Instead of resolving conflicts between principles, the caring manager must rely on training, practice in caring, and observation of and participation in caring relationships. He or she must receive the others, appreciate their realities, understand their needs, and respond to them in a caring fashion. It is not a matter of what principle becomes more important. Instead, it is a nuanced, receptive view of particular others in particular situations with an eye not toward the past and the principles that may have been derived from it but toward the future of the relationships involved (2005: 461).

A caring firm encourages its leaders to treat employees and other people the way the employees and other people want to be treated (Sendjaya et al., 2008) and to be aware of the needs and desires of their subordinates (Bass, 1990). Leaders develop the organizational systems that support caring for the employees as well as provide the resources and the authority the employees need to manifest caring themselves. This enables the employees to fulfill the customers' needs (Liedtka, 1996). In a caring organization, the leaders and their subordinates share the same fate. The leaders do not receive bonuses while employees are laid off (Palmer & Stoll, 2011). A caring organization would be more likely to require a small gap between the CEO's pay and the lowest wage earner's pay (Bloom & Michel, 2002).

One more aspect of stakeholder relationships that would be different in a caring firm is how contracts are handled. Formal contracts are the modus operandi of traditional business, and informal relationships are not the norm for managing in today's business environment (Oxley & Wittkower, 2011). In a caring firm, contracts would be expected to be subsumed within the overall relationship that a firm has with its various stakeholder groups. Caring attitudes and behaviors counterbalance contracts because a contract is a set of agreed upon dictates of how two parties will behave towards each other (Brophy, 2011), and dictates can restrain firm actions when attempting to create the best outcomes for all parties.

From a contractual perspective, as long as no signatory of the contract breaks any laws, directly harms another, is not directly coerced to enter the contract, and both parties feel they benefit, the traditional business perspective would deem the contract as legitimate. Based on strategic caring, there is a higher standard that is applied to the transaction between two parties. Both parties have to benefit, and the relationship itself provides some oversight of the transaction. For an agreement to be properly made under strategic caring, the well-being of both parties has to be considered with the goal to improve the well-being of both parties. No harm can come to either party or another entity, unless that entity's overall well-being had been directly considered, and there was no way found to avoid harm. Both parties would also take part in an agreement completely of their own free will with no sort of coercion. If one party believes it benefits, but in reality it does not, that is not strategic caring. In an organization guided by strategic caring, formal contracts would not be as important as in a traditional organization which would reduce transaction costs (Coase, 1937; Williamson, 1975). A firm that implements strategic caring will have strong relationships in which formal contracts are less important and the prime goal of any transaction is to benefit both parties. Thus, the needs and desires of a firm's stakeholders are important inputs into a firm's decision-making process. A caring firm will create programs to improve the well-being of employees, shareholders, communities, customers, as well as other stakeholders because they are valued by the firm.

Structural Context for Strategic Caring: In an idealized caring firm, the organizational structure has minimal hierarchical levels, (Sander-Staudt & Hamington, 2011), supports autonomy, and decentralizes responsibilities (Liedtka, 1996; Sander-Staudt & Hamington, 2011). It has a familial, almost communal sense about it (Judge, Fryxell, & Dooley, 1997). Trust, support, open inquiry, appreciation of differences, and respect are important in the organization (Liedtka, 1996). Its language helps members of the organization to recognize what caring is and how to support it (Kanov et al., 2004; Liedtka, 1996). It encourages collaboration and cooperation (Brave et al., 2005; Fuqua &

Newman, 2002). Members of the organization share information, seek new knowledge, and develop strong relationships (Hamington, 2011: 254; Oxley & Wittkower, 2011).

Of course, it would be impossible to find one firm in which all of the above attitudes and behaviors would be found in actual practice, but there are organizations that exhibit a significant number of these caring behaviors. Some examples of caring behaviors that firms have taken or continue are: (1) SAS provides onsite healthcare which it has offered since 1984 (SAS, 2013), (2) Ben and Jerry's Homemade paid its milk suppliers above average prices for milk to keep local dairies in business (Seligman, 1991), (3) AT&T assisted Sprint in repairing flood damage (AT&T NSD, 1992), and (4) Walgreens sought and hired differently-abled people in some of its distribution centers (Black, 2011). When analyzing real companies, there will be a spectrum of caring behaviors with some companies manifesting more caring behaviors than others.

The focus of an organization trying to manifest strategic caring is the well-being of its stakeholders and itself which can result in a vast number of programs and actions. When this happens, a particular individual and the specific context of each situation are important. This leads to understanding the needs and desires of a firm's stakeholders and including that information in a firm's decision-making process. This results in a firm determining how it can best improve the well-being of its stakeholders and manifesting caring behaviors that result in nonzero sum outcomes between it and its internal and external stakeholders.

SUMMARY

The individual caring research stream is over forty years old. There is no agreed upon definition of individual caring; therefore, I developed a definition of caring through an inductive study of existing descriptions of caring. My proposed definition of individual caring is taking an action within a particular relationship to improve the well-being of a cared-for based on understanding the cared-for's and carer's needs and desires. The context in which individual caring exists is unique which means that it is difficult to create standardized caring behaviors. It also happens in a relationship between a carer and a cared-for in which there is no guarantee of improving well-being. In recent management literature, compassion has been discussed in a way that one could confuse compassion with caring. Based on the definition of caring here and the definition of compassion in the literature, there is a difference which is mainly that compassion is responding a pain, whereas, caring is responding to joy and pain. Therefore, caring encompasses compassion.

Then I expanded the definition of individual caring by applying the metamorphoses applied to strategic marketing, strategic management, and strategic human resources management to develop the construct strategic caring. Its definition is actions taken by top managers within the context of ongoing stakeholder relationships to improve the well-being of both the stakeholders and the firm. There are similarities between this definition and the definition of CSR, but the difference that is pertinent to this study is the intention. Strategic caring's intention is to create well-being for all parties involved; whereas, there are three possible intentions with CSR: improve the firm's performance, help others, or a balance between the two. Finally, I described an idealized caring firm whose main attributes would be minimal standards because of the uniqueness of situations and particularity of the stakeholders, a focus on understanding the needs of the stakeholders in order to have the data needed to create nonzero sum outcomes, and an organization structure with a minimal number of layers which allows autonomous, decentralized decision making that can be more easily tailored to specific stakeholders.

CHAPTER 3

THEORETICAL MODEL

Now that I have described individual caring and strategic caring as well as a vision of what an idealized firm manifesting strategic caring could be like, I use the upper echelons theory (Hambrick, 2007; Hambrick & Mason, 1984) to frame my model. I begin by describing the contextual elements that I assume impact a top management team's decisions for this study, (i.e., national institutions and managerial discretion) and their relationship with strategic caring. Then, I describe the theorized relationship between strategic caring and organizational performance. The upper echelons theory is appropriate to apply in the case of strategic caring because the implementation of strategic caring depends on the decisions and actions of the top managers of a firm, and because the organization is a reflection of those top managers (Hambrick & Mason, 1984), the top managers will have a strong influence on implementing strategic caring initiatives.

My proposed model suggests that the national institutions within which the members of an organization's top management team developed shaped the top management team through their experiences in that institutional milieu, and if the institutions explicitly or implicitly value caring, the members of the culture would develop a caring propensity. If the top management team has a caring propensity, that will be a strong influence in directing the development of the organization to implement strategic caring. Finally, because strategic caring takes the needs and desires of many stakeholders into account, implementing strategic caring initiatives are expected to be systematically related to firm performance.

In the remainder of this section, I discuss the upper echelons theory and how that applies to developing the research model. Next, I describe the research model and the hypotheses I test starting with national institutions and how they impact the development of strategic caring. Then, I discuss my focal construct, strategic caring, and the moderating effect of discretion. I conclude this section with a discussion on performance and how strategic caring impacts performance. Because this is an initial study of strategic caring, I emphasize short-term performance.

UPPER ECHELONS THEORY

The upper echelons theory argues that organizations are a reflection of their top managers (Hambrick, 2007; Hambrick & Mason, 1984; Lin & Liu, 2012; Martin, 2011; Mazutis, 2013; Phipps, 2012). Top executives interpret the objective situation in which their firms exist through their personal experiences. These interpretations result in strategic choices, but the interpretations are constrained by the top managers' personal characteristics (Chen, Ho, & Hsu, 2013; Hambrick & Mason, 1984; Heyden, van Doorn, Reimer, Van Den Bosch, & Volberda, 2013; Leung, Foo, & Chaturvedi, 2013; Lin & Liu, 2012), as well as the managerial discretion they have (Finkelstein & Hambrick, 1990). This results in the top managers choosing a set of strategic behaviors that are influenced by the personal characteristics of the members of the top management team (Carmeli, Friedman, & Tishler, 2013; Carpenter, Geletkanycz, & Sanders, 2004; Chin, Hambrick, & Trevino, 2013; Chok & Qian, 2013; Hambrick, 2007; Jones, 1995; Jordan, Brown, Trevino, & Finkelstein, 2013; Martin, 2011; Peterson, Galvin, & Lange, 2012; Phipps, 2012; Sosik, Gentry, & Chun, 2012). The firm is shaped by the set of strategic choices the upper echelon makes; therefore, a top management team that has caring cognitive bases and values will be more likely to implement strategic caring initiatives; thereby, creating a firm that would be perceived as caring.

The top management team is the interface between the firm and its environment. This interface is a position of knowledge and power (Cyert & March, 1992); therefore, its decisions have the greatest impact on the organization (Carpenter et al., 2004). One of the most important tasks of a top management team is making the strategic choices which shape the firm (Carpenter et al., 2004) and influence its performance (Cho & Hambrick, 2006). The upper echelons theory describes a progression of events from environmental stimuli to strategic choices to firm performance. The internal and external environments provide an ongoing stream of information to the top managers which the top management team interprets using the cognitive bases and values of the individual members. This results in the set of strategic choices which impact the firm's performance (Carpenter et al., 2004; Hambrick & Mason, 1984). In this progression of events, the top executives' cognitive bases and values act like a lens that constrains the environmental stimuli and the top managers' interpretation of the contextual elements (Cho & Hambrick, 2006; Heyden et al., 2013;

Khan, Tang, & Zhu, 2013; Mazutis, 2013; Rost & Osterloh, 2010; Wang, Waldman, & Zhang, 2012).

The collective mindset impacts the strategic choices of the top management team because the makeup of each individual on the team influences his or her interpretation of the external and internal environments which then leads to the strategic decisions the team, as a whole, makes (Carpenter et al., 2004; Chin et al., 2013; Gerstner, König, Enders, & Hambrick, 2013; Peterson et al., 2012). The top management team makes strategic decisions based on its collective lens, and these strategic decisions will impact the characteristics of the organization and then impact the performance of the firm (Carpenter et al., 2004; Cho & Hambrick, 2006; Leung et al., 2013; Martin, 2011). Therefore, the values, beliefs, and perceptions of the top managers are reflected in the firm and influence strategic decisions and firm performance (Chin et al., 2013; Mazutis, 2013; Sully de Luque, Washburn, Waldman, & House, 2008).

Given the central role of the "objective situation" within the upper echelons perspective, I examine the external and organizational factors which may help to explain the strategic choice to implement strategic caring. A top management team that has caring beliefs and values will insert those caring beliefs and values in the strategic choices they make which will infuse the firm with an organization-wide strategic caring (Kanov et al., 2004; Kroth & Keeler, 2009). Therefore, a firm that implements strategic caring initiatives reflects a top management team that values caring behaviors (Hambrick & Mason, 1984).

Another important consideration of the upper echelon is that it acquires the majority of its information through personal relationships within and external to the firm (Heyden et al., 2013). Top managers rely upon information gathered through their personal relationships to develop their strategic initiatives (Heyden et al., 2013). The information that is gathered through relationship networks is most likely not codified which is important to the strategic caring construct because it depends upon the ability for managers to behave differently in situations which may seem similar but have different stakeholders.

Because the firm is a reflection of the top management team operating within a specific situation (Carpenter et al., 2004; Hambrick, 2007; Hambrick & Mason, 1984), and strategic caring is manifested by the top managers, a top management team that has a caring propensity will manifest strategic caring in the firm. In this study, the upper echelon's caring propensity is assumed to be heavily influenced by the institutional context in which the top management team operates because the national institutions are one of the factors that form the objective situation. Furthermore, the ability of the top management team to implement strategic caring is also affected by the latitude of action (discretion) that the top managers have. In this study, the discretion of the industry and organization is theorized to moderate the relationship between national institutions and strategic caring which impacts firm performance. Exhibit 5 is a graphical depiction of the research model used in this study:

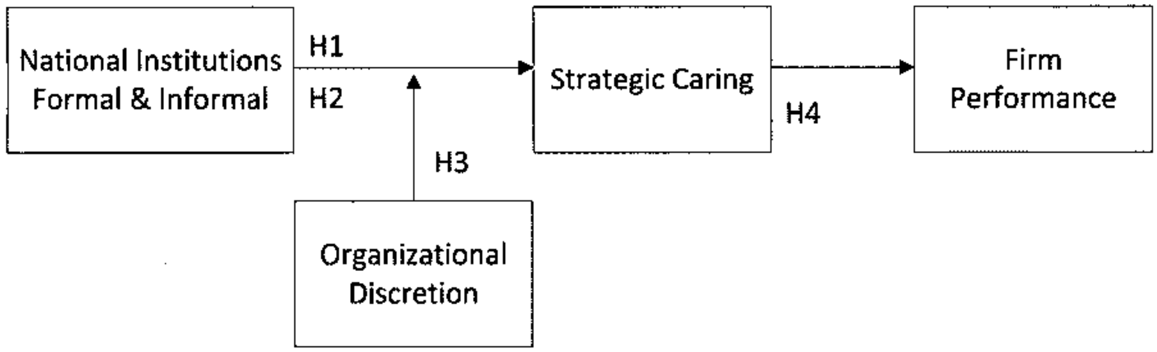

Exhibit 5: Proposed Relationships among National Institutions, Strategic Caring, and Short-Term Firm Performance

ANTECEDENTS OF STRATEGIC CARING

As previously discussed, the upper echelons theory argues that all strategic choices are made within the context an objective situation. Recent upper echelons theory literature has demonstrated that national institutions can and do have major influences on top executives. Crossland and Hambrick (2011) found that informal and formal institutions are related to managerial discretion. Because commerce is increasingly conducted on a global scale, the antecedents of strategic caring of the national context in which the firm operates have to be considered. National institutions are the formal and informal "rules of the game" (Hill, 1995: 120) which influence social actors' perceptions by constraining or enabling behaviors (Brammer, Jackson, & Matten, 2012; North, 1990; Salimath, 2006; Terlaak, 2007). Constraint occurs when a social actor would have to face negative consequences for inappropriate behavior. Examples of forms that constraint could take are sanctions, censure, or boycotts. Social actors are discouraged to behave inappropriately when faced with the possibility of these consequences (Campbell, 2007; Salimath, 2006). On the other hand, social actors can also be encouraged to behave in ways that are institutionally acceptable when their actions bring about positive consequences. This can be achieved through mechanisms, such as incentives and rewards (Campbell, 2007).

Institutional Influence on Firms

Institutions shape the way individuals and firms behave, solve problems, and respond to issues (Nielsen & Nielsen, 2013). Both formal and informal institutions create a pressure for firms to behave in acceptable ways (Conzelmann, 2012). Formal institutions refer to the explicit and codified rules and regulations which guide behavior (Nielsen & Nielsen, 2013). These codes will impact how firms behave within the national context. Examples of formal institutions are laws, legal treaties, regulatory bodies, and trade unions (Brammer et al., 2012; Farrell & Newman, 2014; Kuncic, 2014). Informal institutions refer to the implicit and take-for-granted rules which guide and constrain behavior (North, 1990). They are the norms and conventions that are implicitly known in a society and shape societal interactions (Nielsen & Nielsen, 2013). Examples of informal institutions are: religious norms, group traditions, and societal customs (Brammer et al., 2012). In a nation with a strong legal system, firms will be more likely to follow the laws; whereas, in a nation with a strong institution of corruption, firms will more likely attempt to go around the legal system to accomplish what they want to accomplish. Therefore, in a nation where either informal or formal institutions encourage behaviors congruent with strategic caring, firms will be more likely to exhibit caring behaviors.

National institutions also influence a firm's strategy and performance (Holmes, Miller, Hitt, & Salmador, 2013). National institutions have been found to account for 25% of the heterogeneity in firm performance (van Essen, Engelen, & Carney, 2013); therefore, taking the country-level context into consideration for internationally-active firms is important. National institutions are important to the way business is conducted because the institutions shape the rules firms have to follow to avoid legal issues, and institutions shape the social expectations of firm behavior (Doellgast, Holtgrewe, & Deery, 2009; Zenger, Lazzarini, & Poppo, 2002). Firms are rooted in a variety of institutions that affect their behavior (Campbell, 2007). Institutions that impact how corporations behave can be regulations, nongovernmental watchdogs, industry norms, professional organizations, and industry organizations (Campbell, 2007). Institutions pressure the members of the collective to conform to the collective's expectations of behavior (Fu, Tsui, Liu, & Li, 2010).

National institutions place pressure on firms to behave in economically- and socially-acceptable ways. Firms that behave accordingly will experience a positive impact on firm performance (Oliver, 1997). One important consequence of conforming to institutional pressure is gaining social legitimacy (Aguilera et al., 2007). Although, firms do not rationally choose to manifest the national institutions, by conforming to the institutions, firms are rewarded "through increased legitimacy, resources, and survival capabilities" (Scott, 1987: 498). In the global environment of today's business, institutions ensure that corporations take actions in response to the interests of their stakeholders (Campbell, 2007; Witt & Redding, 2012). Without the institutions that encourage behaviors that would be considered caring, firms would be less likely to take those behaviors (Campbell, 2007). Considering the influence of institutions on firms is important because of the pressure institutions place on firms to behave in certain ways. In a culture that values caring, the institutions would place more pressure on them to implement strategic caring. Next, I describe two formal, national-level institutions (i.e., freedom of the press and investor protection) and two informal national-level institutions (i.e., control of corruption and humane orientation) and how they may affect strategic caring.

Formal Institutions

Formal institutions are the explicit and officially codified rules and standards of a society that describe the behavioral expectations of a society's actors (Hill, 1995; Holmes et al., 2013). Formal institutions generally include monitoring and sanction powers (Kogut & Ragin, 2006) which encourage actors in the society to follow the codified dictates to avoid sanctions. Formal institutions often emerge from repeated informal institutions that the society largely agrees upon (North, 1990). The codification of formal institutions allows those entities that would be expected to follow the dictates of the formal institutions to be able to know what those dictates are, as well as the possible consequences for deviating from the dictates. This also applies to any entity that enforces the institution: it will know why and how a social actor did not comply and what, if any, punishment to mete out because the expectations and potential sanctions are written.

Formal institutions are based on a letter of the law perspective that does not allow considering the specific individual in considering responsive actions. Formal institutions apply to all social actors in a collective without prejudice and differentiation to the members of a society; therefore, there is little leeway to apply different solutions to different situations. Strategic caring requires first considering the unique situation confronting the organization and creating a response tailored to the situation; therefore, strategic caring will be influenced by formal institutions within which the firm operates. In this study, I examine the formal institutions Freedom of the Press and Investor Protection. Briefly, Freedom of the Press is important to this study because the stakeholders have to express their needs and desires and this institution supports expression. Investor Protection is important to this study because it describes the treatment of one stakeholder group which would be antithetical to strategic caring. I develop hypotheses for each of these formal institutions next.

Freedom of the Press: Freedom of the Press is defined as "the right of publishing books, pamphlets, newspapers, or periodicals without restraint or censorship subject only to the existing laws against libel, sedition, and indecency" (Merriam-Webster Inc, 2014). This formal institution applies to all members of a society (Karlekar & Dunham, 2013), and in the vast majority of the countries of the world, freedom of the press is guaranteed in their constitutions. However, the actual press freedom varies considerably from country to country (Freedom House, 2014a). Of the 187 countries Freedom House surveyed for its 2014 annual index of freedom of the press, 176 (94%) countries have constitutional or legal protection of the freedom of expression (Freedom House, 2014a. See Appendix 6 for a list of the countries). Freedom of the press is, seemingly, an important formal institution, especially if it is enshrined in the majority of countries' constitutions. A nation with a free press encourages sharing information which improves transparency within firms and allows stakeholders to voice their needs and desires. It is interesting to note that in Freedom House's 2010 survey of 197 countries that there was a large discrepancy between the number of countries that actually supported the freedom of expression guaranteed by their constitutions and legal system. There were 66 (34%) found to truly support freedom of the press (2014a), 72 (37%) countries that partially supported freedom of the press, and 59 (30%) that did not support freedom of the press. If the world population is considered, only 14.5% of the population lives in the 66 countries that support freedom of the press (Freedom House, 2014b). (See Appendices 7, 8, and 9 for the three categories of countries.)

Freedom of the press is a pertinent institution for this study because it applies to everyone in a society, and it guarantees that all social actors have the ability to express themselves and make their needs and desires known. Ideally, strategic caring considers all of a firm's stakeholders' needs which the right of free expression encourages stakeholders to share. In a free society, it is easier for all stakeholders to make their desires known, and while executives have the freedom to ignore stakeholder demands, press freedom makes them harder to ignore. Furthermore, press freedom also makes it easier for executives to be responsive to a variety of stakeholders than in closed societies. In contrast, in a relatively closed society, stakeholders' demands are not freely aired to the public. Furthermore, a smaller group of stakeholders sometimes receives preferential treatment by the ruling elites (Cousins, Mitchell, & Sikka, 1993; Eesley & Lenox, 2006; Mitchell, Agle, & Wood, 1997), and press freedom can publicly focus on these behaviors. Therefore, countries that support freedom of expression will create the experience needed for the top managers of the firm in those countries to also value freedom of expression. This will result in the top managers valuing the needs and desires of the firm's stakeholders. Thus:

> H1a: The extent of freedom of the press that exists within a national economy will be positively related to strategic caring by the firm.

Investor Protection: Investor protection is "the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain" (World Bank, 2014). It is designed to protect the owners of the firm's assets from expropriation of firm resources by the top managers (Chih, Shen, & Kang, 2008; Holmes et al., 2013). Investor protection is based on written dictates which define the consequences every entity (not a particular individual) should suffer for expropriating firm resources. Taking a standard action toward firm stakeholders is diametric to the precepts of strategic caring which requires considering the unique context and deciding upon the appropriate action (Koehn, 2011). A society with strong laws and regulations that are well enforced will have strong investor protection (Judge, Douglas, & Kutan, 2008; Klapper & Love, 2004; La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2000; Shleifer & Wolfenzon, 2002; Volpin, 2002). In a country which has strong formal institutions, there will also be large financial resources (van Essen et al., 2013) and the rights of investors need to be protected to encourage investment (La Porta et al., 2000).

The stakeholder group that is intended to benefit most from investor protection is firm owners who are being protected from top managers. Investor protection is intended to ensure that shareholders' rights are kept secure (Boubakri, Cosset, & Guedhami, 2005) without regard for harm done to other stakeholders of the firm. Strategic caring requires that multiple stakeholder groups be considered. When top managers expropriate firm resources, there are generally more stakeholder groups negatively impacted besides shareholders, e.g. employees and customers who also should be protected.

Investor protection protects a firm's shareholders from the top managers which is a signal that there is a concern that top managers are focused on their self-interests and not the interest of the firm's stakeholder groups (Burton & Dunn, 2005). This focus on the self-interest of the top managers would also likely result in harm to the firm's other stakeholders, including the shareholders (La Porta et al., 2000). This certainly is counter to the definition of strategic caring because this implies that a firm's top managers take actions without considering all stakeholders (Bishop & Scudder, 1991). Therefore, investor protection seems in potential or real conflict with the opportunity to demonstrate strategic caring. The difference is that strategic caring considers all stakeholders, including the firm; whereas, investor protection considers just the shareholders.

There are at least two reasons this formal institution is pertinent to the study of strategic caring. They are: (1) the same codified dictates are applied to different situations is diametric to strategic caring which requires that each situation be considered individually and (2) one stakeholder benefits from protection from the top managers whereas strategic caring would suggest that all stakeholders be protected from misappropriation. Because investor protection is focused on one stakeholder group to the exclusion of all others, I expect that higher levels of investor protection will be associated with lower levels of strategic caring.

> H1b: The level of investor protections operating within a national economy will be negatively related to strategic caring by the firm.

Informal Institutions

Informal institutions are the uncodified and tacit rules of the society that are shared by the members of the society (Holmes et al., 2013). A society's informal institutions are perhaps best understood as its collective mental programming or aspects of its social culture (Hill, 1995). Culture influences the experiences, values, and beliefs of the members of the society. Informal institutions are social rules that are implicit and not written (Zenger et al., 2002). The society's practices and values also impact the practices and values of the individual organizations within the society (Kabasakal & Bodur, 2004). Informal institutions require that the social actors control their own behavior by accepting the norms of the institution (Hill, 1995). When the norms of informal institutions are not followed, there are also consequences, such as social ostracism or economic boycotts (Terlaak, 2007).

In this study, the focal members of the society are the members of an organization's top management team who have developed their leadership style and decision-making style under the influence of the values, beliefs, and accepted practices of their culture (House & Javidan, 2004). The cultural influence will impact the strategic decisions the top management team makes (Kriauciunas & Kale, 2006); therefore, if a culture places a higher value on the welfare of its members, the top management team will place a higher value on people's welfare. Informal institutions are based on the culture; therefore, the type of culture or manifestation of the culture will diminish or increase the effect of formal institutions on strategic caring. Informal institutions are also not codified which means that it is easier to vary application of the consequences of not following the norms of an informal institution as strategic caring would require (Terlaak, 2007). In this study, I examine the informal institutions corruption and humane orientation. Briefly, corruption is important to this study because corruption is a transaction in which one person benefits and delivers special treatment to another. Humane orientation is important to this study because it describes the value a culture places on humanity and treating people well. I develop hypotheses for each of these informal institutions next.

Corruption: Corruption is defined by Macrae (1982: 678) as "a private exchange between two parties . . . which: (1) has an influence on the allocation of resources either immediately or in the future, and (2) involves the use or abuse of public or collective responsibility for private ends" and more succinctly by Transparency International as: "The abuse of entrusted power for private gain" (2009: 14). Corruption is the focus on self at the expense of others (Cuervo-Cazurra, 2006; Judge et al., 2008; Miller, Holmes, & Feulner, 2013); whereby, an individual exerts his or her public power in order to personally gain from another person who needs the corrupt individual's assistance. Corruption is also a disregard for the mores of a society (Cuervo-Cazurra, 2006). The investigation of corruption is important to this study for two reasons: (1) the significant effect corruption has on the global economy, and (2) it is diametric to strategic caring.

The first reason is the immense impact of corruption upon the global economy (Bies, Bartunek, Fort, & Zald, 2007) which the United Nations considers one of the greatest challenges facing the global community (United Nations, 2014). Corruption impedes development in a country, especially the poorer communities. It slows economic growth, tarnishes country and firm reputations, and alters the true competitive environment (United Nations, 2014).

The second reason is corruption's primary focus on self is antithetical to strategic caring which focuses on all stakeholder groups and the firm itself (Vidaver-Cohen et al., 2010). This means the informal institution of corruption is in opposition to strategic caring which seeks the well-being of the carer and the cared-for (Held, 2006). Although there are two parties involved in a transaction of corruption, as there are carer and cared-for in a caring action, both parties in the transaction of corruption are engaging in acts that are selfish and not intended for the well-being of all stakeholders. First, the person exerting his or her public power is individually profiting by extracting some form of payment from the party in need, but the person in need is also engaging in a self-interested act by paying the person in control of the resources because that transaction excludes others who have the same needs or requests (Cuervo-Cazurra, 2006).

An organization that operates based on strategic caring will not only be focused on itself, but it will attend to others as well (Hawk, 2011). Luo (2006) found that when a business segment is perceived to have high corruption, there is a decrease in philanthropy; therefore, corruption diminishes one aspect of focusing on others which is giving (Fuqua & Newman, 2002). Informal institutions also allow flexibility and responding to situations uniquely relative to the situation (Zenger et al., 2002). This is certainly an aspect of corruption, but the flexibility to respond is based on the self-motivation of the public official (Nwabuzor, 2005) and not in order to meet the needs and desires of the stakeholders (Puka, 2011). The primary motivation behind corruption is to improve the lot of the public official; whereas, the motivation behind strategic caring is to foster well-being in the one seeking assistance and the public official. This would suggest that societies that control the level of corruption would have more firms implementing strategic caring initiatives. Thus:

> H2a: The control of corruption operating within a society will be positively related to strategic caring by the firm.

Humane orientation: Humane orientation is defined as "the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others" (Kabasakal & Bodur, 2004: 569). One way the members of the top management team are influenced is the culture which each individual experienced in his or her early years of development. In cultures that value caring behaviors, individuals will develop caring values (Kabasakal & Bodur, 2004). National culture is a characteristic of members of a firm's upper echelon. National culture shapes the individuals in a society (Hofstede, 1980; Hofstede, 1998). This is true for the upper echelon as well. The national culture of the top managers will impact what characteristics they develop which will impact the strategic initiatives they develop (Nielsen & Nielsen, 2013). National culture is expected to impact the perceptions and choices of a top management team, and this cultural dimension is one of the most relevant to strategic caring.

This institution is important to this study because it measures behaviors that drive social actors' views on caring. Individuals from cultures value humane orientation are likely to perceive others as important and not be completely focused on themselves. An organization with a top management team that consists of members of a high humane orientation culture will also be more likely to be a high humane orientation organization (House, Hanges, Javidan, Dorfman, & Gupta, 2004). The experiences and values of the members of the top management team will be heavily shaped by their culture. They will view their environment through these values and experiences and form an organization highly influenced by these values and experiences (Hambrick & Mason, 1984). A top management team that has been shaped by a high humane orientation culture is expected to create an organization that manifests strategic caring (Kabasakal & Bodur, 2004). An organization in a high humane orientation culture will value people, have some level of altruism, value relationships, and strive to improve the welfare of people (Kabasakal & Bodur, 2004). Thus:

> H2b: The degree of humane orientation social norms operating within a society will be positively related to strategic caring by the firm.

DISCRETION

The upper echelons theory argues that the objective situation determines what strategic actions are necessary, but that industry and organizational factors may constrain top executive action. This is conceptualized as "managerial discretion." It has been defined as the "latitude of action" (Finkelstein & Hambrick, 1990 :484) or the "liberty of choosing between possible alternatives" (Cooper, 1938: 581). It is the relative freedom the top management team has to pick the action it deems most desirable (Hutzschenreuter & Kleindienst, 2013). Discretion is the amount of latitude the top management team has to develop strategies and implement them (Finkelstein & Hambrick, 1990). This is important to this study because implementing strategic caring requires a broader focus than in traditional business practices (Kanungo & Conger, 1993) which requires that the top managers have more latitude to implement strategically caring initiatives.

Strategic caring requires that the top managers have the discretion to make choices that do not wholly focus on the shareholders, rather on as many stakeholders as possible (Puka, 2011). If the discretion of the top managers is relatively low and constrained, the breadth of the top management team's strategic choices may be diminished, and they will not have the latitude needed to make strategically caring decisions. Any initiative that is not directly related to the primary function of a firm will be impacted by managerial discretion because those initiatives would require latitude to implement. Initiatives, such as strategic caring would probably fall in this category. If a firm has a high level of managerial discretion, it will be more likely to pursue strategic caring initiatives that are peripherally related to the firm's core purpose (Orlitzky, Schmidt, & Rynes, 2003)

On the other hand, if the discretion is relatively high, the top managers can have a significant impact on the firm, and the characteristics of the top managers will be reflected in the organization and its outcomes. (Finkelstein & Hambrick, 1990). The more discretion a top manager has, the more the development of the firm's strategy is impacted by the manager (Lin & Liu, 2012). Firms that have greater discretion will be better able to implement strategic caring. It is important that the top managers have the ability to choose alternatives based on strategic caring in order to direct the organization to manifest behaviors that are within the strategic caring paradigm.

Discretion has been shown to impact strategic resource allocation within an organization (Williamson, 1963). If the discretion is higher, the top managers have more latitude to use resources as they see fit. In low discretion situations, the predispositions of top managers become less important and the constraints of the organization become more important in making strategic choices (Finkelstein & Hambrick, 1990). As quoted by Finkelstein and Hambrick (1990: 489) "Hambrick and Finkelstein (1987) argued that discretion is determined by three sets of forces: (1) the degree to which the environment allows variety and change; (2) the degree to which the organization is amenable to an array of possible actions and empowers the executive to formulate and execute those actions; and (3) the degree to which the executive personally is able to envision or create multiple courses of action." The environment, the organization, and the individuals all impact the discretion available to a top management team. Discretion moderates the top management team demographic effects and impacts its strategic choices (Finkelstein & Hambrick, 1990; Lin & Liu, 2012; Rost & Osterloh, 2010); therefore, there is an impact on the relationship between national institutions and strategic caring. If there is more discretion, there is less pressure on the top management team to perform to the expectations of outside bodies, and the top management team will be able to pursue actions that support strategic caring (Campbell, 2007). If a top management team cannot enact decisions because of low discretion, the relationship between national institutions and strategic caring will diminish. Next, I describe organizational discretion and its impact on the relationship between national institutions and strategic caring.

Organizational Discretion

Organizational discretion is defined as the latitude to pursue strategic interests within the constraints of the firm's institutional setting and resources (Goodrick & Salancik, 1996); therefore, resources impact the organizational discretion. The more resources a firm has available, the more discretion its top management team is expected to have to determine a firm's strategy. Resources are important in order to implement any plan, whether it be a capital expenditure, providing a helpline for customers, giving employees extra time off for wellness days, or building a community playground. Without the proper level of resources, managers do not have the ability to fully implement their decisions (Finkelstein & Hambrick, 1990). If a firm is in such financial straits that survival is a concern, then it will be less likely to implement any strategic caring initiatives because of not having resources to apply to the initiatives (Campbell, 2007). Discretionary profits are those that remain from actual profits once the profits demanded of the firm are subtracted (Williamson, 1963); therefore, there are extra resources when there are discretionary profits which means there is slack in the organization.

Organizational slack is the difference between the total revenue and the resources needed to pay all expenses (Cyert & March, 1992). Organizational slack increases the discretion the top managers have (Hutzschenreuter & Kleindienst, 2013). This gives the managers the ability to pursue strategic choices that are not directly related to short-term goals. The more resources available to a top management team, the more discretion the firm has (Haleblian & Finkelstein, 1993). When there are few resources in an organization, it is not able to invest enough in its strategy (Stulz, 1990). When managers have slack, they have more resources to invest in plans that are important to them (Stulz, 1990). A firm that begins to implement strategic caring initiatives requires organizational discretion; therefore, the more resources that a firm has available, the more it can do to address the needs and desires of its stakeholders (Barnett, 2007; Campbell, 2007; Hutzschenreuter & Kleindienst, 2013).

An organization faces constraints when applying strategic caring. One is resources. If a firm has enough resources, it can create programs that improve the well-being of internal and external stakeholders. Google and SAS are two examples of firms that have the resources to offer benefits, such as time to work on personal projects and onsite healthcare. In 1984, McDonald's reacted to a shooting in one of its stores in a caring manner by paying the majority of expenses for the victims. Without its resources, it would not have been able to do so much for the victims (Simola, 2011). Developing relationships also takes time and resources (Poppo & Zenger, 2002) which makes it less likely that a company without resources will be able to build them. This would result in less of a focus on external stakeholders. In firms with a high level of organizational discretion, the top management team has more control over strategic choice (Finkelstein & Hambrick, 1990). An organization that has more resources will have higher organizational discretion and be more able to manifest strategic caring; therefore, organizational discretion will moderate the relationship between national institutions and strategic caring. The formal hypotheses are as follows:

> H3a: Organizational discretion will positively moderate the relationship between the freedom of the press and strategic caring. Specifically, this relationship will be more positive in high discretion organizations.

H3b: Organizational discretion will positively moderate the relationship between the degree of investor protection and strategic caring. Specifically, this relationship will be less negative in high discretion organizations.

H3c: Organizational discretion will positively moderate the relationship between the control of corruption in a society and strategic caring. Specifically, this relationship will be more positive in high discretion organizations.

H3d: Organizational discretion will positively moderate the relationship between the degree of humane orientation operating in a society and strategic caring. Specifically, this relationship will be more positive in high discretion organizations.

SHORT-TERM EFFECTS OF STRATEGIC CARING

There are also short- and long-term consequences of strategic caring for the organization and its stakeholders. Some of the less tangible consequences include: emotional-spiritual well-being, dignity, self-control; health, saved lives, safety, trust, strong relationships, and decreased alienation (Gaylin, 1976; Watson, 2005). Examples of less tangible consequences of caring for the firm are a sense of accomplishment, satisfaction, purpose, gratitude, integrity, wholeness, self-esteem, and increased knowledge (Watson, 2005). Based on the care literature, there will certainly be long-term consequences of strategic caring (Liedtka, 1996). The long-term for strategic caring is over a period of years (Swanson, 1991). Strategic caring depends upon relationships with a firm's stakeholders, and it takes years to build strong relationships (Burton & Dunn, 2005; Oxley & Wittkower, 2011; Sander-Staudt, 2011; Zhang, Tsui, Song, Li, & Jia, 2008). An important consideration in implementing initiatives based on strategic caring is the impact on the future (Gatzia, 2011) which includes future generations of employees, customers, and other stakeholders (Sander-Staudt & Hamington, 2011) that could mean 20 or more years in the future.

There will also be short-term effects of strategic caring (Sander-Staudt, 2011). Some short-term impacts will diminish short-term performance; for example, implementing a program for employees to bring their babies to work was found to diminish productivity, but the long-term impact was higher retention, higher morale, and stronger loyalty (Sander-Staudt, 2011). This is one of the first studies investigating the effect of strategic caring; therefore, short-term effects are the focus of this investigation.

Financial Outcomes

This study focuses on short-term financial outcomes because this is a preliminary study, and without proper financial remuneration in the short-term, a business cannot survive in the long-term. Strong relationships develop through strategic caring, and competitive advantage is an outcome of the relationships that a caring organization develops (Liedtka, 1996). It is just as important for a firm that implements strategic caring initiatives to earn profits as a traditional organization with the addition of being a positive contributor to the overall set of firm stakeholders (Vidaver-Cohen et al., 2010).

When implementing strategic caring initiatives, the organization still has to be results-oriented and produce results that keep it in business (Liedtka, 1996), but its methods, values, and focuses will be different—broader and more inclusive of its stakeholders—than a typical firm. It will conduct business with "mutual respect, honesty, and patience" (Liedtka, 1996: 194). It will have a broad set of focuses that to some observers would believe weaken the organization. "Although care may involve taking a posture of certain responsibility towards others, it is compatible with decisiveness, shrewdness, and difficult decision making. A company that is caring need not be one that is weak in the face of competition or unable to terminate workers when warranted" (Sander-Staudt & Hamington, 2011: xv).

I expect that at relatively low levels of strategic caring, short-term firm performance will rise because firms will have weak relationships with the firm's stakeholders, minimally impacting firm performance. For example, employees will not be driven to be productive when they feel their needs are not being met; customers will not feel a strong loyalty to bring them back to buy a firm's products; and communities will not offer the best economic programs to firms with which they have weak relationships. At lower levels of strategic caring, the firm's stakeholders will notice that the firm's main focus is on its own needs and not on their needs; therefore, the firm's performance will diminish. However, as top management teams make strategic choices that implement strategic caring initiatives by meeting more of the needs of the firm's stakeholders, the firms' stakeholders will respond to the strengthening relationship and do more for the firm, such as work harder, spend more, or develop attractive economic concessions. Therefore, the short-term performance will begin to increase the more the firm implements strategic caring.

At the other end of the spectrum, where the firm pursues relatively high levels of strategic caring, I expect that short-term firm performance will decline. The reason for this relationship is that more and more resources would be directed to the well-being of all the firm's stakeholder groups which would mean fewer resources would be available for the firm to direct towards its financial owners. This would mean that the means for generating a profit would suffer, and the firm would earn less as it spends more on strategic caring. At the highest levels of strategic caring, the result could be the demise of the organization.

Consequently, I expect that the highest level of short-term financial performance will be experienced at moderate levels of strategic caring. The reason for this is the top management team is considering its needs and the needs of its stakeholder groups and creating balanced strategic plans. It would create stronger relationships which could result in employees putting more effort into their work (Sander-Staudt, 2011), customers spending more with the firm, and suppliers relying upon the relationship over contracts (Uzzi & Gillespie, 2002). The firm would use the appropriate amount of its resources on strategic caring initiatives which would result in stronger relationships as well as the means to generate profits.

In sum, I predict that the relationship between strategic caring and short-term financial performance will be an inverted U-shape with lower levels of strategic caring resulting in lower levels of firm performance, moderate levels of strategic caring resulting in higher levels of firm performance, and higher levels of strategic caring resulting in lower levels of firm performance. This expected relationship is graphically depicted in Exhibit 6.

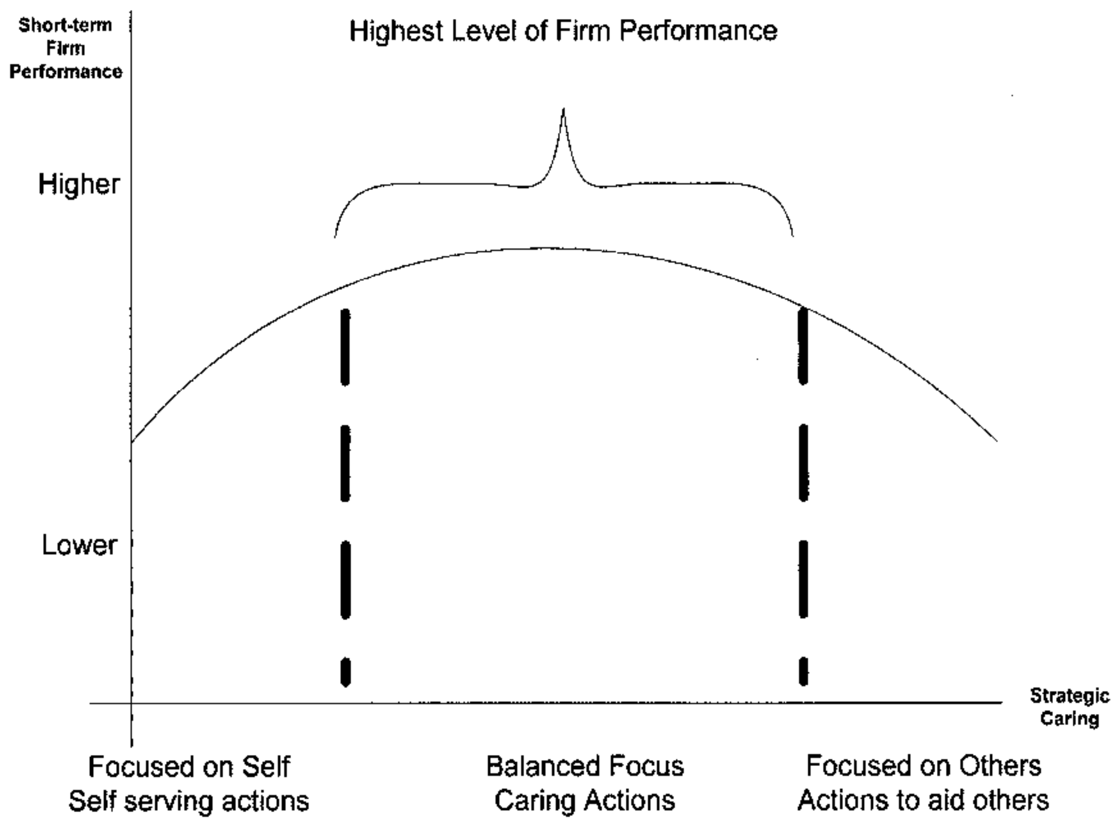

Exhibit 6: Relationship between Strategic Caring and Short-Term Firm Performance

It is common in strategic management to examine different types of firm performance (Gentry & Shen, 2010); therefore, I examine accounting-based firm performance using profitability and market-based performance using stock market performance. These two types of firm performance can provide a more complete view of a firm's actual performance (Venkatraman & Ramanujam, 1986). The firm profitability is shorter term and indicates what happened in the past; whereas, the stock market performance is longer term and indicates what is expected in the future (Gentry & Shen, 2010). More formally, I predict the following relationships regarding the effects of strategic caring:

> H4a: There will be an inverted, U-shaped relationship between strategic caring and the firm's short-term stock market performance.

> H4b: There will be an inverted, U-shaped relationship between strategic caring and the firm's short-term profitability.

The hypotheses proposed in this study are summarized in a graph summarized in Exhibit 7 and in a table in Exhibit 8.

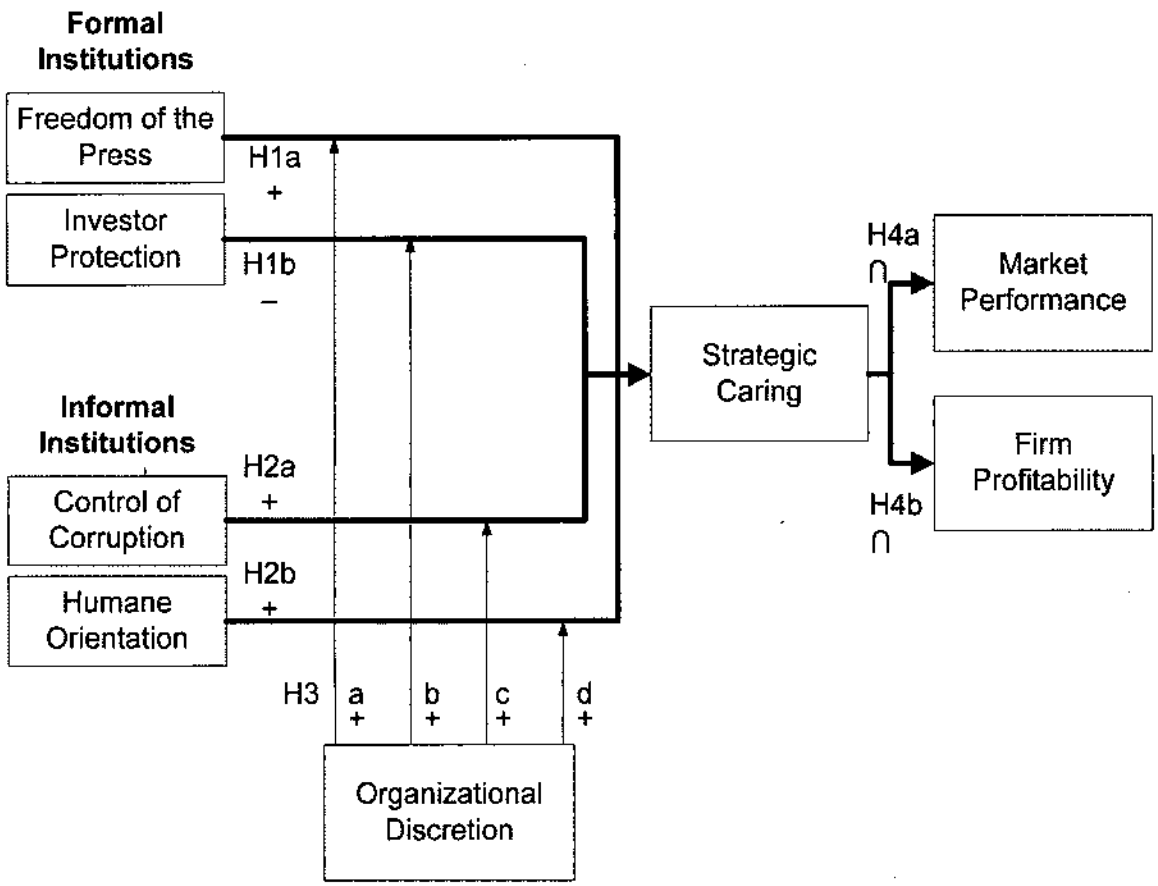

Exhibit 7: Detailed Model with Hypotheses

H#	Predictors	Moderator	Predicted Relationship	Dependent Variable
National Level Antecedents				
H1a	Freedom of the Press		Positive	Strategic Caring
H1b	Investor Protection		Negative	Strategic Caring
H2a	Control of Corruption		Positive	Strategic Caring
H2b	Humane Orientation		Positive	Strategic Caring
Organizational Moderator				
H3a	Freedom of the Press	Organizational discretion	More Positive	Strategic Caring
H3b	Investor Protection	Organizational discretion	Less Negative	Strategic Caring
H3c	Control of Corruption	Organizational discretion	More Positive	Strategic Caring
H3d	Humane Orientation	Organizational discretion	More Positive	Strategic Caring
Effects				
H4a	Strategic Caring		Inverse U	Market Performance
H4b	Strategic Caring		Inverse U	Firm Profitability

Exhibit 8: Proposed Relationships among National Institutions, Strategic Caring, and Short-Term Firm Performance

CHAPTER 4

METHODS

The purpose of this chapter is to describe the methods I used to empirically test the hypotheses of my research model presented in the previous chapter. Because of the nascent nature of theory and research on caring in organizations, I break new ground in the development of the dependent variable, strategic caring. In this study, my research model is a multilevel model which I test using hierarchical linear modeling (HLM). I describe the research design, the sample, and the measures I used to conduct the analysis. Then I describe the statistical analyses that I use to test my hypotheses.

SAMPLE

One of the main contributions of this study is developing the strategic caring construct. This construct is concerned with the well-being of a broad view of stakeholders; therefore, one of the sets of measures that would be appropriate is environmental, governance, and social indicators. These measures encompass multiple stakeholders; therefore, I used the Environment, Social, and Governance (ESG) disclosure score in the Bloomberg database as my proxy for strategic caring and to determine my sample of firms. This database was also my primary source for archival data. The Bloomberg database contains a broad set of information on over 65,000 global companies. I searched for all of the companies with data for the years 2010 and 2011. This resulted in a dataset of 35,913 firms. Within this dataset, I searched for all of the companies with an ESG disclosure score greater than zero. This is a variable that Bloomberg created based on a firm's voluntary disclosure of information on its environmental, social, and governance policies. The ESG disclosure score ranged from 0.83 to 92.56 with larger numbers indicating the highest level of disclosure which indicates the highest level of strategic caring in this study. This resulted in 9,741 companies from 97 countries and 68 Global Industry Classification System (GICS) sectors (Please refer to Appendices 1, 2, and 3 for multilevel lists of the GICS sectors and industries). I chose the fiscal year 2011 in order to have the most recent and most complete data possible because the data were extracted at the end of 2013.

Following Klapper and Love, I deleted the observations where Tobin Q was above 10 in 2011 because there can be very high values that skew the distribution. This resulted in 99 observations being deleted which was 1% of the sample which left 9,303 observations. The average ESG disclosure score was 18.93, and the standard deviation was 12.87. The other descriptive statistics are in Exhibit 9. The full list of countries with the count of the firms for each country is in Exhibit 10.

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Strategic Caring	9,303	0.83	92.56	18.93	12.87
Freedom of the Press	48	15.00	90.00	62.15	21.03
Investor Protection	48	3.00	9.70	6.12	1.63
Control of Corruption	48	-1.14	2.42	0.64	1.08
Humane Orientation	48	3.18	5.23	4.07	0.49
Organizational Discretion	48	0.00	3.03	1.18	0.60
Market Performance	9,110	0.06	122.11	1.59	1.89
Firm Profitability	9,115	-399.10	254.09	1.36	17.70

Exhibit 9: Descriptive Statistics

Country	# Firms	%	Country	# Firms	%	Country	# Firms	%
Argentina	10	0.11%	Indonesia	59	0.63%	Portugal	19	0.20%
Australia	322	3.46%	Ireland	33	0.35%	Qatar	10	0.11%
Austria	27	0.29%	Israel	21	0.23%	Russia	42	0.45%
Brazil	100	1.07%	Italy	55	0.59%	Singapore	50	0.54%
Canada	283	3.04%	Japan	1,701	18.28%	Slovenia	3	0.03%
China	959	10.31%	Kazakhstan	3	0.03%	South Africa	111	1.19%
Colombia	10	0.11%	Kuwait	8	0.09%	South Korea	233	2.50%
Denmark	34	0.37%	Malaysia	59	0.63%	Spain	48	0.52%
Egypt	6	0.06%	Mexico	40	0.43%	Sweden	68	0.73%
Finland	44	0.47%	Morocco	1	0.01%	Switzerland	90	0.97%
France	105	1.13%	Namibia	4	0.04%	Taiwan	1	0.01%
Germany	106	1.14%	Netherlands	48	0.52%	Thailand	38	0.41%
Greece	23	0.25%	New Zealand	16	0.17%	Turkey	52	0.56%
Hong Kong	108	1.16%	Nigeria	27	0.29%	United Kingdom	335	3.60%
Hungary	7	0.08%	Philippines	41	0.44%	United States	3,416	36.72%
India	502	5.40%	Poland	21	0.23%	Zambia	4	0.04%

Exhibit 10: Number of Firms from each Country (Total = 9,303)

MEASURES

In this section, I describe the measures used in the analyses. First, I describe the proxy for the independent variables, then dependent variables, and finally, the moderating variables. I collected data for the fiscal year 2011 and performance data for fiscal year 2012 because the data were collected at the end of the calendar year 2013; therefore, the data for the complete fiscal year for 2013 and later were not available.

HLM Outcome Variable

Strategic Caring. Recall that strategic caring is the actions taken by top managers within stakeholder relationships to improve the well-being of both the stakeholders and the firm. Because this is one of the first studies to investigate the relationship of strategic caring to firm variables, there is no accepted measure for this construct. The definition of strategic caring suggests that a firm will focus on a broad set of stakeholders and enact decisions to support and improve their well-being through environmental (Hawk, 2011), social (Autry, 1991; Gatzia, 2011), and governance policies (Liedtka, 1996). Therefore, firms pursing strategic caring would have initiatives in at least these three domains. I used the proprietary ESG disclosure score from the Bloomberg database to find the potential list of firms manifesting strategic caring because this data element is based on multiple stakeholders. I performed a validity test by comparing the number of firms from the Corporate Responsibility Magazine's (2013) 100 Best Corporate Citizens 2011 list to the top 5%, 10%, 15%, 20%, and 25% of US firms in my sample. There were 3,379 US firms. I chose this list because it collects data on seven different categories that represent multiple stakeholders and ranks firms based on a weighted combination of their scores. The companies on the 100 Best Corporate Citizens list are considered exemplary corporate citizens in the US, and a high percentage of them should be in the top bands of my sample. This was true. The top 25% of my US sample contained 85 of the 100 firms that existed on the 100 Best Corporate Citizens 2011 list. See Exhibit 11 for the full results.

% of US Firms in Sample	**Number 2011 CRO Firms**
5%	70
10%	81
15%	82
20%	84
25%	85

Exhibit 11: Number of 100 Best Corporate Citizens in US Subsample

Antecedent Variables

Formal Institutions. The first formal institution is **Freedom of the Press**. This measure indicates the degree to which the government of a country allows information to flow freely within its borders (Freedom House, 2011). The index is created from survey and archival data by a team of analysts. I reversed the Freedom House's measure; therefore, the ratings range from 0 to 100 with 100 indicating that the country has the highest level of freedom of the press. The Freedom House created three categories to indicate the level of free press: Not Free (1 to 39), Partially Free (40 to 69), and Free (70 to 100). In their data, 59 countries do not have a free press; for example, North Korea, Singapore, and Syria. There are 72 countries with a partially free press; for example, India, South Africa, and Bulgaria. There are 66 that have a free press; for example, Australia, Germany, and the United States. There are 11 countries that do not have a score. I used the values for the year 2011.

The second formal institution is **Investor Protection**. This measure indicates how strongly the rights of shareholders are protected. It is based on equity regulations, corporate law, civil law and court rules of evidence (World Bank, 2013b). The range of values is between 0 and 10 where 10 indicates the highest level of investor protection. Example countries with the highest levels are Hong Kong, Singapore, and New Zealand. Examples of countries with the lowest levels of protection are Afghanistan, Suriname, and Venezuela. This proxy comes from the World Bank Doing Business project (World Bank, 2013a). I collected data for the year 2011.

Informal Institutions. The first informal institution is **Control of Corruption.** The proxy I used for this measured the control of corruption and measures the likelihood that the society will limit the ability of individuals to exert public power for personal gain including the cooption of the state government by elites (World Bank, 2011). This measure comes from the World Bank and its values range from -2.5 to 2.5 with positive, high values representing the highest control of corruption. Three examples of countries with the lowest control of corruption are Somalia, North Korea, and Haiti. Three example of countries with the highest control of corruption are Canada, Denmark, and Sweden. Because this measure is a combination of more than 30 indicators, the World Bank uses the unobserved components model to create one measure of a country's control of corruption (Kaufmann, Kraay, & Mastruzzi, 2010). I used the values for the year 2011.

The second informal institution is **Humane Orientation.** Humane orientation is the degree to which "individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others" (House et al., 2004: 13). This measure is from the GLOBE study which was conducted in 62 nations by 160 researchers in many different organizations. In the GLOBE study, the researchers found 9 cultural dimensions which have two different perspectives. One is the values for how the respondents believe the society should be, and the other is the values for how the respondents behave, or the societal practices (Kabasakal & Bodur, 2004). One of those dimensions is humane orientation (House et al., 2004). For this study, I selected the practices scale because the research question is focused on what is actually happening in a country within its national institutions. Humane orientation is measured on a 7 point Likert scale with 7 being high humane orientation. Three countries with lower humane orientation are Germany, South Africa, and Singapore. Three countries with higher humane orientation are Zambia, Ireland, and Egypt. This is a static scale meaning it is time-independent.

Moderating Variable

The moderating variable is **Organizational Discretion.** I measured this with organizational slack which represents resources a firm has available to apply to organizational innovations (Dess & Beard, 1984). The quick ratio is one measure of organizational slack (Ferrier, 2001). It is one indicator of the liquidity of a firm which also represents potential resources a firm has to invest in initiatives. Therefore, I used the quick ratio which I retrieved from the Bloomberg database for the fiscal year 2011. The higher the quick ratio, the more the slack, and the more discretion a firm has.

Effect Variables

The first effect variable is Tobin's Q, calculated as:

$$\frac{\text{Market Capitalization} + \text{Total Liabilities} + \text{Preferred Equity} + \text{Minority Interest}}{\text{Total Assets}}$$

which is a ratio of the market value of a firm to the replacement cost (Chung & Pruitt, 1994). This represents the market value of the firm and is more comparable across firms than other measures of firm value (Klapper & Love, 2004). The higher the Tobin's Q is, the higher the value of the firm is. I collected this from the Bloomberg database for the fiscal year 2012. Following Klapper and Love (2004), I dropped the observations which had a 2011 Tobin's Q over 10 which resulted in 1% of the sample being deleted.

The second effect variable is the return on assets, calculated as:

$$\frac{\text{Trailing 12 Month Net Income}}{\text{Average Total Assets}} * 100\%$$

which is an accounting based representation of performance. This is a measure of the operating performance of the firm (Klapper & Love, 2004). I also collected this from the Bloomberg database for the fiscal year 2012.

Control Variables

I used two sets of control variables. The first is industry sector. For this, I used the GICS industry sectors. GICS is the Global Industry Classification Standard. It was developed by MSCI and Standard and Poor's for investment research and uses the revenue of the primary business activity to categorize firms into industries (MSCI, 2013 See Appendices 1, 2, and 3 for the GICS codes for sectors, industry groups, and industries.). I included this variable because industry has been found to impact discretion (Hambrick & Mason, 1984), and industry has been found to impact firm performance (Rumelt, 1974).

The second control variable is firm size which is typically included when Tobin's Q is included in an analysis (Klapper & Love, 2004) because it has been found to be related to firm performance (Haleblian & Finkelstein, 1993). This was measured by taking the logarithm of sales in 2011 to reduce heteroscedasticity (Haleblian &

Finkelstein, 1993). See Exhibit 12 for the HLM descriptive statistics and correlations and Exhibit 13 for the regression descriptive statistics and correlation table.

	Mean	s.d.	N	1	2	3	4	5
1. Freedom of the Press	62.15	21.03	48	1.00				
2. Investor Protection	6.12	1.64	48	0.08	1.00			
3. Control of Corruption	0.64	1.08	48	0.74 **	0.28 ^{t}	1.00		
4. Humane Orientation	4.07	0.49	48	-0.26 ^{t}	0.19	-0.24	1.00	
5. Organizational Discretion	1.18	0.60	48	0.13	0.28 ^{t}	0.19	0.08	1.00

^{t} p < .10
* p < .05
** p < .01

Exhibit 12: HLM Country Level Descriptive Statistics and Correlations

	Mean	s.d.	1	2	3	4
1. Strategic Caring	18.93	12.87	1.00			
2. Market Performance	1.59	1.89	-0.06 **	1.00		
3. Firm Profitability	1.36	17.70	0.10 **	-0.29 **	1.00	
4. Firm Size	2.76	0.98	0.48 **	-0.14 **	0.30 **	1.00
N			9,303	9,110	9,115	9,303

* p < .05
** p < .01

Exhibit 13: Regression and HLM Firm Level Descriptive Statistics and Correlations

RESEARCH DESIGN

My data set has two levels of analysis. The top level is nation which contains the national institution variables, freedom of the press, investor protection, control of corruption, and humane orientation. The moderating variable, national level organizational discretion was created by averaging the quick ratios of all firms in a country. The bottom level is the firm level which contains strategic caring (measured by the ESG disclosure score). Market performance and firm profitability are also at the firm level. Because my model is multilevel, I examine the relationship between national institutions and strategic caring using HLM (Bryk & Raudenbush, 1992). Having data collected at different levels requires HLM (Parboteeah, Hoegl, & Cullen, 2008). Without the use of HLM the different levels of data would require either aggregation or disaggregation; therefore, either the top level data have to be disaggregated which means the lower level data are not affected by the group effects of the top level data, or the lower level data have to be aggregated which increases the chance of a Type I error and the statistical power could be a problem (Kidwell, Mossholder, & Bennett, 1997).

In HLM, lower-level data is nested within a higher-level variable. The individual data elements at the lower level have some similar traits because of the group membership from the upper level (van Essen et al., 2013). An advantage of HLM is that the ordinary least squares requirement of independent observations is not an issue because the HLM technique takes the lack of independence into account (van Essen et al., 2013). Hypotheses 1, 2, and 3 are tested with HLM. Regression equations are used to test Hypothesis 4.

Hierarchical Linear Model Description

The following is the Level 1 hierarchical linear model where the units are strategic caring scores in firms. The model includes the firm level control variables.

$$
\begin{aligned}
&(\text{Strategic Caring})_{ij} \\
&\qquad = \beta_{0j} + \beta_{1j}(\text{LogSales}) + \beta_{2j}(\text{Materials}) + \beta_{3j}(\text{Industrials}) \\
&\qquad + \beta_{4j}(\text{Consumer Discretionary}) + \beta_{5j}(\text{Consumer Staples}) \\
&\qquad + \beta_{6j}(\text{Health Care}) + \beta_{7j}(\text{Financials}) + \beta_{8j}(\text{Information Technology}) \\
&\qquad + \beta_{9j}(\text{Telecomm}) + \beta_{10j}(\text{Utilities}) + \beta_{11j}(\text{Missing}) + r_{ij}
\end{aligned}
$$

β_{0j} is the true mean level of strategic caring in country j
r_{ij} is the Level 1 random effects

This is the Level 2 hierarchical linear model where the units are countries:

$$\begin{aligned}\beta_{0j} = \gamma_{00} &+ \gamma_{01}(\text{Freedom of the Press})_j + \gamma_{02}(\text{Investor Protection})_j \\ &+ \gamma_{03}(\text{Control of Corruption})_j + \gamma_{04}(\text{Humane Orientation})_j \\ &+ \gamma_{05}(\text{Organizational Discretion})_j + \gamma_{06}(\text{FOTP} \times \text{OD})_j + \gamma_{07}(\text{IP} \times \text{OD})_j \\ &+ \gamma_{08}(\text{Control of Corruption})_j + \gamma_{09}(\text{HMOR} \times \text{OD})_j + u_{0j}\end{aligned}$$

u_{0j} is the Level 2 random effect
γs are the Level 2 coefficients
FOTP is Freedom of the Press
IP is the Investor Protection
CC is the Control of Corruption
HMOR is the Humane Orientation
OD is the Organizational Discretion

This is the full hierarchical linear model:

$$\begin{aligned}(\text{Strategic Caring})_{ij} \\ = \gamma_{00} &+ \gamma_{01}(\text{Freedom of the Press})_j + \gamma_{02}(\text{Investor Protection})_j \\ &+ \gamma_{03}(\text{Control of Corruption})_j + \gamma_{04}(\text{Humane Orientation})_j \\ &+ \gamma_{05}(\text{Organizational Discretion})_j + \gamma_{06}(\text{FOTP} \times \text{OD})_j + \gamma_{07}(\text{IP} \times \text{OD})_j \\ &+ \gamma_{08}(\text{Control of Corruption})_j + \gamma_{09}(\text{HMOR} \times \text{OD})_j + \gamma_{10}(\text{LogSales}) \\ &+ \gamma_{20}(\text{Materials}) + \gamma_{30}(\text{Industrials}) + \gamma_{40}(\text{Consumer Discretionary}) \\ &+ \gamma_{50}(\text{Consumer Staples}) + \gamma_{60}(\text{Health Care}) + \gamma_{70}(\text{Financials}) \\ &+ \gamma_{80}(\text{Information Technology}) + \gamma_{90}(\text{Telecomm}) + \gamma_{100}(\text{Utilities}) \\ &+ \gamma_{110}(\text{Missing}) + u_{0j} + r_{ij}\end{aligned}$$

Hierarchical Linear Model Hypotheses Predictions

Exhibit 14 contains my predictions for the direction of the coefficients which would support my hypotheses:

H#	Variable	Parameter	Predicted Sign
National Level Antecedents			
H1a	Freedom of the Press	γ_{01}	Positive
H1b	Investor Protection	γ_{02}	Negative
H2a	Control of Corruption	γ_{03}	Positive
H2b	Humane Orientation	γ_{04}	Positive
Moderators			
H3a	Freedom of the Press X Organizational Discretion	γ_{06}	Positive
H3b	Investor Protection X Organizational Discretion	γ_{07}	Negative
H3c	Control of Corruption X Organizational Discretion	γ_{08}	Positive
H3d	Humane Orientation X Organizational Discretion	γ_{09}	Positive

Exhibit 14: HLM Coefficient Predictions

Regression Model Description

The following is the set of regression equations for the relationship between strategic caring and firm performance:

$$y_{1i} = \beta_{1\,0} + \beta_{1\,1}\,(\text{Strategic Caring}) + \beta_{1\,2}\,(\text{Strategic Caring})^2 + e_{1i}$$
$$y_{2i} = \beta_{2\,0} + \beta_{2\,1}(\text{Strategic Caring}) + \beta_{2\,2}\,(\text{Strategic Caring})^2 + e_{2i}$$

y_{1i} is based on the Market Performance
y_{2i} is based on the Firm Profitability

Regression Model Hypotheses Predictions

Exhibit 15 contains the direction of the coefficients that would support my predictions for the hypotheses:

Effects			
H#	**Variable**	**Parameter**	**Predicted Sign**
H4a	Strategic Caring	β_{11}	Positive
	Strategic Caring^2	β_{12}	Negative
H4b	Strategic Caring	β_{21}	Positive
	Strategic Caring^2	β_{22}	Negative

Exhibit 15: Regression Predictions

Summary

This study is one of the first studies to empirically investigate strategic caring, which is the variable of interest. I used the ESG disclosure score from the Bloomberg database as the proxy for strategic caring because it aggregates information for multiple stakeholders. The data are all archival with the main source being the Bloomberg database. The final sample is 9,303 firms from 48 countries. Because strategic caring is both an outcome and an antecedent in the research model, I conduct two sets of analyses. In the first analysis, with strategic caring as an outcome, the data are at the national and firm level; therefore, HLM was chosen as the appropriate method to determine if there is a relationship between informal and formal national institutions and strategic caring. In the second analysis, with strategic caring as an antecedent, regression testing was chosen as the appropriate method to determine if there is a relationship between strategic caring and market performance and firm profitability. See Exhibit 16 for a summary of the predicted signs for the coefficients of the HLM equations and the regression equations.

H#	Variable	Parameter	Method	Predicted Sign
National Level Antecedents				
H1a	Freedom of the Press	γ_{01}	HLM	Positive
H1b	Investor Protection	γ_{02}	HLM	Negative
H2a	Control of Corruption	γ_{03}	HLM	Positive
H2b	Humane Orientation	γ_{04}	HLM	Positive
Moderators				
H3a	Freedom of the Press X Organizational Discretion	γ_{06}	HLM	Positive
H3b	Investor Protection X Organizational Discretion	γ_{07}	HLM	Negative
H3c	Control of Corruption X Organizational Discretion	γ_{08}	HLM	Positive
H3d	Humane Orientation X Organizational Discretion	γ_{09}	HLM	Positive
Effects				
H4a	Strategic Caring	β_{11}	Regression	Positive
	Strategic Caring^2	β_{11}		Negative
H4b	Strategic Caring	β_{21}	Regression	Positive
	Strategic Caring^2	β_{22}		Negative

Exhibit 16: Summary of Predicted Variable Coefficient Signs

CHAPTER 5

RESULTS

I used two analytical methods. First, I used HLM to test a model of firms nested within nations for the hypotheses concerning the relationships between national institutions and strategic caring (H1 – H3). I then used linear regression to test the relationship between strategic caring and firm performance (H4).

I first explored the relevance of HLM analysis for my model. I used three tests for this by: 1) examining the significance of the intercept in the null model, 2) calculating the intraclass correlation (ICC), and 3) examining the significance of the intercept variance (Garson, 2013b). In the null model, the intercept is significant which suggests using HLM is appropriate and needed (Woltman, Feldstain, MacKay, & Rocchi, 2012). The ICC is calculated with this formula:

$$\mathrm{ICC} = \frac{\text{Intercept Variance Component}}{\text{Intercept Variance Component} - \text{Total Variance Component}}$$

In the case of the null model, the ICC is:

$$\mathrm{ICC} = \frac{85.93}{88.93 + 128.22} = 0.40$$

This test also suggests that HLM is appropriate (Garson, 2013a: 66). The ICC suggests that 40% of the variance in the ESG disclosure score is explained at the country level and 60% at the firm level (Woltman et al., 2012). The intercept variance component of the null model is also significant; therefore, additional predictors may be needed, and multilevel modeling is appropriate (Garson, 2013b). The final estimation of fixed effects coefficients is calculated with and without robust standard errors. In this case, and there were enough differences that the coefficients of the fixed effects estimations using robust standard errors were used in the analyses (Raudenbush & Bryk, 2002). Exhibit 17 summarizes my results for the HLM analyses including the results of the null model, Model 1.

To determine the model fit, the Likelihood Ratio Test was used to compare the successive models with added predictors (Garson, 2013a: 66). In Exhibit 17 and Exhibit 18, Model 2 includes the control variables which are all at the firm level. They are also grand mean centered and their coefficients are modeled as fixed. In comparing the model with just the controls to the null model, the Likelihood Ratio Test had a significant X^2 statistic; therefore, adding the control variables improves the model fit. The percent of variance at the firm level is explained by adding the controls is 19.84% which is the same for all models because the other predictors are all country level variables. Model 3 includes the direct effects which are at the country level. In comparing this model to the model with the control variables, the Likelihood Ratio Test had a significant X^2 statistic; therefore, adding the control variables and the direct effects improved the model fit. The percent of variance at the country level that is explained by adding the direct effects is 50.72%. Model 4 includes the direct effects and the interactions. In comparing this model to the model with the control variables and the direct effects, the X^2 statistic of the Likelihood Ratio Test was significant; therefore, adding the interactions improved the model fit. The percent of variance at the country level that is explained by adding all the predictors is 61.05% which is 10.33% more than the direct effects model.

Dependent Variable: ESG Disclosure Score				
Fixed Effects	Model 1 Null Model	Model 2 Add Controls	Model 3 Add Direct Effects and Controls	Model 4 Add Direct Effects, Controls, and Interactions
	Coeff	Coeff	Coeff	Coeff
Intercept	22.05 **	20.14 **	20.18 **	19.98 **
Firm Level Control Variables (n = 9,303)				
Firm Size		5.23 **	5.22 **	5.22 **
Materials Ind.		3.11 **	3.10 **	3.10 **
Industrials Ind.		-1.37 *	-1.38 ^{t}	-1.38 ^{t}
Consumer Discretionary Ind.		-3.15 **	-3.16 **	-3.16 **
Consumer Staples Ind.		-0.24	-0.22	-0.22
Health Care Ind.		-0.03	-0.05	-0.04
Financial Ind.		-1.24 *	-1.25	-1.24 ^{t}
Information Technology Ind.		-1.40 *	-1.41 *	-1.41 *
Telecom Ind.		0.63	0.59	0.61
Utilities Ind.		3.81 **	3.83 **	3.84 **
Missing Ind.		1.82	1.81	1.81
Country Level Independent Variables (n = 48)				
Freedom of the Press			0.18 **	-0.05
Investor Protection			-0.14	0.06
Control of Corruption			0.11	2.91 *
Humane Orientation			-6.82 **	-1.60
Organizational Discretion			-1.42	-3.09 *
Country Level Interactions				
Freedom of the Press X Organizational Discretion				-0.36 **
Investor Protection X Organizational Discretion				0.00
Control of Corruption X Organizational Discretion				4.13 *
Humane Orientation X Organizational Discretion				5.70
Deviance	71715.32	69656.80	69625.94	69616.21
Number of Estimated Parameters	3.00	14.00	19.00	23.00
Variance Component INTRCPT1	85.93	66.01	32.53	25.71
Variance Component Firm Level	128.22	102.79	102.78	102.77
X^2	3462.72 **	2186.40 **	2339.25 **	666.83 **
d.f.	47.00	47.00	42.00	38.00

^{t} $p < .10$
* $p < .05$
** $p < .01$

Exhibit 17: HLM Analyses

	Model 1 Null Model	Model 2 Add Controls	Model 3 Add Controls & Direct Effects	Model 4 Controls, Direct Effects, & Interactions
Deviance	71715.32	69656.80	69625.94	69616.21
Number of Estimated Parameters	3.00	14.00	19.00	23.00
Variance Component INTRCPT1	85.93	66.01	32.53	25.71
Variance Component firm level	128.22	102.78	102.78	102.77
Variance Explained at firm level		19.84%	19.84%	19.84%
Variance Explained at country level			50.72%	61.05%
X^2	3462.72 **	2186.40 *	2339.25 **	666.83 **
d.f.	47.00	47	42	38
Likelihood Ratio Tests				
Model Fit Comparison				
X^2		2058.52 **	30.86 **	9.73 *
d.f.		11	5	4

* p < .05
** p < .01

Exhibit 18: HLM Model Fit Statistics

My hypotheses imply that national institutions will explain significant variation in strategic caring. Model 3 was used to test Hypothesis 1 and Hypothesis 2 because it includes the direct effects. Hypotheses 1a suggests that in countries where there is a high level of freedom of the press, there will be a high level of strategic caring; thus, there will be a positive relationship between freedom of the press and the strategic caring. The results in Exhibit 17 show that there was a positive and significant relationship between freedom of the press and strategic caring. Therefore, Hypothesis 1a was supported.

Hypothesis 1b suggests that in countries with high levels of investor protection, there will be lower levels of strategic caring; thus, there will be a negative relationship between investor protection and the ESG disclosure score. The results in Exhibit 17 show that although there was a negative relationship, it was not significant. Therefore, Hypothesis 1b was not supported.

Hypotheses 2a suggests that in countries where there is high control of corruption, there will be higher levels of strategic caring; thus, there will be a positive relationship between the control of corruption and the ESG disclosure score. The results in Exhibit 17 show that there was a positive relationship, and it was not significant. Therefore, Hypothesis 2a was not supported.

Hypothesis 2b suggests that in countries with high levels of humane orientation, there will be higher levels of strategic caring; thus, there will be a positive relationship between humane orientation and the ESG disclosure score. The results in Exhibit 17 show that the relationship is significant, but the coefficient is negative. Therefore, Hypothesis 2b was not supported.

Model 4 was used to test Hypothesis 3 because it includes the interaction effects. Hypothesis 3a suggests that the hypothesized positive relationship between freedom of the press and strategic caring will be strengthened when there are high levels of organizational discretion. The results in Exhibit 17 show that although the interaction was significant, the coefficient was negative. Therefore, Hypothesis 3a was not supported.

Hypothesis 3b suggests that the negative relationship between investor protection and strategic caring will be more negative when there are high levels of organizational discretion. The results in Exhibit 17 show that there was a positive relationship, and it was not significant. Therefore, Hypothesis 3b was not supported.

Hypotheses 3c suggests that the positive relationship between the control of corruption and strategic caring will be more positive when there are high levels of organizational discretion. The results in Exhibit 17 show that there was a positive relationship, and it was significant. Therefore, Hypothesis 3c was supported.

Hypothesis 3d suggests that the positive relationship between humane orientation and strategic caring will be more positive when there are high levels of organizational discretion. The results in Exhibit 17 show that the relationship is positive, but it is not significant. Therefore, Hypothesis 3d was not supported.

	Market Performance			Firm Profitability		
	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
	Coeff	Coeff	Coeff	Coeff	Coeff	Coeff
Constant	**	**	**	**	**	**
Controls						
Firm Size	-0.13 **	-0.14 **	-0.14 **	0.27 **	0.29 **	0.29 **
Materials Ind.	-0.03 t	-0.04 *	-0.03 t	0.06 **	0.07 **	0.06 **
Industrials Ind.	-0.01	-0.01	-0.01	0.06 **	0.06 **	0.06 **
Consumer Discretionary Ind.	0.04 *	0.04 *	0.04 *	0.10 **	0.09 **	0.09 **
Consumer Staples Ind.	0.07 **	0.07 **	0.07 **	0.08 **	0.08 **	0.08 **
Health Care Ind.	0.16 **	0.16 **	0.16 **	-0.10 **	-0.10 **	-0.10 **
Financial Ind.	-0.07 **	-0.06 **	-0.06 **	0.10 **	0.09 **	0.09 **
Information Technology Ind.	0.08 **	0.08 **	0.08 **	0.04 *	0.03 *	0.03 *
Telecom Ind.	0.02 t	0.02 t	0.02 t	0.01	0.02	0.02
Utilities Ind.	-0.02	-0.02	-0.02	0.01	0.02	0.02
Missing Ind.	0.00	0.00	0.00	-0.07 **	-0.07 **	-0.07 **
Independent						
Strategic Caring		0.02 t	-0.05		-0.06 **	0.05
Strategic Caring^2			0.08 *			-0.11 **
R^2	0.07	0.07	0.07	0.12	0.13	0.13
Adjusted R^2	0.06	0.06	0.06	0.12	0.12	0.13
F	57.39	52.91	49.12	116.04	108.73	101.09
N	9,110	9,110	9,110	9,115	9,115	9,115

* $p < .05$
** $p < .01$
VIFs < 3.6
Dependent Variable for Models 5, 6, and 7 is 2012 Market Performance (Tobin's Q)
Dependent Variable for Models 8, 9, and 10 is 2012 Firm Profitability (Return on Assets)
Standardized Coefficients

Exhibit 19: Linear Regression Analyses: Strategic Caring on Firm Performance

I tested Hypothesis 4 with linear regression analyses. These results are in Exhibit 19. Hypothesis 4a suggests that at low levels and high levels of strategic caring, there will be lower values of Tobin's Q. When the levels of strategic caring are in the midrange, there will be higher values of Tobin's Q; therefore, the predicted relationship is an inverse-U. The results in Exhibit 19 (Model 7) show that the quadratic term is positive and significant. This suggests that there is a U-shaped relationship between strategic caring and market performance; however, the plot of the resulting regression equation is a downward sloping line over the data points of interest for strategic caring for this study. Therefore, Hypothesis 4a is not supported (See Exhibit 20).

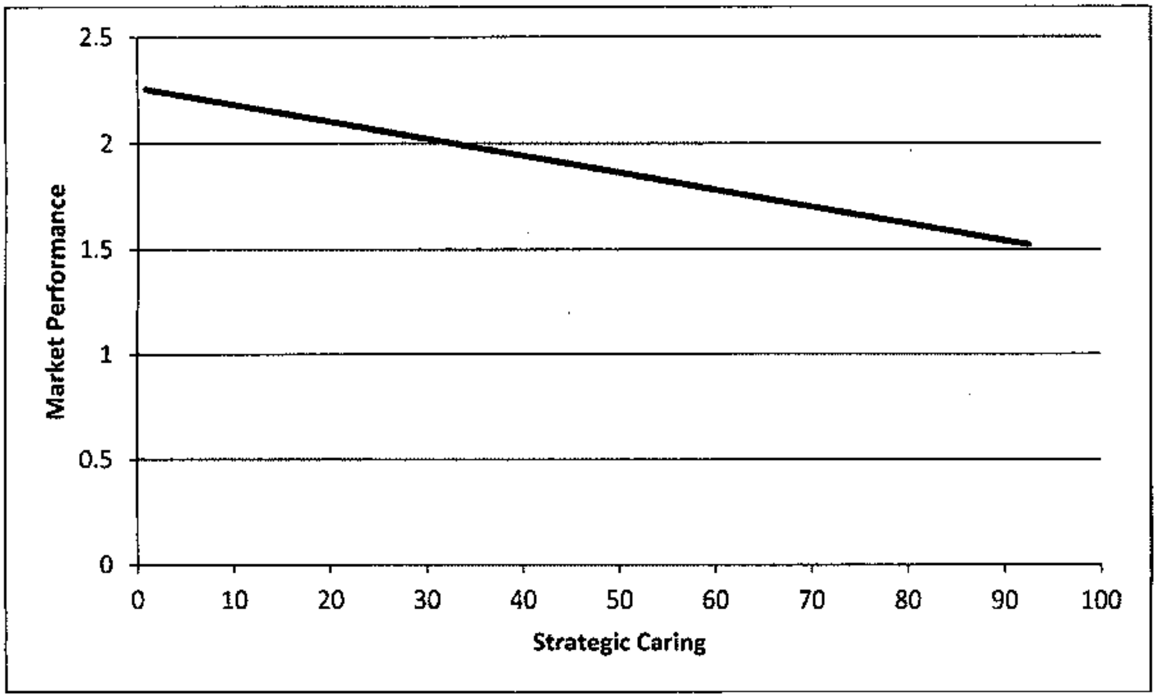

Exhibit 20: Market Performance Regression Equation Graph

Hypothesis 4b suggests that at low levels and high levels of strategic caring, there will be lower values of ROA. When the levels of strategic caring are in the midrange, there will be higher values of ROA; therefore, the predicted relationship is an inverse-U. The results in Exhibit 19 (Model 10) show that the coefficient of the nonsquared term is positive, and the coefficient of the squared term is negative and significant. This suggests that the hypothesis is supported. In order to verify this, I plotted the resulting regression equation which is parabolic; however, over the data points of interest, it is a partial parabola. It is only possible to state that there is a decreasing, nonlinear relationship (See Exhibit 21.) Therefore, Hypothesis 4b is not supported.

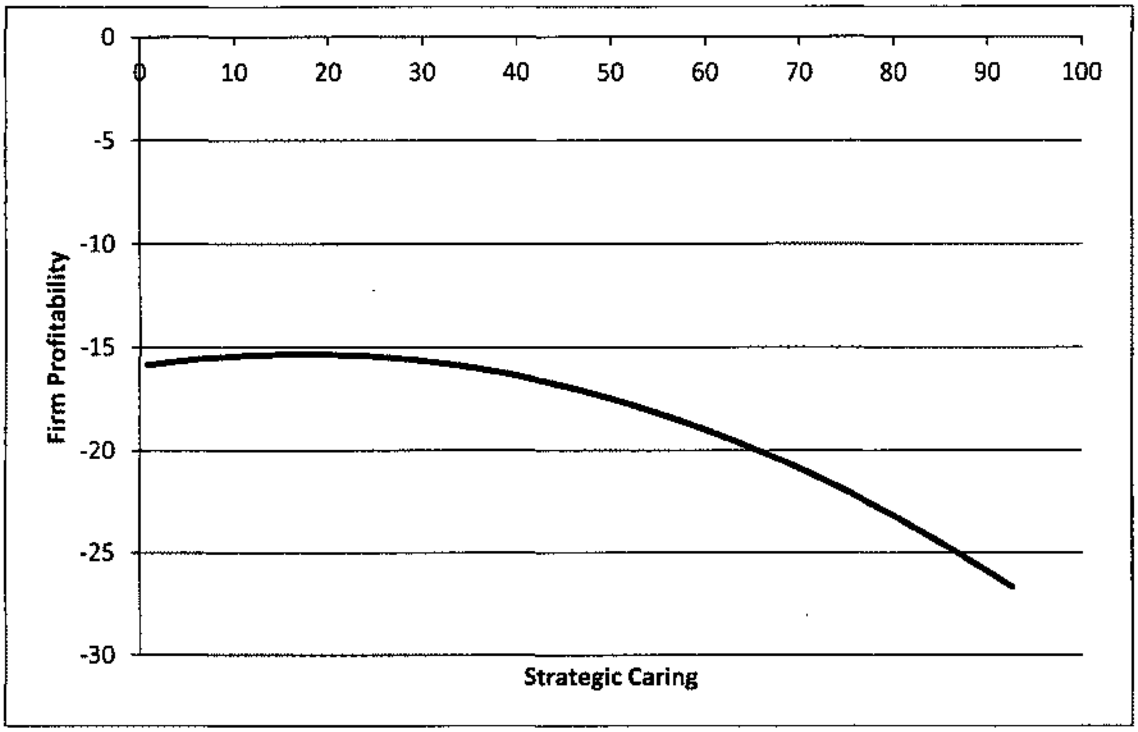

Exhibit 21: Firm Profitability Regression Equation Graph

It is interesting to note that, although not hypothesized, there was a significant, positive relationship between strategic caring and market performance and a significant, negative relationship between strategic caring and firm profitability. This suggests that efforts by firms to implement strategic caring initiatives are recognized and valued by stock market investors, but those efforts also have costs associated with them that negatively impact financial performance. The results of the hypothesis testing are summarized in Exhibit 22:

H#	Predictors	Moderators	Dependent Variable	Hypothesis Supported
National Level Antecedents				
H1a	Freedom of the Press		Strategic Caring	Yes
H1b	Investor Protection		Strategic Caring	No
H2a	Corruption		Strategic Caring	No
H2b	Humane Orientation		Strategic Caring	No
Industry and Organizational Moderators				
H3a	Freedom of the Press	Organizational discretion	Strategic Caring	No
H3b	Investor Protection	Organizational discretion	Strategic Caring	No
H3c	Corruption	Organizational discretion	Strategic Caring	Yes
H3d	Humane Orientation	Organizational discretion	Strategic Caring	No
Effects				
H4a	Strategic Caring		Market Performance	No
H4b	Strategic Caring		Firm Profitability	No

Exhibit 22: Summary of Hypothesis Testing

CHAPTER 6

DISCUSSION AND CONCLUSION

In this study, the main question to be addressed was is there such a thing as "strategic caring", and what are the antecedents and effects of that firm-level construct? Based on my data, there was no support for an inverted, U-shaped relationship when considering firm profitability and market performance. While the quadratic terms were significant, the resulting plots of the regression equations over the data points of interest were downward sloping.

There was support that some national institutions impact strategic caring, particularly with freedom of the press. Surprisingly, a strong and negative relationship was found between humane orientation and strategic caring. Partial support for the moderating effect of organizational discretion was found. Finally, my data reveal that strategic caring and market performance are positively related, but strategic caring and firm profitability is negatively related.

In considering freedom of the press, it would seem that a country that has higher press freedom would be more likely to provide access to information about its firms to the public. Firms would react by trying to present the best possible picture of themselves to the public; therefore, they will behave in such a way that when their behaviors are reported in the media, they are more often favorably viewed than not. Because firms are trying to look good, they would more often than not behave in a way that is congruous with strategic caring.

Because there was no support found for a U-shaped relationship between market performance and strategic caring, this could suggest that it is not easy to discern the intentions behind firm actions, and it is not easy to determine when a firm is placing too much of its resources in strategic caring initiatives. Market performance would be driven by professional investors who are trained to understand the actions of firms in order to properly assess the future earning potential. It is possible that in countries with higher freedom of the press, firms become adept at presenting the best possible image that can lead the public to believe they are doing good things, and there is minimal negative impact.

On the other hand, there was a linear relationship between strategic caring and market performance. Investors may recognize the efforts firms make to implement strategic caring initiatives and assume that that effort will reap benefits in the future; therefore, firms that use their resources to implement strategic caring initiatives are worthy of stock market investment. A negative linear relationship was found between strategic caring and short-term firm profitability which suggests that as firms spend more on strategic caring, that short-term performance is negatively impacted.

In considering humane orientation, if the proxy for strategic caring captured all of the dimensions of strategic caring, the relationship between the two would likely be positive because the very essence of the construct, humane orientation, is caring for others. One possibility for this relationship to be strongly negative is that the proxy for strategic caring does not capture a broad enough view of the firm's stakeholders. This could cause an unintended focus in this study on the narrow set of stakeholders to which firms typically cater in order for the firm to benefit. It is possible that the strategic caring proxy in this study is actually a better measure for CSR which has been theorized to have a continuum of intent from firm self-interest to firm altruism. If firms are actually undertaking actions to appear to look good and not trying to create win-win situations with as many of their stakeholders as possible, that would explain a negative relationship with humane orientation. It is also possible that there are important dimensions of strategic caring that are missing from the proxy, such as the firm actions towards shareholders and communities.

THEORETICAL CONTRIBUTIONS

This study develops the "strategic caring" construct, proposes that it is positively related to short term firm performance, and finds one significant relationship to support this hypothesis. My model investigates stakeholder relationships at a national level and a firm level using data from a number of countries using HLM and regression. In so doing, I attempt to make three contributions to the literature. First, I propose a definition of strategic caring that is based on integrating forty years of multidisciplinary studies on individual caring and translating those studies to the organizational sciences. This is important to move the nascent research stream of caring in the management literature forward because it provides a common concept researchers can use to discuss how the care theory and research impacts management. Second, I explore how the country- and organizational-level factors influence strategic caring in a cross-national sample of firms. Third, I provide some preliminary insights into how strategic caring might be related to short-term financial performance outcomes.

Based on the description of caring, strategic caring implies a firm will have a set of values and behaviors that are not in the typical corporation (Liedtka, 1996; Simola, 2011). In this study, those values are assumed to exist in a firm's national context from which they are instilled in a firm's executives and made manifest in the organization through the choices of the top managers (Carpenter et al., 2004). It is assumed the decisions of a firm's upper echelon result in implementing strategic caring and choosing to support initiatives of a caring organization in the long-term.

In this study, although not investigated, the suggestion was that the upper echelon (Hambrick & Mason, 1984) would be the primary force because of their position which affords them broader knowledge and power (Cyert & March, 1992) to affect strategic choice. A firm's upper echelon is situated in a context that is composed of national institutions (Cho & Hambrick, 2006; Rost & Osterloh, 2010), and this initial investigation determined there is a weak relationship between national institutions and strategic caring. Clearly, future research needs to explore the relationship between the top management team characteristics and strategic caring given the relatively robust influence of caring on subsequent firm performance.

Of the national institutions tested in this study, two were found to have an impact on strategic caring and two were not. These results provide some support that there is a national institutional impact on firms being strategically caring and weakly supports previous upper echelon research that has found national institutions impact strategic choice (Crossland & Hambrick, 2011). This demonstrates that the upper echelons theory provides a means of predicting that the environment in which a firm exists influences its decisions and, ultimately, its performance. Although, the findings are not strong with only two of the four institutional variables having significant relationships which suggests that there may be other perspectives that could improve explaining strategic caring.

It may be helpful in future research to apply different theoretical perspectives to study strategic caring. One suggestion is stakeholder theory (Donaldson & Preston, 1995). The focus of this theory is understanding the relationship between the firm and any entity that is impacted by the firm or impacts the firm (Freeman, 1984). One issue with stakeholder theory is determining how to prioritize a firm's stakeholders in order to address their concerns (Mitchell et al., 1997) which also needs to be addressed when implementing strategically caring initiatives; although, care researchers suggest that the closeness of the relationship between the firm and the stakeholder could be used to set priorities (Burton & Dunn, 2005).

There are also findings which were not hypothesized that are interesting. First, there is a relationship between a firm undertaking strategic caring initiatives and short-term market value. This was a cross-sectional study; therefore, it cannot be determined whether strategic caring actions caused market performance to improve. This may suggest that investors value strategic caring actions. Second, there is a relationship between the level of strategic caring and firm performance. As the level of strategic caring increases the short-term firm profitability decreases. This suggests that when a firm implements strategically caring initiatives for long-term impacts, it must consider short-term impacts in order to be prepared for negative financial impacts or even determine acceptable levels of a negative impact.

The final finding is that the humane orientation institution has a strong, negative relationship with strategic caring. This was unexpected because the definition of humane orientation and the definition of strategic caring are congruous. It is interesting to note that the freedom of the press institution has a positive relationship with strategic caring. This could suggest that firms in countries in which the press is free have more of an incentive to publicize their strategically caring efforts; therefore, the actions those firms take are more widely known. Another possibility is that firms in countries with high humane orientation automatically undertake strategically caring actions based on societal expectations and do not consider it necessary to publicize the actions they take that would be expected by the society.

Limitations

One important limitation is that this study used an archival proxy for strategic caring. This proxy was not designed to measure strategic caring; rather, it was designed as a collection of self-reported measures that are typically used to indicate what actions a firm takes to address environmental, social, and governance concerns. The measure does not assess intention, nor does it assess effectiveness. It is an indicator of how much information a firm self-reports about it actions in the social, environmental, and governance realms.

Although it is beyond the scope of this study because of a lack of cross-national data availability, it should be noted that the members of an organization also influence the evolution of the firm to become caring. In order for the organization to become caring, a number of the organization's members would also have to have the attitudes to take caring actions towards others. A grassroots movement could provide the organization an impetus to enact caring behaviors, such as a small group of people organizing a response within the larger organization to a tragedy that a few members experienced (Dutton et al., 2006; Kanov et al., 2004).

A third limitation is that this study only focused on short-term financial outcomes related to strategic caring. Future research should investigate short-term, non-financial outcomes and longer-term outcomes. This might be particularly relevant for caring organizations which are theorized to focus on the long-term horizon (Kanungo & Conger, 1993). Because there is a linear, negative relationship between strategic caring and firm profitability, a longitudinal study is needed to investigate causality and the long-term effects of strategic caring. This would then allow comparing long-term and short-term impacts of strategic caring.

Managerial Implications

The findings of this study suggest that a firm's context is somewhat important in a firm manifesting strategic caring. This suggests that firm leaders could have a strong impact on directing a firm to implement strategic caring. It would be important for the managers to make strategic choices that result in taking strategically caring actions towards firm stakeholder groups. If the top managers choose to develop strategically caring initiatives, they have to keep the values and behaviors of strategic caring in mind when developing the firm's mission and goals. This includes seeking out the needs of its stakeholders.

When considering the internal environment, the top managers need to consider these things: (1) the language they will use, (2) the inclusion criteria, (3) the status, power, and authority criteria, (4) the reward system, and (5) the punishment system (Schein, 1990). They must ensure that all of the firm's systems are developed with the intention to create nonzero outcomes for the firm and its stakeholders. It also is important for managers to consider short-term and long-term firm performance. If there are too many resources directed toward strategic caring initiatives, that could hurt the firm in the long-term. The firm leaders also need to develop and maintain trust among the members of the organization to develop a caring culture (Engster, 2004). The top managers need to create an organizational structure that encourages caring which would generally have a flat hierarchy with highly autonomous employees. If the structure inhibits caring, strategic caring will not manifest (Gittell & Douglass, 2012; Kroth & Keeler, 2009).

Firms that implement strategic caring will focus on a broader set of issues; for example, some types of questions that a firm manifesting strategic caring may include:

what are the most important relationships in which the firm is involved, what do the firm's cared-fors need, what are the conflicts that may develop when attempting to create win-win situations, how should the conflicts be resolved, how do those resolutions affect other relationships, what is the course of action that needs to be taken (not necessarily the best), and does the course of action meet the needs of the cared-for (Burton & Dunn, 2005)? These are all questions the top managers would have to address in creating the firm's strategy.

The real focus of strategic caring is to conduct business in a way that benefits the most stakeholders possible, including the firm. Strategic caring is not based on universalities and principles; therefore, it allows businesses to deal with ambiguity, change, and uncertainty better because responses depend on the context of the particular situation. "In these markets, dynamic capabilities necessarily rely much less on existing knowledge and much more on rapidly creating situation-specific new knowledge" (Eisenhardt & Martin, 2000: 1111).

For an organization to become a strategically caring organization, it requires a broad way of thinking and a broad set of focuses. For managers this could cause difficulties in prioritizing the actions an organization plans to take. It also can stretch the resources of a firm thin which would cause a manager to have to make difficult choices to allocate resources. Caring also requires flexibility and dealing with each situation uniquely. This could cause a manager to spend a tremendous amount of time solving similar problems and lose focus on the business of the organization. Caring also depends on developing relationships which could lead to favoritism; therefore, a manager has to be vigilant to avoid favoritism. Of course, if an organization becomes caring, there are many facets of the organizational lifecycle that could become easier and even more rewarding. A manager could support subordinates to pursue their dreams as well as the organization's needs which would result in the manager being able to satisfy both the subordinates and the organization.

Possible outcomes of a firm manifesting strategic caring could be higher quality products than competitors, innovative services, lower product return rates, financial growth, top employer awards, environment awards, CSR awards, and high brand value. In such a firm, there would be less employee pain. One thing the organization would do is develop methods to respond to pain (Kanov et al., 2004). Liedtka (1996) points out that it would be difficult for a firm to truly implement strategic caring initiatives if it produces harmful items, such as cigarettes and munitions, or sells expensive clothes to economically challenged teenagers because it is creating problems for individuals. The outcomes above are not exhaustive of what would be found in firms that implement strategic caring initiatives (Oxley & Wittkower, 2011). There could be many more actions, both on a grander and a smaller scale, and these actions could be manifested in more complete or less complete manners, depending upon the situation in which the finds itself. Pellicer (2008) believes organizations that take caring actions are the ones that are truly the fittest and will be the ones that survive and thrive.

Future Research

In this study, factors external to the firm were examined and found to have minimal impact on strategic caring. Top managers are a primary driving force behind a firm implementing strategic initiatives. Because the upper echelons theory was not studied, a research project of characteristics of the top managers and their relationship to strategic caring would help elucidate the antecedents of strategic caring. This would require developing an instrument that can be used to determine the level of strategic caring managers and the firm support. The influence of groups could also be a fruitful research area because groups can also impact what actions a firm takes.

An important modification for the next empirical study on strategic caring is to develop a more direct proxy for strategic caring, such as a survey that could be administered to firms and determine whether the firm is implementing a high or low level of strategic caring behaviors. There were three basic stakeholder groups considered in the strategic caring proxy: (1) environment, (2) society, and (3) firm governance. Firm actions taken toward other stakeholder groups need to be considered, such as communities, employees, shareholders, suppliers, and future generations. In this study, I presented many suggestions for organizations to follow in order to be perceived as caring with the implication that it is better for a firm's performance. It is important to understand the relationship between strategic caring and performance. Empirical studies are needed to investigate how strategic caring improves performance and in what areas, as well as where it diminishes performance. Does it just improve the social performance or the bottom line as well?

Caring depends on a relationship between two entities, but organizations have many cared-fors with whom they have relationships. It is important to understand prioritizing the cared-fors' needs in a manner consistent with strategic caring and not using a standard procedure. Globalization versus localization is an important area of business that would be impacted by strategic caring because within a strategic caring framework, the needs of each stakeholder are considered in developing initiatives. Understanding the needs of stakeholders from different cultures would be an interesting area to study. If a firm tries to respond to its customers' needs, it will attract customers who want to be seen as special (Terjesen, 2011). Another question that arises from the findings in this study is the following: because of the relationship between freedom of the press and strategic caring, is there a relationship between corporate reputation and strategic caring?

An important topic that has not been addressed is that there is a dark side to taking actions based on strategic caring if the firm does not consider stakeholder needs in a balanced manner. This can be seen in the result of relationship between strategic caring and firm performance which decreases as strategic caring increases. If a firm takes caring behaviors to an extreme, that can lead to negative outcomes. For example, if relationship longevity is stressed, it could lead to entrenched relationships which would result in less innovation or inappropriate transactions with entities because the firm is focusing on maintaining the relationship instead of the quality. If the needs of all stakeholders are sought, then choices are made based on a balance of stakeholder needs, and a firm can avoid entrenched relationships, but an organization has to work to seek out the needs of as many stakeholders as possible and not slip into a status quo. Another issue can develop in which a firm begins to require something in return from its stakeholders for every caring action. That is also out of balance and not a manifestation of balanced strategic caring which is not quid pro quo transactions. A firm that is implementing strategic caring must maintain a level of altruism; although, it must not be completely altruistic and focus on satisfying the needs of its stakeholders to the point it sacrifices itself to its caring behaviors. Strategic caring stresses that individual entities are important, that relationships are important, and the context in which business is conducted is important, but they are all balanced with the needs of the firm as well.

Understanding the relationship between internationalization and strategic caring could be fruitful. Another important issue that needs to be investigated is the cost of caring. It seems that strategic caring would result in more costs than a traditional business perspective, but there are many costs that are not included in the market price. These externalities are generally not included in the price of a product or service or even considered. There are negative and positive externalities. A caring organization would work to increase the positive and eliminate the negative externalities (McConnell & Brue, 2002).

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Appendix 1 – GICS Sectors

Code	Sector
10	Energy
15	Materials
20	Industrials
25	Consumer Discretionary
30	Consumer Staples
35	Health Care
40	Financials
45	Information Technology
50	Telecommunication Services
55	Utilities

Appendix 2 – GICS Industry Groups

	Industry Group
1010	Energy
1510	Materials
2010	Capital Goods
2020	Commercial & Professional Services
2030	Transportation
2510	Automobiles & Components
2520	Consumer Durables & Apparel
2530	Consumer Services
2540	Media
2550	Retailing
3010	Food & Staples Retailing
3020	Food, Beverage & Tobacco
3030	Household & Personal Products
3510	Health Care Equipment & Services
3520	Pharmaceuticals, Biotechnology & Life Sciences
4010	Banks
4020	Diversified Financials
4030	Insurance
4040	Real Estate
4510	Software & Services
4520	Technology Hardware & Equipment
4530	Semiconductors & Semiconductor Equipment
5010	Telecommunication Services
5510	Utilities

Appendix 3 – GICS Industries

Code	Industry	Code	Industry
101010	Energy Equipment & Services	302010	Beverages
101020	Oil, Gas & Consumable Fuels	302020	Food Products
151010	Chemicals	302030	Tobacco
151020	Construction Materials	303010	Household Products
151030	Containers & Packaging	303020	Personal Products
151040	Metals & Mining	351010	Health Care Equipment & Supplies
151050	Paper & Forest Products	351020	Health Care Providers & Services
201010	Aerospace & Defense	351030	Health Care Technology
201020	Building Products	352010	Biotechnology
201030	Construction & Engineering	352020	Pharmaceuticals
201040	Electrical Equipment	352030	Life Sciences Tools & Services
201050	Industrial Conglomerates	401010	Commercial Banks
201060	Machinery	401020	Thrifts & Mortgage Finance
201070	Trading Companies & Distributors	402010	Diversified Financial Services
202010	Commercial Services & Supplies	402020	Consumer Finance
202020	Professional Services	402030	Capital Markets
203010	Air Freight & Logistics	403010	Insurance
203020	Airlines	404020	Real Estate Investment Trusts (REITs)
203030	Marine	404030	Real Estate Management & Development
203040	Road & Rail	451010	Internet Software & Services
203050	Transportation Infrastructure	451020	IT Services
251010	Auto Components	451030	Software
251020	Automobiles	452010	Communications Equipment
252010	Household Durables	452020	Computers & Peripherals
252020	Leisure Equipment & Products	452030	Electronic Equipment, Instruments & Components
252030	Textiles, Apparel & Luxury Goods	452040	Office Electronics
253010	Hotels, Restaurants & Leisure	453010	Semiconductors & Semiconductor Equipment
253020	Diversified Consumer Services	501010	Diversified Telecommunication Services
254010	Media	501020	Wireless Telecommunication Services
255010	Distributors	551010	Electric Utilities
255020	Internet & Catalog Retail	551020	Gas Utilities
255030	Multiline Retail	551030	Multi-Utilities
255040	Specialty Retail	551040	Water Utilities
301010	Food & Staples Retailing	551050	Independent Power Producers & Energy Traders

Appendix 4 – Full List of Round 1 Categories of Caring

Action/behavior?	Future focused	Not harming
Affective aspect	Generosity	Notice
Attention	Group focused	Nurturance
Based on share humanity/sameness	Healing/therapy	Nurturing
Beneficial	Human	Other's Welfare motivating
Cared-for compulsory	Human trait	Personal Investment
Celebration	Ideal	Protect
Cognitive aspect	Importance	Relationship
Commitment	Include	Relationship based
Communication	Integrating/ tradeoffs	Respect
Compassion	Integration	Responsibility
Concern for self	Inviting	Self
Consensus	Justice	Specific individual
Decision making choice based	Knowledgeable	Support
Decisive	Long-Term oriented	Sympathy
Depends on context	Managerial capability	Tailored
Doing for others what they cannot do for themselves	Motivated by objective fact	Trait aspect
Emotion-based	Motivation	Understanding
Empathy	Multi-faceted	Unique
Feeling	Mutual wellbeing	Vulnerable
Flexible	Needs	Well-being

Appendix 5 – Consensus List of Categories of Caring to Apply to Round 2

Action-based
Based on relationship
Celebration
Cognitive
Commitment
Communication
Compassion
Concern for Self
Feelings for Cared-for
Human Trait
Integrate
Justice
Long-term
Motivation
Notice
Responsibility
Traits and Facets
Understand needs
Unique, Depends on Context, Individual
Vulnerable
Well-being of cared-for

Appendix 6 –Constitutional or Legal System Support for Freedom of the Press

FOTP	Country	FOTP	Country	FOTP	Country	FOTP	Country
N	Australia	Y	Congo (Brazzaville)	Y	Kiribati	Y	São Tomé & Príncipe
N	Brunei	Y	Congo, Democratic Rep	Y	Korea (N)	Y	Senegal
N	Israel	Y	Costa Rica	Y	Korea (S)	Y	Serbia
N	Kenya	Y	Côte d'Ivoire	Y	Kuwait	Y	Seychelles
N	Libya	Y	Croatia	Y	Kyrgyzstan	Y	Sierra Leone
N	Malaysia	Y	Cuba	Y	Laos	Y	Singapore
N	Maldives	Y	Cyprus	Y	Latvia	Y	Slovakia
N	Mali	Y	Czech Republic	Y	Lebanon	Y	Slovenia
N	Mauritania	Y	Denmark	Y	Lesotho	Y	Solomon Islands
N	Pakistan	Y	Djibouti	Y	Liberia	Y	Somalia
N	Saudi Arabia	Y	Dominica	Y	Lithuania	Y	South Africa
Y	Afghanistan	Y	Dominican Republic	Y	Luxembourg	Y	Spain
Y	Albania	Y	Ecuador	Y	Macedonia	Y	Sri Lanka
Y	Algeria	Y	Egypt	Y	Malawi	Y	St. Kitts-Nevis
Y	Angola	Y	El Salvador	Y	Malta	Y	St. Lucia
Y	Antigua-Barbuda	Y	Equatorial Guinea	Y	Marshall Islands	Y	St. Vincent & the Grenadines
Y	Argentina	Y	Eritrea	Y	Mauritius	Y	Sudan
Y	Armenia	Y	Estonia	Y	Mexico	Y	Suriname
Y	Austria	Y	Ethiopia	Y	Micronesia	Y	Swaziland
Y	Azerbaijan	Y	Fiji	Y	Moldova	Y	Sweden
Y	Bahamas	Y	Finland	Y	Mongolia	Y	Switzerland
Y	Bahrain	Y	France	Y	Montenegro	Y	Syria
Y	Bangladesh	Y	Gabon	Y	Morocco	Y	Taiwan
Y	Barbados	Y	Gambia	Y	Mozambique	Y	Tajikistan
Y	Belarus	Y	Georgia	Y	Namibia	Y	Tanzania
Y	Belgium	Y	Germany	Y	Nauru	Y	Thailand
Y	Belize	Y	Ghana	Y	Nepal	Y	Togo
Y	Benin	Y	Greece	Y	Netherlands	Y	Tonga
Y	Bhutan	Y	Grenada	Y	New Zealand	Y	Trinidad & Tobago
Y	Bolivia	Y	Guatemala	Y	Nicaragua	Y	Tunisia
Y	Bosnia-Herzegovina	Y	Guinea Bissau	Y	Niger	Y	Turkey
Y	Botswana	Y	Guinea	Y	Nigeria	Y	Turkmenistan
Y	Brazil	Y	Guyana	Y	Norway	Y	Tuvalu
Y	Bulgaria	Y	Haiti	Y	Oman	Y	Uganda
Y	Burkina Faso	Y	Honduras	Y	Palau	Y	Ukraine
Y	Burma* (Myanmar)	Y	Hungary	Y	Panama	Y	United Arab Emirates
Y	Burundi	Y	Iceland	Y	Papua New Guinea	Y	United Kingdom
Y	Cambodia	Y	India	Y	Paraguay	Y	United States
Y	Cameroon	Y	Indonesia	Y	Peru	Y	Uruguay
Y	Canada	Y	Iran	Y	Philippines	Y	Uzbekistan
Y	Cape Verde	Y	Iraq	Y	Poland	Y	Vanuatu
Y	Central African Republic	Y	Ireland	Y	Portugal	Y	Venezuela
Y	Chad	Y	Italy	Y	Qatar	Y	Vietnam
Y	Chile	Y	Jamaica	Y	Romania	Y	Yemen
Y	China	Y	Japan	Y	Russia	Y	Zambia
Y	Colombia	Y	Jordan	Y	Rwanda	Y	Zimbabwe
Y	Comoros	Y	Kazakhstan	Y	Samoa		

Appendix 7 – Countries that Support Freedom of the Press

Andorra	Ireland	Portugal
Australia	Israel	Saint Kitts and Nevis
Austria	Jamaica	Saint Lucia
Bahamas	Japan	Saint Vincent and the Grenadines
Barbados	Kiribati	Samoa
Belgium	Latvia	San Marino
Belize	Liechtenstein	Sao Tome and Principe
Canada	Lithuania	Slovakia
Cape Verde	Luxembourg	Slovenia
Costa Rica	Mali	Solomon Islands
Cyprus (Greek)	Malta	Spain
Czech Republic	Marshall Islands	Suriname
Denmark	Mauritius	Sweden
Dominica	Micronesia	Switzerland
Estonia	Monaco	Taiwan
Finland	Nauru	Tonga
France	Netherlands	Trinidad and Tobago
Germany	New Zealand	Tuvalu
Ghana	Norway	United Kingdom
Greece	Palau	United States
Grenada	Papua New Guinea	Uruguay
Iceland	Poland	Vanuatu

Source: Freedom House (2014b)

Appendix 8 – Countries that Partially Support Freedom of the Press

Albania	Guatemala	Namibia
Antigua and Barbuda	Guinea-Bissau	Nepal
Argentina	Guyana	Nicaragua
Bangladesh	Haiti	Niger
Benin	Hong Kong	Nigeria
Bhutan	Hungary	Panama
Bolivia	India	Paraguay
Bosnia-Herzegovina	Indonesia	Peru
Botswana	Italy	Philippines
Brazil	Kenya	Romania
Bulgaria	Kosovo	Senegal
Burkina Faso	Kuwait	Serbia
Chile	Lebanon	Seychelles
Colombia	Lesotho	Sierra Leone
Comoros	Liberia	South Africa
Congo, Republic of (Brazzaville)	Libya	South Korea
Croatia	Macedonia	South Sudan
Dominican Republic	Malawi	Tanzania
East Timor	Maldives	Thailand
Ecuador	Mauritania	Tunisia
Egypt	Moldova	Turkey
El Salvador	Mongolia	Uganda
Fiji	Montenegro	Ukraine
Georgia	Mozambique	Zambia

Source: Freedom House (2014b)

Appendix 9 – Countries that Do Not Support Freedom of the Press

Afghanistan	Eritrea	Russia
Algeria	Ethiopia	Rwanda
Angola	Gabon	Saudi Arabia
Armenia	Gambia, The	Singapore
Azerbaijan	Guinea	Somalia
Bahrain	Honduras	Sri Lanka
Belarus	Iran	Sudan
Brunei	Iraq	Swaziland
Burma (Myanmar)	Jordan	Syria
Burundi	Kazakhstan	Tajikistan
Cambodia	Kyrgyzstan	Togo
Cameroon	Laos	Turkmenistan
Central African Republic	Madagascar	United Arab Emirates
Chad	Malaysia	Uzbekistan
China	Mexico	Venezuela
Congo, Democratic Republic of (Kinshasa)	Morocco	Vietnam
Côte d'Ivoire	North Korea	West Bank and Gaza Strip
Cuba	Oman	Yemen
Djibouti	Pakistan	Zimbabwe
Equatorial Guinea	Qatar	

Source: Freedom House (2014b)