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An international analysis of CSR rankings and a country's culture

Abstract

As globalization has increased, so too has the number of companies practicing corporate social responsibility (CSR) around the world. Social and environmental issues like global warming has been an underlying factor in this growing importance (Peng, 2012). Increasingly, companies are communicating their activities through CSR reports that outline corporate initiatives to access and take responsibility for the company's effects on the global environment and impact on social welfare. In this paper, we will expand on previous results found in "A Study of a How CSR Rankings Are Affected in a Globalized Economy", which is published in *McNair Scholars Research Journal, Vol. 9 Issue 1*. In the article, we statistically compared Environmental, Social, Governance, and Total CSR rankings using Sustainalytics Global Platform (SOP) Data for 6 regions: (1) North America, (2) South America, (3) Latin America, (4) Asia Pacific, (5) Africa, and (6) Europe. The statistical analysis found that regions of Africa, Europe, and South America consistently had higher Total CSR scores, followed by North America, while the regions of Latin America and Asia Pacific had the lowest CSR scores.

We expand upon the regional analysis by comparing a country's CSR score, based on a random sample of firms in a country, with six of Hofstede et al. (2010) cultural dimensions. Regression analysis was used to examine the relationship between a country's Total, Environmental, Social and Governance CSR scores and the components of culture, Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long-term Orientation and Indulgence. Results of this analysis showed that four of the six cultural dimensions were significantly related to at least one type of CSR score. Masculinity had a significant negative association to Total CSR, Social CSR, and Governance CSR while Uncertainty Avoidance had a significant positive association with Total CSR, Environmental CSR, and Social CSR. Long-term Orientation was significantly positively associated with Environmental CSR while Indulgence was significantly positively associated with only Governance CSR. Power Distance and Individualism were not significantly related to any of the four dimensions of CSR. These results suggest that CSR vary by region and culture may play a role in CSR levels.

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AN INTERNATIONAL ANALYSIS OF CSR RANKINGS AND A COUNTRY'S
CULTURE

By

Victoria Fisher

A Senior Thesis Submitted to the

Eastern Michigan University

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with Honors in Accounting

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ABSTRACT

As globalization has increased, so too has the number of companies practicing corporate social responsibility (CSR) around the world. Social and environmental issues like global warming has been an underlying factor in this growing importance (Peng, 2012). Increasingly, companies are communicating their activities through CSR reports that outline corporate initiatives to access and take responsibility for the company's effects on the global environment and impact on social welfare. In this paper, we will expand on previous results found in "A Study of a How CSR Rankings Are Affected in a Globalized Economy", which is published in *McNair Scholars Research Journal, Vol. 9 Issue 1*¹. In the article, we statistically compared Environmental, Social, Governance, and Total CSR rankings using Sustainalytics Global Platform (SGP) Data for 6 regions: (1) North America, (2) South America, (3) Latin America, (4) Asia Pacific, (5) Africa, and (6) Europe. The statistical analysis found that regions of Africa, Europe, and South America consistently had higher Total CSR scores, followed by North America, while the regions of Latin America and Asia Pacific had the lowest CSR scores.

We expand upon the regional analysis by comparing a country's CSR score, based on a random sample of firms in a country, with six of Hofstede et al. (2010) cultural dimensions. Regression analysis was used to examine the relationship between a country's Total, Environmental, Social and Governance CSR scores and the components of culture, Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long-term Orientation and Indulgence. Results of this analysis showed that four of the six

¹ A version of this paper has also been published in *Issues in Social and Environmental Accounting*, see Fisher et al., 2016.

cultural dimensions were significantly related to at least one type of CSR score. Masculinity had a significant negative association to Total CSR, Social CSR, and Governance CSR while Uncertainty Avoidance had a significant positive association with Total CSR, Environmental CSR, and Social CSR. Long-term Orientation was significantly positively associated with Environmental CSR while Indulgence was significantly positively associated with only Governance CSR. Power Distance and Individualism were not significantly related to any of the four dimensions of CSR. These results suggest that CSR vary by region and culture may play a role in CSR levels.

Keywords: [Corporate Social Responsibility, National Cultures]

INTRODUCTION

The increasing globalization movement in recent decades has meant rapid growth in trade, financial institutions, and cross-country ownership of economic assets (Tengblad and Ohlsson, 2010). Globalization of business during the last three decades has led to escalating stakeholder pressures and expectations that corporations participate in Corporate Social Responsibility (CSR) activities (Mohan, 2006). CSR, also referred to as “*corporate citizenship*” or “*corporate social performance*”, can be defined as “the economic, legal, ethical, and discretionary expectations that stakeholders have for firms at any given time” (Carroll et al., 2012 p. 13-15; Carroll, 1979, p. 499-501). “Laws and mandatory regulations have a strong influence on establishing social expectations about responsible corporate behavior” which becomes a “focal point” around how firms structure their behavior (McAdams and Nadler, 2005 p. 119). By 2009, most stakeholders perceived that firms have “ethical and philanthropic obligations toward society” (Jamali and Keshishian, 2009, p. 292; Carroll and Shabanna, 2010, p. 90-91).

As stakeholders increasingly pressure firms to act as socially responsible corporate citizens, firms must evaluate how to best communicate their commitment to CSR. Due to the inevitable information asymmetry between firms and stakeholders regarding companies' CSR activities, firms may provide signals to stakeholders to demonstrate their commitment to CSR (Clarkson, et. al., 2011). As of 2015, 92% of the largest 250 companies worldwide had some method of reporting CSR information, which is a 5% increase over the levels of CSR reporting in 2008 (KPMG, 2015). Additionally, per KPMG 2015 *International Survey of corporate responsibility*, in 2011, just 68% of the 100 largest firms included CSR information in their annual reports, but this number grew to 75% in 2015. However, due to the lack of regulatory requirements and varied and sometimes self-serving nature of CSR reporting, (Gugerty, 2009), other methods, such as company's web sites and CSR reports, may also be used to supplement voluntary disclosures of social and environmental information to formulate a comprehensive picture of a firms' CSR commitment.

When studying the causes of CSR most studies focus on impacts of formal institutions, such as law (Campbell, 2007; Chih et al., 2010; Moon, 2004) and pay little attention to informal institutions like culture (Maignan, 2001; Ringov and Zollo, 2007; Waldman et al., 2006). There is no conclusive research finding a relationship between the six dimensions (Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long-term Orientation and Indulgence) of Hofstede national culture and CSR performance across countries worldwide. Vitell et al. (1993), argued that Hofstede's first four cultural dimensions of Power Distance, Individualism, Masculinity, and Uncertainty Avoidance relate to ethics in the sense that they influence the individual's perception of

ethical situations, norms of behavior and ethical judgment. In their paper, they did not test their hypothesis but proposed that if it was tested, it could help individual firms operating in multinational markets to identify some of the inherent differences in behavior of their employees across different cultures.

An example of a study that applied Hofstede's dimensions to a country's CSR practices, was a study by Yungwook and Soo-yeon (2010). They conducted a survey exploring the relationship between Hofstede's dimensions and public relations practitioners' perception of CSR in South Korea. Their survey revealed that "social traditionalism values had more explanatory power than cultural dimensions in explaining CSR attitudes" (Yungwook and Soo-yeon, 2010, p. 485). They suggested that practitioner's fundamental ideas about the corporation's role in society seemed to be more important than their cultural values to understand CSR attitudes. Thus, it is important to identify a country's culture and determine what is considered ethical and unethical when conducting business globally. There is also research that examines CSR between multiple countries, but there are no known studies that examines the relationship between all six of Hofstede's dimensions of culture and Total CSR and its components of environmental, social, and governance. Thus, this will be one of the first studies to explore the relationship between national cultures and CSR.

Before SGP data was made available, there was not one single reliable database of CSR information that consistently calculated CSR scores for all the companies across the world. As a result, it was difficult to research and compare CSR performance between companies across international regions and countries. SGP evaluates CSR scores for firms in over 46 countries, using the same evaluation criteria for each firm, including

using a consistent statistical approach and methodology. The SGP data bases contains CSR scores that are identical calculated for firms in many countries throughout the world. This is one of the first known research papers that makes a comparison of CSR scores between international geographical regions and countries.

This study has several contributions. First our study compares CSR scores between firms located in the regions of Africa, Asia-Pacific, Europe, Latin America, North America, and South America. Second, our study examines the relationship between a country's CSR and the six dimensions of national culture. By comparing CSR scores across international companies in different geographical regions, we gain further understanding of how social and environmental activities are practiced across different national institutional contexts. Through our analysis, we also gain insight on the cultural influences and practices in countries, which influences the business practices and importance of participating in socially responsible behavior. The lack of awareness of national limits cause organizational ideas to be implemented without knowledge of the context they were created. (Hofstede et al., 2010) which can negatively affect increasing global business practices. An examination of cross-national differences in CSR may lead to further understanding of CSR in various countries, identify the best way to promote additional firm CSR activities, and help conduct business in those countries.

This paper is structured as follows: The next section is a literature review on CSR and National Cultures, and the development of our hypothesis. Next, we present our methodology, followed by our findings. Our conclusions, with a summary of the key points from our research, as well as a discussion of our studies limitations, and suggestions for further research in this area, are also included.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Corporate Social Responsibility

CSR is a corporate initiative to access and take responsibility for a company's effect on the environment and impact on social welfare. CSR implies that firms voluntarily integrates environmental, social, and governance concerns in their operations and interactions with stakeholders (Branco and Rodrigues, 2006). Companies that are committed to practicing CSR are committed to sustainable economic development through working with employees, their families, local communities, and society at large, to improve the general quality of life (Holme and Watts, 2000). CSR encompasses every possible obligation, concern, effect, or responsibility that an organization might encounter, including externalities resulting from corporate behavior or neglect (Werhane, 2007). CSR practices vary between countries; factors such as industrial and cultural practices can affect how important socially responsible activity is in a country. CSR should be strongly influenced by relevant cultural, social, political, and economic factors specific to a nation, and thus also subject to cultural adaptation (Robertson 2009).

Per Porter and Kramer 2006, CSR is usually separated into four dimensions: (1) moral obligations, (2) sustainability, (3) license to operate, and (4) reputation. Moral obligations are based on a corporation's willingness to act as a good citizen and make ethical decisions. Companies often are faced with moral dilemmas, but companies that practice CSR are expected to achieve success by implementing moral and ethical business practices. Thus, an issue may arise when determining whether a business venture is moral, and the moral compass of a company is different, depending on the country in which it conducts business. The definition of what is moral depends on the

culture and customs of the country where the business is located. (Hofstede et al., 2010). For example, in some countries, bribery is a normal part of conducting business, but in the United States it is immoral and unethical.

Sustainability draws on the concept of citizenship. This definition of sustainability was developed in the 1980s by Norwegian Prime Minister Gro Harlem Brundtland, and used by the World Business Council for Sustainable Development: “Meeting the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations, 1987). A sustainable company aims to carry out value chain activities in ways that protect and preserve economic, social, and natural environments. Companies that are considered sustainable pay fair wages, ensure worker safety, and avoid emitting toxic waste (Porter and Kramer, 2006). Companies that improve their environmental performance may also have savings associated with a reduction in the energy and materials used, and by experiencing lower pollution costs in the form of charges for waste handling and disposal, and the fees, licenses and fines for breaking environmental regulations (Branco and Rodrigues, 2006). A license to operate is based on the need for every company to have the tacit or explicit permission from the governments, communities, and numerous other shareholders to do business. (Porter and Kramer, 2006).

Reputation is viewed as an important outcome of CSR. CSR may improve a company’s image and brand, invigorate morale, and even improve its share price (Porter and Kramer, 2006). Companies with a good CSR reputation can improve relations with external factors, including customers, investors, bankers, suppliers, and competitors (Branco and Rodrigues, 2006). A company’s reputation is a crucial and intangible

resource that can be created or depleted because of the decision to participate in CSR activities and disclosure. Per Orlitzky et al. (2003), CSR provides internal or external benefits, or both, and CSR disclosure may have different values if the analyses focuses on one or the other. Developing a good reputation takes time and companies must be patient and persistent.

There is also positive relationship between a firm's reputation and its financial performance (Fombrun and Shanley, 1990; Roberts and Dowling, 2002). Therefore, developing a good reputation is crucial and companies must build this reputation over time (Fombrun and Shanley, 1990; Roberts and Dowling, 2002). Because consumers are attracted to companies that present a good reputation in socially responsible issues, companies also face consumer pressures (Branco and Rodrigues, 2006). Disclosure of information about a company's behaviors and outcomes regarding social responsibility may help build a positive image with stakeholders (Orlitzky et al., 2003). However, companies can only benefit from building a reputation for social responsibility if the community also considers social responsibilities important (Branco and Rodrigues, 2006).

Companies that practice socially responsible employment practices such as health and education benefits for employees, a clean and safe working environment, training opportunities, flexible work hours and job sharing, can have increased morale and productivity, as well as reducing staff turnover. Additionally, companies that have a strong commitment to CSR attract better job applicants. (Branco and Rodrigues, 2006).

KPMG conducted a survey looking at the rate of CSR reporting across the top 100 firms in 41 countries, between 2013 and 2015. They found that CSR reporting has seen

marked growth within emerging markets and that CSR rates between countries differ. KPMG also discovered that the Asia-Pacific region has risen to become one of the leading areas for CSR reporting within the last four years. In Asia-Pacific, 79% of firms report on CSR, which puts them ahead of the Americas, followed by Europe and the Middle East Africa. The growth of the Asia-Pacific region has been driven by a surge in reporting in countries where mandatory and voluntary reporting requirements have been introduced. The Americas have the second highest CSR reporting region, with 77% of the countries reporting in 2015. Europe is ranked third, with 74% of firms reporting CSR. KPMG found that Europe had a lower reporting rate because of the significant differences between eastern and western European countries. Lastly, Middle East Africa reports have decreased 8% between 2013 and 2015, with a CSR reporting percentage of 53%.

This survey demonstrated that CSR reporting rates have been steadily increasing in numerous regions, and that the reporting varies between those regions. The survey does not address why the level of reporting is higher or lower in different regions. There may be many reasons why the level of reporting is different, including the stability of a country's government, business customs, national culture, and the wealth of the country. All of them serve as factors in the increase or decrease of CSR reporting.

Perego and Kolk (2012) found that country level factors are significant drivers of sustainability assurance. By using a panel of the Fortune Global 250, Perego and Kolk (2012) showed that more stringent legislation on social and environmental reporting increased regulatory pressure and acted as a powerful coercive mechanism, which in turn lent support to the adoption of international reporting and assurance standards. DiMaggio

and Powell (1983) and Boiral and Gendron (2011) described CSR reporting and assurance as a process of normative isomorphism, since it is largely characterized by adapting professional practices in both financial and non-financial forms of auditing.

Institutional forces also seem to affect firms' initiatives in CSR reporting and assurance. Perego and Kolks (2012) indicated that organizational and firm level factors play a potential role in indicating why firms adopt heterogeneous management practices when facing isomorphic pressures. Based on the biased view of the firm, the adoption of advanced CSR management practices is also related to the availability of sufficient organizational resources and capabilities (Delmas and Toffel, 2011). Therefore, corporations with more environmental resources and capabilities are more likely to demand higher levels of accountability standards and assurance quality, while the lack of firm capabilities can be an obstacle to the diffusion of CSR reporting and assurance. (Thorne et al., 2014).

The literature indicates that the country in which the organization is reporting in and the country of the ultimate ownership have a significant effect on CSR reporting and assurance practices (Thorne et al., 2014). Thorne et al. (2014) also suggests that there could be several characteristics related to a company's predisposition to make social disclosures, which include capital intensity and availability (Belkaoui and Karpick, 1989); the age of corporation (Roberts, 1992); planned strategies; the attitudes of senior executives; and the presence of a CSR committee (Cowen et al., 1987; Roberts, 1992; Trotman and Bradley, 1981).

Since CSR is influenced by relevant cultural, social, political, and economic factors specific to a country and as firms face increasing pressure to be more socially

responsible, we propose the following hypothesis:

H1: *There is a difference in CSR across international geographic regions.*

National Cultures

Hofstede, social psychologist and the number one researcher concerning national cultures, has spent his time exploring the varying differences in national cultures.

Hofstede's original book entitled, *Culture's Consequence: Comparing Values, Behaviors, Institutions and Organizations across Nations* (Hofstede, 2001), has inspired thousands of empirical studies of Hofstede's first four cultural value dimensions (Taras et al., 2010). Hofstede et al. (2010) found that the values that distinguished country cultures from each other can be statistically represented in six dimensions of national cultures; Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long-term Orientation, and Indulgence.

The first four dimensions of national culture (Power Distance, Individualism, Masculinity, and Uncertainty Avoidance) were compiled and calculated using large body survey data about the values of people in more than 50 countries around the world employed by International Business Machine (IBM) (Hofstede, 2001; Hofstede et al., 2010). Hofstede developed this survey from a broad survey of the English-language literature on national cultures published by Inkle and LeVinson (1954). The survey found common basic consequences for functioning of societies, groups within societies, and individuals with those groups (Hofstede et al., 2010). For each country, Hofstede's results found that the employees represented almost perfectly matched samples for identifying differences in national culture. The results were similar in all respects except nationality. A statistical analysis of the country's answers to questions about values revealed common

problems, but each problem had a different solution based upon the country of the respondents. The common problems included: social inequality (relationship with authority, relationship between individual and the group), concepts of masculinity and femininity (social and emotional implications of having been born as a boy or girl), and ways of dealing with uncertainty and ambiguity (“control of aggression and expression of emotions”) (Hofstede et al., 2010, p. 769), which now represent the first four dimensions of culture.

Subsequently, Minkov (2007) published an analysis titled “World Values Survey” (WVS) which introduced the Indulgence and Long-term Orientation dimensions. Hofstede adopted these concepts by originally developing Indulgence and Long-term Orientation based on Chinese Value Survey (CVS). However, to apply the dimension to a wider range of countries the dimension was correlated with the WVS, which allowed a wider distribution of countries to compare.

Power Distance

Power Distance is the extent in which less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. Power Distance explains that authority only survives when it is matched by obedience. Power and inequality are fundamental facts of any society. Hofstede divides countries into two categories, small power distance and large power distance. Power distance scores are high for Latin, Asian, and African countries and lower for Anglo and Germanic countries. He defines factors that are closely associated with Power Distance, (latitude, size of population, and wealth). Higher latitude, “the distance from the equator of a country’s capital”, is associated with lower Power distance (Hofstede et al., 2010, p.

1619). Hofstede et al. (2010) argues that in a globalizing world, small and even large countries will be able to make less and less decisions on their own level and will become more dependent on decisions made internationally, essentially leading to a global increase in Power distance. Regarding wealth, Hofstede et al. (2010) argues that wealth will increase for some countries but not others. Increases in wealth may reduce Power distance, but only if and where they benefit an entire population. For example, the income distribution in countries like the United States has become more uneven, resulting in less power among those not as wealthy.

Peng et al. (2012) hypothesized that Power distance will be negatively related to CSR because high Power distances decreases the dialogue between management and subordinates along with decreasing consumer pressure on business regarding CSR related issues. Vitell et al. (1993, p. 757) argued that countries with a small Power distance “are more likely than business practitioners” in large Power distance countries to take “ethical cues from superiors”. They also argued that business practitioners in small Power distance countries “are likely to consider informal, professional, industry, and organizational norms more important than formal codes of ethics when forming” (p.757) their ethical norms. These arguments led to the following hypothesis:

H2: Power Distance is negatively associated with CSR.

Individualism

Individualism and collectivism refers to how society values the individual and group. Hofstede et al. (2010) explains that the collectivist society is a society where the interest of the group prevails over the interest of the individual. From birth, people are integrated into strong, cohesive in-groups, which throughout their lifetime continue to

protect them in exchange for their unquestioning loyalty. On the other hand, individualist societies are societies in which the interest of the individual prevails over the interest of the group. Individualist consist of the nuclear family and the purpose of education is to enable children to stand on their own feet. Everyone is expected to look out for themselves and their immediate family. Individualism is high in developed and Western countries while collectivism is high in less developed and Eastern countries; Japan assumes a middle position in this dimension. Collectivist societies tend to be poor and the individualist societies tend to be rich. Hofstede (2010) found that nearly all wealthy countries scored high on individualism while nearly all poor countries scored low. Thus, there appears to be a strong relationship between a country's national wealth and the degree of individualism in its culture.

Ho et al. (2011) hypothesized that higher individualism resulted with lower CSR. Vitell et al. (1993, p. 756) argue that countries high in individualism will be less likely to take into consideration "informal professional, industry and organizational norms when forming their own" ethical norms compared to business practitioners in countries high on collectivism. These observations led us to our 3rd hypothesis:

H3: Individualism is negatively associated with CSR.

Masculinity

Masculinity refers to the distribution of emotional roles between the genders. Hofstede's (2001) IBM study found that women's values differ less among societies than men's values. He also found that men's values from one country to another contain dimensions from very assertive and competitive (which are very different from women's values) to modest and caring. The assertive side has been called masculine and the

modest and caring side is deemed feminine. Women in feminine countries have the same modest, caring values as men but in masculine countries, they are more assertive and more competitive, though not as much as the men. Thus, masculine countries have a gap between men's and women's values. Cultures with high Masculinity prioritize values such as their business success and career development, whereas cultures with low masculinity tend to value harmony with the group and society where they are employed, including unions. (Peng et al., 2012, Hofstede et al., 2010). Masculinity is high in Japan, in some European countries like Germany, Austria and Switzerland, and moderately high in Anglo countries. Masculinity is low in Nordic countries and in the Netherlands and moderately low in some Latin and Asian countries like France, Spain, and Thailand.

Ringov and Zollo (2007) found a negative association between Masculinity and CSR which led Peng (2012) to hypothesize a negative relationship exist between CSR and masculinity. Vitell et al. (1993, p. 758) suggested that the masculinity dimension had "some cultural elements that are more conducive to unethical behavior". For example, in masculine societies individuals are expected to be ambitious, competitive, and strive for material success which may contribute significantly to unethical behavior. Vitell et al. (1993, p. 758) proposed that "business practitioners with high masculinity will be less likely to perceive ethical problems than business practitioners in high femininity countries. From these arguments, we developed hypothesis four:

H4: Masculinity is negatively associated with CSR.

Uncertainty Avoidance

Uncertainty Avoidance deals with a society's tolerance for uncertainty and ambiguity. Uncertainty avoiding cultures attempt to minimize the possibility of such

situations by having strict laws and rules, safety and security measures, and on the philosophical and religious level, they believe in absolute truth (Hofstede et al., 2010). People in high uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. These people place great importance on keeping everything accountable or certain. People in low uncertainty avoiding countries are more tolerant of opinions differing from their cultural norms. They try to have as few rules as possible, and on the philosophical and religious level they are relativist who accept many different religions in their society. People within these cultures are not expected by their environment to express emotions. Uncertainty avoidance scores are higher in Latin countries, Japan, and in German speaking countries, and is lower in Anglo (Canada, New Zealand, United States, and Australia), Nordic (Denmark, Finland, Sweden, Norway), and Chinese culture countries.

Business strategy helps firms develop long-term sustainable relationship with its stakeholders and participating in CSR activities reduces the environmental uncertainties of these firms. This led Peng et al. (2012), to hypothesize that uncertainty avoidance is positively correlated with CSR. Vitell et al. (1993, p. 757) proposed the argument that “business practitioners in countries that are high in uncertainty avoidance will be more likely to consider formal professional, industry, and organizational codes of ethics when forming their own” ethical norms than business practitioners in low uncertainty avoiding countries. This led us to the following hypothesis:

H5: Uncertainty Avoidance is positively associated CSR.

Long-term Orientation

Long-term orientation represents the fostering of virtues that are oriented toward future rewards focusing on perseverance and thrift. On the other end of the spectrum, short-term orientation cultures foster virtues related to past and present focusing on respect for tradition, preservation of “face”, and fulfilling social obligations (Hofstede et al., 2010). In long-term oriented cultures, citizens learn from other countries, they have large savings and funds available for investment, economic growth in poor countries and there is an appeal of knowledge and education. In a short-term orientation culture, there is a strong national and family pride, slow or no economic growth in poor countries, small savings, little money for investment, and there is an appeal of folk wisdom and witchcraft (Hofstede et al., 2010). The four highest scoring countries on the long-term orientation index are all East Asian countries (South Korea, Taiwan, Japan, and China) and all countries from Eastern Europe except for Poland and Germany. The short-term orientation cultures include four Anglo countries (Canada, New Zealand, United States, and Australia). All countries from the Middle East and Africa and all countries from Middle and South America.

An Asian-Nordic survey was conducted by social scientist from China, Japan, South Korea, Denmark, Finland, and Sweden. In this joint project scientist surveyed representative samples of people in their countries about what is good government (Hofstede et al., 2010). The results showed a consensus majority in all six countries supported “a strong government to handle today’s complex economic problems” and did not believe “the free market can handle these problems without governmental involvement (Hofstede et al., 2010, p. 4708). There was a strong consensus that the goals

of government were to fight environmental pollution and maintaining harmonious social relations (Hofstede et al., 2010). Hofstede et al. (2010) argued that the classification signals a values discrepancy between all six countries, and the values behind this kind of globalization. All the countries that participated in the survey scored higher on the long-term orientation than the United States. These respondents saw good government as future directed while the United States stresses quick fixes. The results of the Asian-Nordic survey and the interpretations from Hofstede et al., 2010 led us to the following hypothesis:

H6: Long-term Orientation is positively associated with CSR.

Indulgence

The World Values Survey conducted a “cognitive evaluation of one’s life and description of one’s feelings”, by asking people how satisfied they are with their lives and how happy they feel (Hofstede et al., 2010). The indulgence dimension was developed from the answers to the survey. A high indulgent culture represents a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun. A high restraint culture represents a conviction that such gratification needs to be curbed and regulated by strict social norms (Hofstede et al., 2010). High indulgence is positively associated with a high importance on having friends and negatively with choosing thrift as a valuable trait for children. In a low indulgence society, there is a lower percentage of very happy people, a tighter society, higher moral discipline, cynicism, freedom of speech is not a high priority, and maintaining order is a high priority. In a high indulgent culture, there is a higher percentage of very happy people, less moral discipline, a looser society, freedom of speech is viewed as important

and maintaining order in society is not given a high priority. Because high indulgent society have less moral discipline and maintaining order is not a high priority this led to the following hypothesis:

H7: Indulgence is negatively associated with CSR.

METHODOLOGY

Sample Size

To examine hypothesis 1 that there is a difference in CSR across international geographic regions, we obtained CSR scores for 4,643 firms in 59 countries from the SGP database. Table 1 displays the countries that are included in each region. The African region consisted of 4 countries, 20 countries in Asia Pacific, 24 European countries, 4 Latin American countries, 2 North America countries, and 5 South African countries. The 4,643 firms consisted of 97 from Africa, 1,724 from Asia-Pacific, 1,359 from Europe, 63 from Latin America, 1,262 from North America, and 138 from South America.

Table 1 List of Regions and Countries for Sample 1

Region	Country	# of Firms
Africa	South Africa, Morocco, Egypt, Tanzania	97
Asia-Pacific	Thailand, Japan, Indonesia, Australia, Hong Kong, Turkey, United Arab Emirates, China, India, Philippines, Israel, Pakistan, Singapore, Malaysia, South Korea, Macau, Isle of Man, New Zealand, Taiwan, Saudi Arabia	1,724
Europe	Luxembourg, United Kingdom, Spain, Italy, Denmark, Ireland, Belgium, Cyprus, Germany, Sweden, France, Poland, Russia, Norway, Netherlands, Finland, Austria, Iceland, Slovakia, Switzerland, Hungary, Malta, Portugal, Greece	1,359
Latin America	Mexico, Cayman Islands, Bermuda, Bahamas	63
North America	United States, Canada	1,262
South America	Colombia, Brazil, Chile, Peru, Paraguay	138
Total		4,643

Hypothesis 2 through 7, explored the relationship of Hofstede’s six cultural dimensions and various forms of CSR. Of the 4,643 firms used to examine if CSR scores are different between geographically regions, 275 firms and 17 countries did not have all six cultural dimension scores available and were removed from the sample, resulting in a final sample size of 4,368 firms in 42 countries to test the remaining hypotheses. Table 2 displays the countries in each region and the total number of firms represented. The 4,368 firms consisted of 84 from Africa, 1,656 from Asia-Pacific, 1,213 from Europe, 42 from Latin America, 1,262 from North America, and 111 from South America. There were 42 countries represented in this sample; 2 from Africa, 14 from Asia-Pacific, 20 from Europe, 1 from Latin America, 2 from North America, and 3 from South America.

Table 2 List of Regions and Countries for Sample 2

Region	Country	# of Firms
Africa	Morocco, South Africa	84
Asia-Pacific	New Zealand, Turkey, Philippines, Indonesia, Thailand, Singapore, Malaysia, South Korea, India, Hong Kong, Taiwan, China, Australia, Japan	1,656
Europe	Slovakia, Malta, Hungary, Portugal, Greece, Luxembourg, Denmark, Poland, Finland, Ireland, Austria, Russia, Norway, Italy, Spain, Sweden, Netherlands, France, Germany, United Kingdom	1,213
Latin America	Mexico	42
North America	Canada, United States	1,262
South America	Peru, Colombia, Brazil	111
Total		4,368

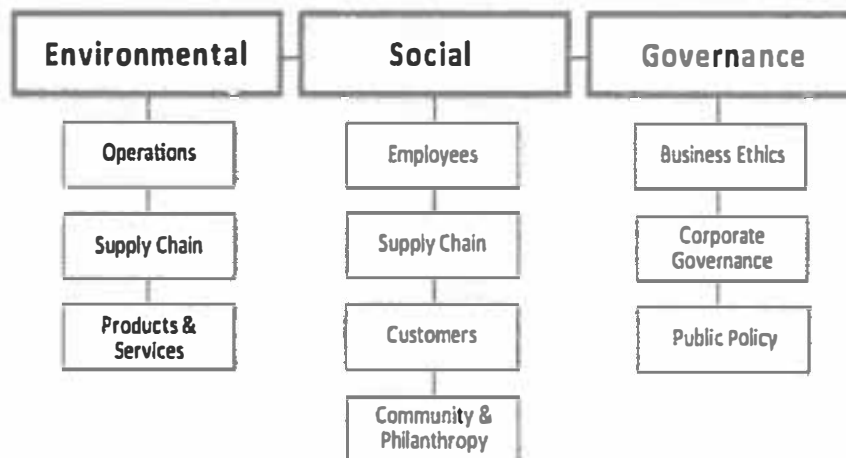
Dependent Variable

CSR Performance

Building off the work of (Thorne et al., 2015), we analyzed CSR performance through a firm's CSR scores obtained from the SGP database. Consistent with prior research, we use Total CSR, Environmental CSR, Social CSR, and Governance CSR scores to test the relationship between various forms of CSR and countries (Cullinan et al., 2016). The SGP database measures the CSR performance of over 4,700 firms worldwide. To calculate the CSR scores, the database collects both internal and external data from many sources. These data sources include annual reports, environmental and safety policies, internal codes of ethics from the firms themselves, as well as from various industry and government publications, and interviews with key stakeholders.

As shown in Figure 1 below, Total CSR scores are based on a weighted average of scores of three dimensions of CSR: Environmental, Social, and Governance. Sustainalytics assigns each firm a score from 0 to 100 on a Likert-type scale, weighted per its significance, as determined by the Sustainalytics analysts.

Figure 1 Dimensions of Total CSR Scores²



² Obtained from Sustainalytics (2014) Research Methodology.

Environmental factors include the areas of operations, supply chain, and products and services. Sustainalytics scoring for operations considers formal environmental policies, environmental and social impact assessments, and programs to reduce waste, emissions, and water usage. Supply chain scores are based on external environmental certification for suppliers and on various programs to stimulate sustainability (Thorne et al., 2015). Finally, to calculate products and services scores, Sustainalytics consider sustainability-related products and services, revenue from clean technology, organic products, and controversial practices, such as the use of genetically modified organisms in products (Thorne et al., 2015).

The second dimension of CSR performance is the social dimension, which includes the areas of employees, supply chain, customers, community, and philanthropy. For the employees' area, Sustainalytics considers employment policies on bargaining and discrimination, employee work conditions, turnover, training, fatalities, and other employee-related controversies. Supply chain scores contain standards for supply chain, fair trade, external social certification of suppliers, and any supply chain controversies (Thorne et al., 2015). The customers' score represents the existence of and content within statements for public policies in areas such as advertising, ethics, and data privacy. Community and philanthropy areas include human rights policies, community engagement, development programs, and internal guidelines for philanthropic activities, such as whether cash donations equal 1% of net earnings before taxes and whether the firm has a corporate foundation (Thorne, et al, 2015).

The governance score is the last dimension, determined by a firm's business ethics, corporate governance, and public policy. A firm's business ethics score reflects its bribery policies and incidents, whistleblower programs, policies on animal welfare and clinical trials, and any other ethical controversies (Thorne et al, 2015). The corporate governance section evaluates CSR reporting issues, board diversity and independence, audit-related issues, and other controversies involving corporate governance. The public policy sub-category scores consider political involvement and contributions, transparency of government payments, and any public policy related issues (Thorne et al, 2015)

Independent Variable

Hofstede Dimensions

The data collected on national cultures is collected from Hofstede's (2001) book *Cultures Consequence: Comparing Values Behaviors, Institutions, and Organizations across Nations* and Hofstede et al., (2010) book *Cultures and Organizations: Intercultural Cooperation and Its Importance for Survival*. The dimensions of national culture were developed and based on comparative information from at least ten countries. Typologies are used to describe a set of ideal types, each of them easy to imagine. For example, dividing countries into first, second, and third world countries. For each dimension, an index describes the two opposite extremes and country scores for each dimension are developed with most real cases somewhere in between the extremes (Hofstede et al., 2010).

The dimension's scores are based on correlations to provide validations for the score for each the country. Hofstede correlated the dimension scores with other measures that could be logically expected to reflect the same culture differences, and to show

practical implications of the dimension of scores for the countries concerned. Power distance scores were correlated with the use of violence in domestic politics and with income inequality in a country. Individualism scores were correlated with national wealth (GNI per capita) and with mobility between social classes from one generation to the next. Masculinity scores were correlated negatively with the share of the gross national income that governments of wealthy countries spent on development assistance to the third world. Uncertainty avoidance scores were correlated with Roman Catholicism and with the legal obligation of citizens in developed countries to carry identity cards. Long-term orientation scores were correlated with national savings rates. Finally, indulgence scores were correlated with a wide variety of society aspects as this dimension can function as a “catchall dimension that explains the differences between rich and poor nations and indicate what cultural and social changes” that can be expected when a country achieves economic development (Hofstede et al., 2010, p. 4773).

Hofstede assigned more than 50 countries a level of Power distance through research among IBM employees in similar positions but in different countries. The scores on Power distance from over 50 countries and 3 multi-country regions were calculated from the answers by IBM employees in the same level of positions for the same survey questions (Hofstede et al., 2010). All questions were pre-coded and the answers were represented by a score ranged 1-5. Hofstede used a factor analysis to sort the survey questions into clusters, where the mean scores or percentage varied together. If a country scored high on one of the questions from a cluster, it also could be expected to score high on the others. Likewise, the country could be expected to score low for questions carrying the opposite meaning, and vice versa when a country scored low on one question from

the cluster. Hofstede used the mean scores of three strongly related questions from a cluster and used them to calculate the power distance scores for each country. The results created values “ranging from about 0 for a small power-distance country to about 100 for a large power distance country” (Hofstede et al., 2010, p. 1183).

The statistical procedure used to identify the individualism and masculinity scores included a factor analysis of the country score for 14 work goals, which produced a score of the dimensions for each country. Examples of the questions include “try to think of those factors that would be important to you in an ideal job; disregard the extent to which they are contained in your present job” (Hofstede et al., 2010, p. 1745).

As the degree of individualism varies within countries as well as within them, the individualism score was based on comparative samples from one country to another. All countries in the IBM studies were given an individualism score that was low for collectivist societies and high for individualist societies. The results showed scores ranging from 0 for most collectivist country to close to 100 for individualist countries.

The final scores for masculinity range from 0 for most feminine countries to 100 for masculine countries. The masculinity score was the only dimension that showed a gender difference as, men tended to place greater importance on earnings and advancement while women ideal work goals included having a good working relationship with their direct supervisor along with working with people who cooperate well with one another. The importance of earnings and advancement correspond to the masculine, assertive, and competitive social role (Hofstede et al., 2010).

The differences among countries on uncertainty avoidance was originally a by-product of power distance. The uncertainty avoidance score was computed from the mean

scores of job stress, company rules, and percentage of employees expressing intent to stay with the company. Uncertainty avoidance scores range from 0 for countries with weakest uncertainty avoidance to around 100 for countries with strongest uncertainty avoidance (Hofstede et al., 2010).

Long-term orientation scores are based on World Values Survey data, published by Minkov (2007). Originally, the long-term orientation scores were compiled from data received from the Chinese Value Survey (CVS), however the survey only provided a score for 23 countries. As there was a correlation between WVS dimension and the long-term orientation -CVS (LTO-CVS) index, Minkov (2007) attempted to replicate CVS index with conditions that “they are conceptually similar to the LTO-CVS items” and “they correlate significantly with LTO-CVS” (Hofstede et al., 2010, p. 4352). The items that were used to compile the long-term orientation scores for 93 countries included thrift as a desirable trait for children (the percentage of choosing “thrift” were measured), national pride (measured as an aspect of self-enhancement), and the importance of service to others (percentage of choosing “very important” for service to others) (Hofstede et al., 2010). The three items were correlated across the available 23 countries scores and were found to be significant. The results of LTO-WVS were statistically independent from the four IBM dimensions (Hofstede et al., 2010).

The World Values Survey also produced the indulgence dimension. The WVS address the well-being of an individual, “a cognitive evaluation of one’s life and description of one’s feelings life”, by asking people how satisfied and happy they are with their lives (Hofstede et al, 2010, p. 4796). The questions used to measure “happiness” included measuring the percent of “very happy” responses, the average life

control scores respondents believe they have, and the percentage of respondents choosing “very important for leisure time” (Hofstede et al., 2010 p. 4796). The indulgence scores showed a weak correlation with power distance scores, which can be inferred to indicate a slight tendency for more hierarchical societies to be less indulgent. The dimension was not correlated with other IBM dimensions, though the correlation between LTO-WVS and the scores are significantly negative.

RESULTS

CSR REGIONAL COMPARISON

Total CSR

To test Hypothesis 1 that there is a difference in CSR across international geographic regions, we compared various CSR scores in six regions using a one-way analysis of variance (ANOVA). Table 3 and Figure 2 present the mean Total CSR score by region. Africa has the highest mean Total CSR score of 61.8, followed by Europe, with 61.4, South America with 60.3, North America with 57.3, Asia-Pacific with 54.9, and Latin America with 54.7. The ANOVA, Table 4, shows that there is a significant difference in Total CSR score by region at $p < .01$. Using a 95% family-wide confidence level, Tukey pairwise comparisons were then used to determine significant differences among regions for Total CSR scores. The results showed that there were no significant differences in Total CSR scores between Africa, Europe, and South America, but all three regions had significantly higher Total CSR scores than the other regions. Further, North America has a significantly higher CSR score than the Asia-Pacific regions, but there was no significant difference found between North America and Latin America. Latin

America has significantly lower Total CSR scores than all the other regions, except Asia-Pacific.

Table 3 Total CSR Score by Region

Variable	Region	N	Mean	Std. Dev	Minimum	Maximum
Total CSR Score	Africa	97	61.8	11.6	38.1	88.8
	Asia-Pacific	1,724	54.9	9.0	30.1	89.1
	Europe	1,359	61.4	10.5	36.8	91.0
	Latin America	63	54.7	9.1	41.9	78.3
	North America	1,262	57.3	8.6	39.1	86.7
	South America	138	60.3	10.0	35.4	81.4

Figure 2 Total CSR Mean Scores by Region

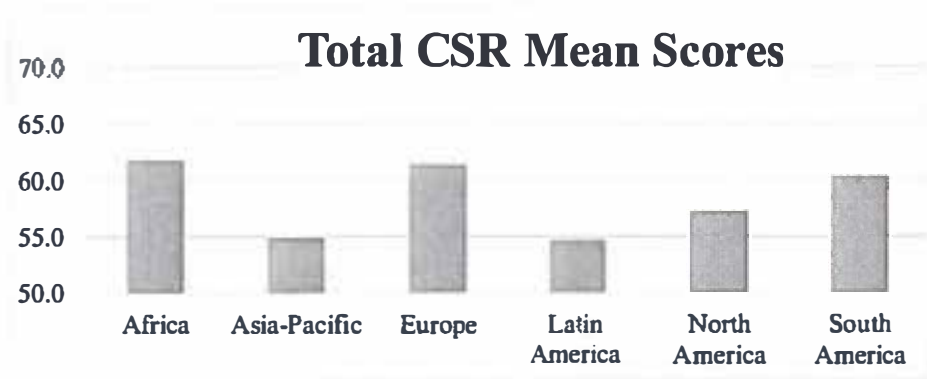


Table 4 One-way ANOVA Total CSR Score by Region

Source	DF	Adj. SS	Adj. MS	F-value	P-value
Region	5	35,316	7,063.22	79.0	0.0000
Error	4,637	414,520	89.39		
Total	4,642				

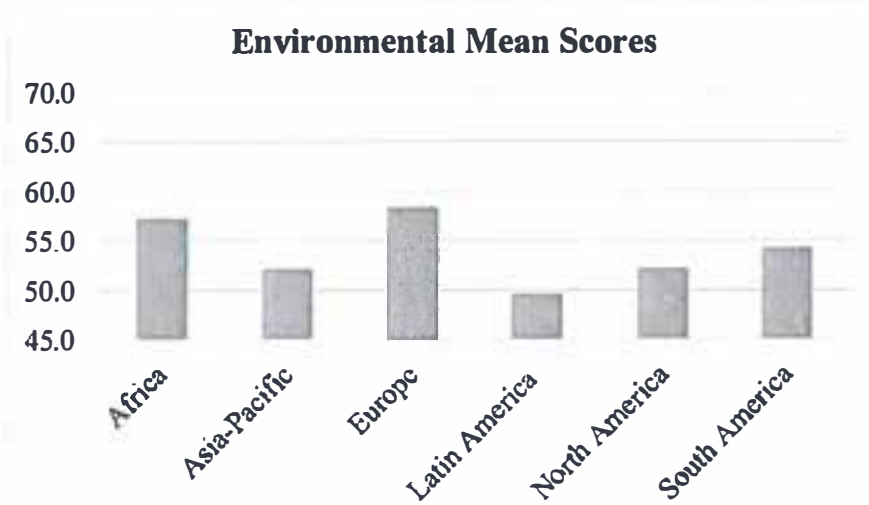
Environmental CSR

Table 5 and Figure 3 present the mean Environmental CSR score by region. Europe had the highest mean Environmental score of 58.4, followed by Africa with 57.3, and South America with 54.3. Furthermore, North America and Asia-Pacific both had the same mean Environmental score of 52.2 and Latin America has the lowest score at

49. 7. Overall, the mean Environmental CSR scores are lower than the Social, Governance and Total CSR scores for all regions. Table 6 shows the ANOVA results, indicating a significant difference in Environmental CSR scores between regions at $p < .01$. Using a 95% family-wide confidence level, the Tukey pairwise comparisons test was used to determine the significant differences in regions for Environmental CSR scores. These results show no significant differences in Environmental CSR scores between Europe and Africa, and that both regions had significantly higher Environmental CSR scores than North America, Asia-Pacific and Latin America. South America's Environmental CSR scores were significantly lower than those of Europe, but not Africa. We found no significant difference in the Environmental CSR scores of South America, North America, Asia-Pacific and Latin America.

Variable	Region	n	Mean	Std. Dev	Minimum	Maximum
Environmental Score	Africa	97	57.3	14.9	31.7	90.2
	Asia-Pacific	1,724	52.2	13.8	19.9	95.9
	Europe	1,359	58.4	14.4	27.5	93.7
	Latin America	63	49.7	12.6	31.7	84.6
	North America	1,262	52.2	13.0	28.0	96.0
	South America	138	54.3	13.4	22.9	91.4

Figure 3 Environmental CSR Scores by Region



Source	DF	Adj. SS	Adj. MS	F-value	P-value
Region	5	37,970	7,594	40.2	0.0000
Error	4,637	876,730	189.1		
Total	4,642				

Social CSR

Table 7 and Figure 4 show the mean Social CSR score by region. Again, Africa has the highest mean Social CSR score of 63.9. Europe and South America both have the second highest mean Social CSR score of 62.6, followed by North America, with 57.2, Asia-Pacific with 56.1, and Latin America with 55.7. Overall, the Social CSR scores are higher than the Total CSR scores, except for North America, where the scores are approximately the same. Table 8 shows the one-way ANOVA table showing that there are significant differences in Social CSR scores by region at $p < .01$. Using a 95% family-wide confidence level, the Tukey pairwise comparisons test was used to examine the differences in Social CSR scores by regions. These results show no significant

difference among Social CSR scores in Africa, Europe, and South America but these regions had significantly higher Social CSR scores than all other regions. Again, North America had the next highest Social CSR score, while Asia-Pacific and Latin America had the lowest. We found no statistical difference between the Social CSR scores for Asia-Pacific and Latin America and between North America and Latin America. North America did have a significantly higher Social CSR score than Asia-Pacific.

Table 7 Social CSR Score by Region

Variable	Region	n	Mean	Std. Dev	Minimum	Maximum
Social Score	Africa	97	63.9	11.7	32.2	88.9
	Asia-Pacific	1,724	56.1	9.6	20.2	90.6
	Europe	1,359	62.6	11.3	35	94.4
	Latin America	63	55.7	8.9	40	72.9
	North America	1,262	57.2	10.1	31.7	94.6
	South America	138	62.6	10.1	35.8	89.6

Figure 4 Social CSR Scores by Regions

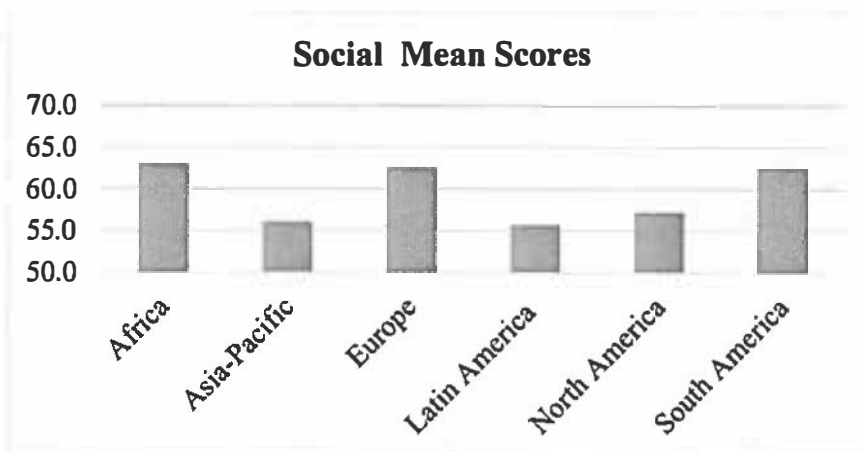


Table 8 One-way ANOVA Social Score by Region.

Source	DF	Adj. SS	Adj. MS	F-value	P-value
Region	5	39,984	7,996.80	75.4	0.0000
Error	4,637	491,516	106		
Total	4,642				

Governance CSR

Table 9 and Figure 5 present the mean Governance CSR score by region. Africa has the highest Governance CSR score of 67.0, followed by South America with 66.3, North America with 64.9, Europe with 64.3, Latin America with 60.5, and Asia-Pacific with 57.5. The Governance CSR scores for all regions are higher than the Total CSR scores and the rankings by regions are similar. Table 10 presents the one-way ANOVA table that shows that there are significant differences in Governance CSR scores by region at $p < .01$. Using a 95% family-wide confidence level, the Tukey pairwise comparisons test showed no significant difference exist between Governance CSR scores in Africa, South America, North America, and Europe, and all four regions have significantly higher Governance CSR scores than Latin America and Asia-Pacific. We found no significant difference between the Governance CSR scores between Europe and Latin America or between Latin America and Asia-Pacific.

Variable	Region	n	Mean	Std. Dev	Minimum	Maximum
Governance Score	Africa	97	67.9	14.0	37.3	97.3
	Asia-Pacific	1,724	57.5	10.3	30.7	100.0
	Europe	1,359	64.3	12.0	31.6	98.0
	Latin America	63	60.5	12.8	37.9	90.1
	North America	1,262	64.9	9.4	38.1	92.5
	South America	138	66.3	12.9	37.9	93.8

Figure 5 Governance CSR Score by Region

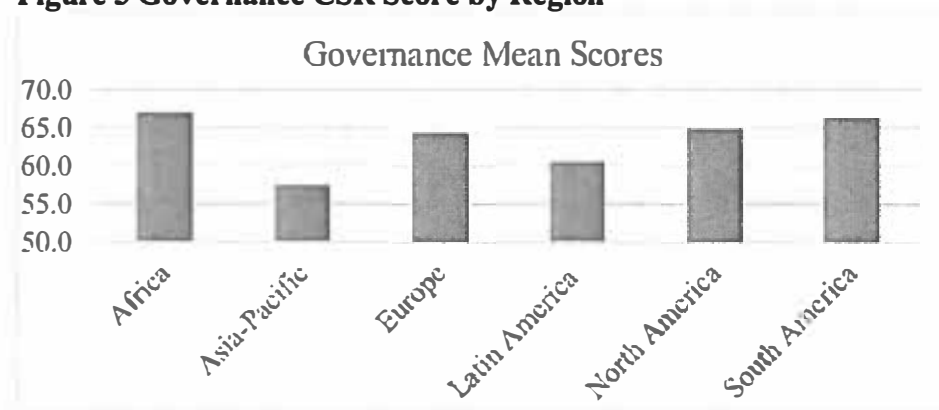


Table 10 One-way ANOVA Governance Score by Region

Source	DF	Adj. SS	Adj. MS	F-value	P-value
Region	5	58,301	11 660. 10	99. 8	0
Error	4,637	541,756	116. 8		
Total	4,642				

Summary of Regional CSR Results

The results of the statistical analysis of the CSR scores supports Hypothesis 1, that there is a difference in CSR scores across regions. Our results showed that Africa and Europe have consistently higher Total CSR scores than other regions. Latin America and Asia-Pacific have lower mean CSR scores than other regions in all categories. North and South America were usually between the highest and lowest regions, depending on the type of CSR score. These results contradict the findings of KPMG (2015) that Asia-Pacific has the highest reporting rate, followed by Americas as our evidence suggest that those regions may be reporting CSR, they actual have lower CSR scores than other regions.

The results found in the article “A Study of a How CSR Rankings Are Affected in a Globalized Economy”, published in *McNair Scholars Research Journal, Vol. 9 Issue 1,*

does not provide explanations for the differences between the six regions. This conclusion led to our second set of six research hypotheses that there is a difference in the relationship between Hofstede's dimensions of culture and a country's CSR scores. The expansion of our research examined national cultures and performed a statistical regression analysis to find the relationships between CSR scores and Hofstede variables.

CSR versus National Culture

Table 11 presents the results of our analyses of the relationships between Total CSR, Environmental CSR, Governance CSR and Social CSR and the six different culture dimensions. All four models are significant with $p < .05$, and have adjusted R-squared values of 45.79, 37.08, 52.36, and 34.31%, respectively.

Table 11 – CSR vs. National Culture

	Total CSR Coefficient (t-value)	Environmental CSR Coefficient (t-value)	Social CSR Coefficient (t-value)	Governance CSR Coefficient (t-value)
Constant	52.91	43.51	63.21	53.50
Power Distance	-0.0531 (-1.32)	-0.0679 (-1.34)	-0.0678 (-1.52)	-0.0191 (-0.39)
Individualism	0.0602 (1.72)*	0.0782 (1.78)*	0.0384 (0.99)	0.0619 (1.46)
Masculinity	-0.0779 (-2.55)**	-0.0504 (-1.32)	-0.0751 (-2.22)**	-0.1113 (-3.00)***
Uncertainty Avoidance	0.0758 (2.99)***	0.0776 (2.44)**	0.0916 (3.26)***	0.0477 (1.55)
Long-term Orientation	0.0166 (0.53)	0.0826 (2.12)**	-0.0424 (-1.23)	-0.0003 (-0.01)
Indulgence	0.0762 (1.85)*	0.083 (1.60)	-0.0176 (-0.39)	0.1831 (3.65)***
Adjusted R2	45.79%	37.08%	34.31%	52.36%

p < .01***

p < .05**

p < .10*

Power Distance

Hypothesis 2 proposed that power distance is negatively associated with CSR. The results of all four-regression analysis of power distance and Total CSR, Environmental CSR, Social CSR, and Governance CSR presented in Table 11 do not find support for this hypothesis. In all regressions, though power distance has a negative coefficient, it is not significantly negative. Thus, hypothesis 2 is not supported.

Individualism

Hypothesis 3 proposed that individualism is negatively associated with CSR. The results of all four-regression analyses of individualism and Total CSR, Environmental CSR, Social CSR, and Governance CSR presented in Table 11 do not find support for this hypothesis. In fact, we do find that individualism is marginally significantly positively related to Total CSR and Environmental CSR but that there is no relationship between individualism and Social CSR and Governance CSR. Thus, our results do not support hypothesis 3.

Masculinity

Hypothesis 4 proposed that Masculinity is negatively associated with CSR scores. The results of all four regression analyses of masculinity and Total CSR, Environmental CSR, Social CSR, and Governance CSR presented in Table 11 find support for this hypothesis. Masculinity is significantly negatively related to Total CSR and Social CSR with $p < .05$ and to Governance CSR with $p < .01$. The masculinity coefficient indicates that the Social CSR score will decrease by 0.0751 and the Governance score will

decrease by 0.1113, for every one-unit increase in masculinity with all other independent variables held constant. Similarly, the coefficient for masculinity indicates that Total CSR will decrease by 0.0779 with every one-unit increase in masculinity with all other independent variables held constant. Thus, we find support for hypothesis 4 that the cultural variable of masculinity is negatively associated to CSR.

Uncertainty Avoidance

The fifth hypothesis proposed that uncertainty avoidance is positively associated with CSR. The results of all four regression analyses of uncertainty avoidance and Total CSR, Environmental CSR, Social CSR, and Governance CSR presented in Table 11 and finds support for this hypothesis. Uncertainty avoidance is significantly positively related to Total CSR and Social CSR with $p < .01$ and to Environmental CSR with $p < .05$. The uncertainty avoidance coefficient indicates that Environmental CSR score will increase by 0.0776 and Social CSR score will increase by 0.0916 for every one-unit increase in uncertainty avoidance with all other independent variables held constant. Similarly, the coefficient for uncertainty avoidance indicates that Total CSR will increase by 0.0758 for every one-unit increase in uncertainty avoidance with all other independent variables held constant. Thus, we find support for hypothesis 5 that the cultural variable of uncertainty avoidance is positively associated with higher CSR.

Long-term Orientation

Hypothesis six proposed that long-term orientation was positively associated with CSR. The results of all four regression analyses of long-term orientation and Total CSR, Environmental CSR, Social CSR, and Governance CSR presented in Table 11 find partial support for this hypothesis. We find that long-term orientation is significantly positively

related to Environmental CSR with $p < .05$. The long-term orientation coefficient indicates that Environmental CSR will increase by 0.0826 for every one-unit increase of long-term orientation with all other independent variables held constant. Thus, we find partial support that long-term orientation is associated with higher CSR.

Indulgence

Hypothesis seven proposed that indulgence is negatively associated with CSR. The results of all four regression analyses of indulgence and Total CSR, Environmental CSR, Social CSR, and Governance CSR presented in Table 11 do not find support for this hypothesis. Though we do find that indulgence is significantly associated with Governance CSR with $p < .01$ and Total CSR with $p < .10$, it is a positive association. The Indulgence coefficient indicates that Governance CSR will increase by 0.1831 and Total CSR will increase by 0.0762 for every one-unit increase in indulgence with all other independent variables held constant. Thus, though we do not find support for hypothesis 7, we do find that the cultural variable of indulgence is associated with higher CSR scores.

Summary of CSR vs. National Cultures

The results of the regression analysis of the association between Total CSR, Environmental CSR, Social CSR, and Governance CSR and the six dimensions of culture find support for H4 and H5, partial support for H6, no support for H2, H3, and H7. We find that masculinity is significantly negatively related to Total CSR, Social CSR and Governance CSR indicating that cultures that are more assertive and competitive will be less socially responsible. We also find that uncertainty avoidance is significantly positively related to Total CSR, Environmental CSR, and Social CSR, indicating cultures that have

strict law and are concerned about safety and security measures will have higher CSR. We find partial support that long-term orientation is positively associated with Environmental CSR, indicating that cultures that are oriented towards the future will have higher Environmental CSR. Though we did not find support that indulgence is negatively associated with CSR, interesting we did find that indulgence is positively associated with Governance CSR and marginally positively associated with Total CSR indicating that cultures with happier people who enjoy freedom of speech have higher CSR. We find no support for the relationship of power distance and CSR and marginal support for a positive relationship between individualism and Total CSR.

DISCUSSION AND CONCLUSION

The purpose of our research is to provide insight on the differences in CSR rankings between regions and find possible determinants for these differences. Globalization has heightened foreign trade and firms are more likely to conduct business in multiple countries. For this reason, it is important to evaluate and understand all firms CSR practices and understand why companies participate in these CSR practices (Fisher et al., 2016). We developed and tested seven hypotheses using SGP database and Hofstede's six cultural dimensions.

First, we investigated the association between a firm's CSR scores across geographical regions. We examined 2014 CSR scores as reported by the SGP database. We compared Total CSR, Environmental CSR, Social CSR, and Governance CSR scores for 4,643 firms, across six international regions, using one-way ANOVA. Consistent with hypothesis one, our findings show that CSR scores differ between six regions.

The results for the Total CSR scores showed that overall, Africa had the highest Total CSR scores, followed by Europe, South America, and North America. The Asia-Pacific region and Latin America had the lowest Total CSR score. The results for the Environmental CSR scores showed that Europe and Africa had the highest Environmental CSR score, followed by South and North America, Asia-Pacific, and Latin America, with no significant differences among the latter four regions. Overall, the Environmental CSR scores are lower than the Social, Governance, and Total CSR scores for all regions.

We also found that for Social CSR scores, Africa, again, had the highest score, followed by Europe and South America, (which had the same Social CSR score), and North America. Latin America and the Asia-Pacific region, again, had the lowest Social CSR scores. Overall, the Social CSR scores are lower than the Governance CSR scores, but higher than the Total CSR scores, except in North America, whose score was consistent across all categories.

The results for the Governance CSR scores also showed that Africa had the highest score. South America and North America were between the highest and lowest, followed by Europe. Latin America and Asia-Pacific had the lowest Governance CSR scores, as well as the lowest Total, Environmental, and Social CSR scores.

Overall, we found that Africa and Europe had consistently higher CSR scores than other regions, while Latin America and Asia-Pacific had the lowest CSR scores. North and South America were usually between the highest and lowest regions, depending on the type of CSR score. These results are interesting as KPMG (2015) found that Asia-Pacific has the highest reporting rate, followed by the Americas. These findings may

suggest that poor performers may be issuing these reports to greenwash their stakeholders into thinking they are good corporate citizens.

Second, we investigated the possible determinants of why certain regions have higher or lower CSR scores through testing the relationships between cultural variables and CSR. We used 2014 CSR scores as reported by the SGP database and six dimension of National Culture scores compiled from *Cultures Consequence: Comparing Values Behaviors, Institutions, and Organizations across Nations* (Hofstede, 2001) and *Cultures and Organizations Software of the Mind: Intercultural Cooperation and Its Importance for Survival* (Hofstede et al., 2010). We performed a regression analysis using 4,368 firms and 42 countries to examine the relationship between the six dimensions of culture and the four dimension of CSR scores.

We found that masculinity is significantly negatively associated with Total CSR, Social CSR, and Governance CSR scores and uncertainty avoidance has a significant positive association with Total CSR, Environmental CSR and Social CSR. Additionally, long-term orientation has a significant positive association with Environmental CSR scores and indulgence had a significant positive association with Governance CSR scores.

Overall, this study attempted to determine which regions had the highest and lowest CSR scores and understand the possible explanations for a region ranking using national cultures. “It has been shown that national cultures define a nation’s value system which in turn determine how individuals perceive and respond to such issues”, thus these attitudes determine how individuals perceive and respond to CSR (Ho et. al, 2012, p. 430). Thus, Hofstede’s cultural values may affect practitioner’s perceptions of CSR

(Yungwook and Kim, 2010). The results showed that varied cultural values for Total CSR, Environmental CSR Social CSR, and Governance CSR scores reflects the various cultural differences and social changes that are occurring due to globalization. The results of this paper can be further explored through implementation of control variables that may affect the relationship between cultural variables and CSR.

LIMITATIONS

Similar to other research, ours has limitation associated with methodology and measurement. One limitation of this study is the representation of a country's CSR score by a random sample of companies within that country. If a country's CSR score is defined as the mean CSR score for all companies within that country, then the CSR values used in this analysis are an estimate of the true CSR value. Furthermore, the number of companies for a country varied from a low of one (for the countries of Slovakia, Tanzania, and Ukraine) to a high of 1,007 (for the United States). Thus, the CSR scores for countries with small sample sizes may be less representative of their true CSR score when compared with countries with larger sample sizes. The issue of sample sizes was not addressed in the paper.

Although significant relationships were found between some cultural dimensions and CSR scores, the R-squared adjusted value from the regression equation indicate that other variables may exist that affect a country's CSR score. The adjusted R-squared values, which is the percent of variation in CSR scores explained by the six cultural dimensions after considering the number of independent variables and sample size, were 37.08%, 52.36%, 34.31% and 45.79% for Total CSR, Environmental CSR, Social CSR,

and Governance CSR. Further research is needed to see what other variables that may reflect the association between culture and CSR.

The data collected in this study is a broad overview of each region and national cultures. Metrics for Total CSR, Environmental CSR, Social CSR, and Governance CSR performance score measurements were developed by Sustainalytics and the Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long-Term and Indulgence national culture scores measurement were compiled from Hofstede (2001 and Hofstede et al. (2010). Thus, the validity of CSR and national cultures scores depend on the definitions and judgement of the data-base researchers.

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