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National Culture and Corporate Social Responsibility

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Abstract

Objective – To determine whether national cultural dimensions influence a company's Corporate Social Responsibility (CRS) performance.

Theoretical Framework - Hofstede's cultural dimensions and Stakeholder Theory were used as theoretical bases for the study.

Methodology – The study uses the multiple linear regression method to analyze data from a sample of 4,598 companies from 41 countries. The data were collected from the CSRHub, Geert Hofstede, Transparency International, and Thomson Reuters websites.

Results – The findings indicate a country's cultural dimensions influence business CRS activities. More specifically, companies based in countries with cultures that feature (i) a high power distance, (ii) high individualism, (iii) more femininity, (iv) low uncertainty avoidance, and (v) a long-term orientation exhibit higher CRS performance.

Practical & Social Implications of the Research – Prior knowledge of expected CRS engagement according to the country's culture could contribute to formulating corporate strategies to expand a company's activities to countries other than the one of its origin. This would ensure stakeholders' expectations are met and improve competitiveness in the domestic market.

Contributions – The culture of a country may determine whether stakeholders are interested in CRS practices.

Keywords – Cultural dimensions; Hofstede; CRS performance

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1 Introduction

Corporate Social Responsibility (CSR) has become a growing concern among companies, which are assessed not only for their financial performance but also their social performance (Rhou, Singhal, & Koh, 2016). As a result of concerns among company stakeholders, CSR has emerged as a relevant research subject (Pradhan & Nibedita, 2019), gaining prominence due to the recent debate on its contribution to sustainable development and its mitigation of contemporary cross-border issues (Halkos & Skouloudis, 2017).

Moreover, as companies expand their businesses internationally, they need to consider their social and environmental obligations, which are considerably different in each country (Ho, Wang, & Vitell, 2012). The literature indicates that national culture is a major cause of possible divergences (Halkos & Skouloudis, 2017).

Culture can be defined as a collective programming of the mind that distinguishes the members of a nation, region, or ethnic group from others (Hofstede, 1994). Therefore, the importance and understanding of CRS can be different for each country due to the cultural aspects involved (Ho et al., 2012). A nation's culture plays a fundamental role in the social and environmental challenges that companies face (Horak, Arya, & Ismail, 2018), shaping stakeholders' expectations regarding CSR issues (García-Sánchez, Cuadrado-Ballesteros, & Frias-Aceituno, 2016).

Academic scholars have investigated the impact of national culture on CSR using the cultural dimensions proposed by Hofstede (1980, 1994) and Hofstede and Minkov (2010), for example in the studies of Ringov and Zollo (2007), Ho et al. (2012), García-Sánchez et al. (2016), and Thanetsunthorn and Wuthisatian (2018).

Ringov and Zollo (2007) investigated the effect of cultural dimensions on the social and environmental performance of 463 companies in 23 North American, European, and Asian countries. The empirical evidence enabled them to make the assumption that a company's socially responsible behavior is influenced by the cultural context.

Ho et al. (2012) examined the impact of culture and geographic environment on corporate social performance. They investigated 3,680 companies from 49 different countries and found evidence that Hofstede's cultural dimensions have a significant influence on their social performance.

Using an index based on the Global Reporting Initiative (GRI) guidelines, García-Sánchez et al. (2016) examined the influence of the institutional environment on the voluntary disclosure of CSR information. For this, they considered a sample of 1,598 firms from 20 different countries covering 2004 to 2010 and found that cultural dimensions exert significant pressures on organizations, guiding corporate behavior towards more transparency.

Halkos and Skouloudis (2017) investigated the influence of Hofstede's cultural dimensions on national CSR. Considering 86 different countries for the study, they found evidence that national culture influences national engagement in CSR issues and can potentially affect socially responsible business initiatives.

However, cultural dimensions can influence CSR in different ways, according to different points of analysis. One example is provided in the study of Kang, Lee, and Yoo (2016), which considered 365 publicly-traded US companies in the hospitality sector, from 1993 to 2011, and examined the effect of cultural dimensions according to three CSR scores: a positive score (for socially responsible activities), a negative score (for socially irresponsible activities), and the total score. The results showed different influences of cultural dimensions on these three CSR variables.

Another example is the study conducted by Thanetsunthorn and Wuthisatian (2018), who examined the effect of cultural dimensions on CSR considering three specific employee-related subareas: (i) remuneration and benefits; (ii) diversity and labor rights; and (iii) training, health, and safety. For this analysis, they used the CSR performance (employee-related approach) of 8,940 corporations from 48 countries in nine different regions and demonstrated that cultural dimensions impact employee-related CSR activities, but the results of each subarea showed different influences for each kind of culture.

Therefore, despite there being a number of studies that consider the relationship between national culture and CSR engagement, there are some inconsistencies in the findings regarding the individual effect of each cultural dimension on a company's CSR. In addition, most of these studies only use four of the six cultural dimensions proposed by Hofstede. The long-term dimension and indulgence *versus* restraint dimension have often been disregarded (Thanetsunthorn & Wuthisatian, 2018). In previous studies, CSR measurements have considered the environmental and/or social dimensions individually. There thus remains an opportunity to further explore companies' overall CSR performance.

Given this context, this study seeks to answer the following research question: how do the country's cultural dimensions influence the firm's Corporate Social Responsibility? The aim of the study is to determine whether the country's cultural dimensions influence the Corporate Social Responsibility of companies at an international level.

As justifications for the study, we highlight the importance of the research findings to developing corporate strategies for internationalization (Kang et al., 2016). The study contributes to this by showing that country-level cultural factors and organization-level traits affect companies' behavior in terms of their CSR performance Therefore, CRS performance depends on the country's cultural receptivity and internal organizational factors.

2 Literature Review and Research Hypotheses

National culture can be understood as the set of values, beliefs, and objectives of a country that guide the attitudes of its members (Hofstede, 2001). The accepted principles and the perception of socially-responsible activities performed by organizations vary from culture to culture (Kang et al., 2016).

The very understanding of what is social responsibility depends on the specific context, and the national culture influences the society's expectations regarding how companies should behave (Ringov & Zollo, 2007). Thus, culture and social values influence how organizations use their resources (natural and financial) and their engagement in socially responsible practices (Horak et al., 2018).

The cultural dimensions proposed by Hofstede (1980, 1994) and Hofstede et al. (2010) have been largely used by academic scholars with the purpose of investigating the impact of national cultural differences on corporate involvement in CSR issues. In this study, we adopted the six cultural dimensions proposed by Hoftstede, which are: power distance, individualism *versus* collectivism, masculinity *versus* femininity, uncertainty avoidance, long-term *versus* short-term orientation, and indulgence *versus* restraint.

2.1 Power distance

This cultural dimension refers to what extent less powerful individuals in organizations expect and accept that power is distributed unequally (Halkos & Skouloudis, 2017). Individuals who score high in this dimension accept an established hierarchy and inequality and do not need further justifications. Conversely, members of nations who score low tend to be less tolerant of power inequality and make more efforts to improve such conditions (Hofstede, 2001; Hofstede et al., 2010).

Evidence from prior studies (Ho et al., 2012; Kang et al., 2016; Thanetsunthorn & Wuthisatian, 2018) points to the positive influence of a high power distance on CSR issues. The study of Kang et al. (2016) proposes that multinational companies operating in countries with a high power distance tend to perform socially responsible activities, given their economic expressiveness and leadership.

So, it can be inferred that when companies in cultures with a high power distance are deciding to adopt proactive CSR actions in their business strategies, they will have the support of their employees and other less powerful members, who accept the existence of a hierarchy in the organization, without challenging it (Hofstede, 2001; Hofstede et al., 2010); and so they will likely support management in its decisions. Thus, the following hypothesis is proposed:

***H_1*:** companies located in countries with a high power distance achieve better performance in Corporate Social Responsibility.

2.2 Individualism *versus* collectivism

This dimension is related to the degree of interdependence that exists among the members of a society (Hofstede Insights, 2019). In an individualistic society, individuals are expected to take care of themselves and their immediate families. In contrast, in more collectivist countries, from the time they are born people are part of large and strong groups, such as big families, which protect one another in exchange for unquestioning loyalty (Hofstede, 1994).

Companies that operate in highly individualistic societies do not show much concern about the environmental or social impacts of their businesses, unless it is in their own interests to (Ringov & Zollo, 2007). On the other hand, companies located in countries with less cultural individualism (or that are more collectivist) engage more in CSR (Ho et al., 2012; García-Sánchez et al., 2016; Kang et al., 2016).

Companies located in more collectivist (or less individualistic) contexts put more emphasis on the impacts caused by their business activities on society (Ho et al., 2012), given their tendency to be more concerned with others, and provide more guidance to their stakeholders on CSR (García-Sánchez et al., 2016). Thus, the following hypothesis is suggested:

***H_2*:** companies based in less culturally individualistic countries show better performance in Corporate Social Responsibility.

2.3 Masculinity *versus* femininity

Societies that are considered to be masculine are marked by competitiveness, assertiveness, and individual achievement, where power and success are conceived as material rewards (Hofstede, 1980; Ringov & Zollo, 2007; Ho et al., 2012). Here, what is most important is to win and be the best (Hofstede Insights, 2019).

In societies that are considered to be feminine, cooperation, modesty, quality of life, caring for others, social relations, and interpersonal harmony are valued traits and elements (Hofstede, 1980; Ringov & Zollo, 2007; Ho et al., 2012). The sign of success is quality of life and standing out from others is not admirable (Hofstede Insights, 2019).

The evidence points to a negative effect of masculinity on CSR performance (Ringov & Zollo, 2007; Kang et al., 2016; García-Sánchez et al., 2016; Thanetsunthorn & Wuthisatian, 2018). In more masculine cultures, corporations tend to undertake activities that yield direct economic success to the detriment of those that are beneficial to society. Increasing profits and standing out from competitors are paramount in these countries (Kang et al., 2016).

On the other hand, more feminine (less masculine) cultures emphasize human relationships and caring for others (Kang et al., 2016). Corporations operating in these countries have a high tendency to undertake activities that improve the quality of life of society (García-Sánchez et al., 2016). Based on the above, the following hypothesis is raised:

***H_3*:** companies based in less culturally masculine societies achieve better performance in Corporate Social Responsibility.

2.4 Uncertainty avoidance

This cultural dimension relates to the level to which the society is tolerant of uncertainties or ambiguities (Hofstede, 1994; Ringov & Zollo, 2007; Ho et al., 2012). Members of societies with high scores in uncertainty avoidance tend to feel uncomfortable with new or uncertain situations and use laws, rules, and codes of conduct as a form of protection, aiming to mitigate uncertainties (Hofstede, 1980; Hofstede, 1994). In contrast, members of countries with low scores in this dimension are more flexible in their attitudes and behaviors and are more likely to get involved in uncertain situations (Hofstede, 1980).

The evidence found in previous investigations indicates that cultures with a lower degree of uncertainty avoidance engage more in CSR agendas (García-Sánchez et al., 2016; Halkos & Skouloudis, 2017; Thanetsunthorn & Wuthisatian, 2018).

Individuals with high uncertainty avoidance find it difficult to adapt to new formal demands from society or to meet its expectations in social and environmental aspects (Ringov & Zollo, 2007). In contrast, stakeholders expect more engagement in CSR activities in organizations that belong to societies with less uncertainty avoidance, given that the cultural environment in these countries is more flexible, less regulated, and more open to changes (García-Sánchez et al., 2016). So, the following hypothesis is raised:

***H_4*:** companies located in countries with low levels of uncertainty avoidance achieve better performance in Corporate Social Responsibility.

2.5 Long-term orientation

A long-term orientation means the society is oriented to the future and attaches importance to the economy and persistence (Hofstede et al., 2010; Halkos & Skouloudis, 2017). In contrast, a short-term oriented nation respects tradition and complies with its social obligations (Hofstede, 1994) and prioritizes immediate outcomes, such as satisfaction and happiness in the present (Thanetsunthorn & Wuthisatian, 2018).

A high long-term orientation has been shown to potentially increase CSR engagement (García-Sánchez et al., 2016; Halkos & Skouloudis, 2017). It is understood that the mission of companies with a high long-term orientation goes far beyond merely generating quarterly returns for their stockholders and also includes serving the other stakeholders and society over longer periods (Hofstede

Insights, 2019). The stakeholders of such companies tend to exert pressure not only for financial results but also environment- and society-oriented actions. Thus, the following hypothesis is proposed:

H_5**:** companies based in countries with a high long-term orientation exhibit better performance in Corporate Social Responsibility.

2.6 Indulgence *versus* restraint

The indulgence *versus* restraint dimension is related to the extent to which the members of a society control their desires and impulses. Weak control is called indulgence and strong control is called restraint (Halkos & Skouloudis, 2017; Hofstede Insights, 2019).

Individuals from indulgent societies are prepared to do whatever is possible to achieve happiness, but often have less moral discipline and do not prioritize social order (Hofstede et al., 2010). In contrast, members of more restrained societies are convinced that the gratification of desires and feelings of happiness must be suppressed and controlled by strict social norms (Hofstede et al., 2010; Halkos & Skouloudis, 2017).

Studies on the influence of the cultural dimension of indulgence *versus* restraint on CSR performance are still in their infancy. One exception that observes its impact on corporate willingness to promote socially responsible activities is the study conducted by Thanetsunthorn and Wuthisatian (2018).

The fact that members of more indulgent countries put more emphasis on moral discipline and order may have a negative impact on the decisions business managers take regarding CSR issues. Furthermore, the tendency of individuals to prioritize momentary happiness can divert managers' attention toward making decisions that will have a long-term impact, especially those related to stakeholders, e.g., employees (Thanetsunthorn & Wuthisatian, 2018).

More indulgent societies would also pay less attention to environmental activities and society in general. Therefore, the following hypothesis is proposed:

H_6**:** companies based in less indulgent countries achieve better performance in Corporate Social Responsibility.

3 Methodological Procedures

This is a quantitative, descriptive, and documentary study. The composition of the population and sample was obtained in four stages, which are detailed in Table 1. The countries and companies were arranged into ten geographic regions, according to the division adopted by CSRHub (2018).

The composition of the population and final sample of the study (Table 1) was obtained according the following procedures:

Total: total countries and companies found on the CSRHub website in September 2018.

Filter 1: represents the countries and companies whose CSR performance was effectively appraised and rated by CSRHub.

Filter 2: represents the countries and companies that had complete data on CSR performance (CSRHub, 2018), cultural dimensions of the respective country (Geert Hofstede, 2015), and

Table 1
Composition of the study population and sample

Geographic region	Countries					Companies				
	Total	Filter 1	Filter2	Filter3	Filter4	Total	Filter 1	Filter2	Filter3	Filter4
Africa	24	7	1	0	0	497	179	5	0	0
North America	3	3	3	3	3	7,752	3,943	3,943	1,593	1,593
South America	10	5	5	5	5	597	204	204	157	157
Asia	8	8	5	5	5	2,910	1,305	1,299	1,071	1,071
Caribbean	11	6	0	0	0	145	61	0	0	0
Europe	45	31	24	21	18	4,164	1,618	1,580	1,089	1,074
Middle West	16	10	2	2	2	375	136	58	48	48
Pacific	3	3	3	3	3	828	507	507	350	350
Southeast Asia	7	5	4	4	4	678	226	224	177	177
South Asia	5	4	4	3	1	478	164	164	137	128
Total	132	82	51	46	41	18,424	8,343	7,984	4,622	4,598

the corruption perception index (Transparency International, 2018).

Filter 3: corresponds to the countries and companies for which there was, in addition to the abovementioned data, the information required to operationalize the control variables of the study at a company unit level (company size, concentration of ownership, return on assets, internationalization, and economic sector).

Filter 4: in order to make the research more robust, the countries with less than ten companies were excluded from the sample, namely Hungary (3), Pakistan (6), Portugal (9), the Czech Republic (3), and Sri Lanka (3).

It is worth noting that, among the ten geographic regions adopted by the CSRHub database, two regions did not have sufficient data to be considered in the study: Africa and the Caribbean. So, to fulfill the research objective, 4,598 companies based in 41 countries were considered as the final sample.

The data collection began with the dependent variable corresponding to the CSR performance index, collected on the CSRHub website (2018). This database provides ratings on CSR performance for a large number of companies at the international level (CSRHub, 2018). Table 2 shows the metrics for this variable.

The cultural dimension scales (explanatory variables) were collected from the Geert Hofstede website, where the cultural ratings were updated in 2015. The metrics are described in Table 3.

In addition to the cultural dimensions, control variables were also used in the study. Their metrics are shown in Table 4.

Regarding the control variables, the corruption perception index was obtained from the Transparency International (2018) database and the other variables were obtained from the Thomson Reuters database.

The data used to operationalize the study variables refer to the year 2017, except for the cultural dimensions, which were last updated in 2015. The data were collected in September 2018.

To test the relationship between both the explanatory and control variables and the dependent variable, the multiple linear regression method was used, based on the model described in Equation 1:

Table 2
Description of the dependent variable

Variable	Metric	Authors
Performance Index in Corporate Social Responsibility (PICRS)	0-100 index, based on the general rating of the companies in CRS performance with respect to the community, employees, the environment, and governance. The closer to 100, the better.	Thanetsunthorn & Wuthisatian (2018); Acabado, Branca, Catalão-Lopes, & Pina (2019).

Table 3
Description of cultural dimensions

Variables	Metrics	Authors
Power Distance Index (PDI)	0-100 scale, where the closer to 100, the higher the power distance, and the closer to 0, the lower the power distance	Hofstede (1994); Hofstede et al. (2010); Ho et al. (2012); Liang & Renneboog (2017); Thanetsunthorn &Wuthisatian (2018).
Individualism Index (IDV)	0-100 scale, where the closer to 100, the greater the country's individualism, and the closer to 0, the greater the collectivism.	
Masculinity Index (MAS)	0-100 scale, where the closer to 100, the greater the country's masculinity, and the closer to 0, the greater the femininity.	
Uncertainty Avoidance Index (UAI)	0-100 scale, where the closer to 100, the more the uncertainty avoidance, and the closer to 0, the less the uncertainty avoidance	
Long-term Orientation Index (LTO)	0-100 scale, where the closer to 100, the higher the long-term orientation, and the closer to 0, the higher the short-term orientation.	
Indulgence *versus* Restraint Index (IVR)	0-100 scale, where the closer to 100, the higher the indulgence level, and the closer to 0, the greater the restraint level.	

Table 4
Description of control variables

Variables	Metrics	Authors
Corruption perception index (CPI)	0-100 scale, where 0 corresponds to a high perception of corruption and 100 corresponds to a high perception of integrity in the public sector.	Barkemeyer, Preuss & Ohana (2018); Kühn, Stiglbauer & Fifka (2018).
Country's legal origin (CLO)	Dummy variable, where 1 is for common law countries and 0 is for code law countries.	La Porta, Lopez-de-Silanes & Shleifer (2008); Liang & Renneboog (2017).
Company size (CS)	Natural logarithm of the book value of total assets.	Gamerschlag, Möller & Verbeeten (2011); Acabado et al. (2019)
Concentration of ownership (COO)	Natural logarithm of the number of shares held by insiders.	Kolsi & Attayah (2018).
Return on assets (ROA)	$\frac{\text{Net profits}}{\text{Total assets}}$	Reverte (2009); Pradhan & Nibedita (2019).
Internationalization (INT)	$\frac{\text{Export sales}}{\text{Total sales}}$	Chakrabarty & Wang (2012); Barkemeyer et al. (2018).
Economic sector (SECTOR)	Dummy variable, where 1 is for financial sector companies and 0 is for all others.	Kühn et al. (2018).

$$\text{PICRS}_{\text{it}} = \beta_o + \beta_1 \text{PDI}_{it} + \beta_2 IDV_{it} + \beta_3 MAS_{it} + \beta_4 UAI_{it} + \beta_5 LTO_{it} + \beta_6 IVR_{it} + \beta_7 CPI_{it} + \beta_8 CLO_{it} + \beta_9 CS_{it} + \beta_{10} COO_{it} + \beta_{11} ROA_{it} + \beta_{12} INT_{it} + \beta_{13} SECTOR_{it} + \varepsilon \quad \text{(Eq. 1)}$$

The variables in Equation 1, with their metrics, are described in Tables 2, 3, and 4.

4 Analysis and Discussion of Results

Firstly, the variables at the country level are shown. As can be seen in Table 5, the countries with the lowest ratings in the corruption perception index (CPI) are the Russian Federation (28) and Mexico (28), while the nation with the highest rating is Denmark (88).

The sample contains 982 financial companies (21.36%) and 3,616 non-financial companies (78.64%). Regarding legal origin, the countries ruled by Common Law are: Australia, Canada, the United Arab Emirates, the USA, India, Ireland, Malaysia, New Zealand, and the UK.

Table 6 shows the minimum and maximum scores of each cultural dimension (country level), with the respective countries for both cases (Panel A). Further down (Panel B), the mean and standard deviation of the dependent variable and quantitative control (company level) variables are obtained.

Table 7 describes the study regression models. Two models were adopted: model 1 (all variables of the study together) and model 2 (stepwise method). This method was chosen with the purpose of ensuring more reliability and robustness of the research results.

Analyzing Table 7, we can see that the two methods used generated identical and consistent results, which showed positive influences of the cultural dimensions of power distance index (PDI), individualism index (IDV), and long-term orientation index (LTO) on CSR performance.

In respect to the power distance index, the findings shown in Table 7 corroborate those of Ho et al. (2012), Kang et al. (2016), and Thanetsunthorn and Wuthisatian (2018), but contradict the results found by García-Sánchez et al. (2016), Ringov and Zollo (2007), and Halkos and Skouloudis (2017).

With regard to the individualism index, the result found is consistent with that of Thanetsunthorn and Wuthisatian (2018), but differs from the negative influences found by Ho et al. (2012), García-Sánchez et al. (2016), and Kang et al. (2016). Additionally, it does not corroborate the studies of Ringov and Zollo (2007) and Halkos and Skouloudis (2017), which did not find statistical significance.

The results indicate that companies operating in societies with a more long-term orientation tend to exhibit better CSR performance. This is consistent with the evidence shown by García-Sánchez et al. (2016) and Halkos and Skouloudis (2017).

Conversely, the cultural dimensions related to the masculinity index (MAS) and the uncertainty avoidance index (UAI) had negative influences on the CSR performance of the organizations examined. This finding for the masculinity index is consistent with the

Table 5
Variables per country

Country	PDI	IDV	MAS	UAI	LTO	IVR	CPI	Legal Origin
Germany	35	67	66	65	83	40	80	*Code Law*
Argentina	49	46	56	86	20	62	40	*Code Law*
Australia	38	90	61	51	21	71	77	*Common Law*
Austria	11	55	79	70	60	63	76	*Code Law*
Belgium	65	75	54	94	82	57	75	*Code Law*
Brazil	69	38	49	76	44	59	35	*Code Law*
Canada	39	80	52	48	36	68	81	*Common Law*
Chile	63	23	28	86	31	68	67	*Code Law*
China	80	20	66	30	87	24	39	*Code Law*
Singapore	74	20	48	8	72	46	85	*Code Law*
Colombia	67	13	64	80	13	83	36	*Code Law*
South Korea	60	18	39	85	100	29	57	*Code Law*
Denmark	18	74	16	23	35	70	88	*Code Law*
United Arab Emirates	80	38	53	68	23	34	70	*Common Law*
Spain	57	51	42	86	48	44	58	*Code Law*
USA	40	91	62	46	26	68	71	*Common Law*
Russian Federation	93	39	36	95	81	20	28	*Code Law*
Philippines	94	32	64	44	27	42	36	*Code Law*
Finland	33	63	26	59	38	57	85	*Code Law*
France	68	71	43	86	63	48	72	*Code Law*
Greece	60	35	57	112	45	50	45	*Code Law*
Hong Kong	68	25	57	29	61	17	76	*Code Law*
India	77	48	56	40	51	26	41	*Common Law*
Indonesia	78	14	46	48	62	38	38	*Code Law*
Ireland	28	70	68	35	24	65	73	*Common Law*
Italy	50	76	70	75	61	30	52	*Code Law*
Japan	54	46	95	92	88	42	73	*Code Law*
Luxemburg	40	60	50	70	64	56	81	*Code Law*
Malaysia	104	26	50	36	41	57	47	*Common Law*
Mexico	81	30	69	82	24	97	28	*Code Law*
Norway	31	69	8	50	35	55	84	*Code Law*
New Zealand	22	79	58	49	33	75	87	*Common Law*
Netherlands	38	80	14	53	67	68	82	*Code Law*
Peru	64	16	42	87	25	46	35	*Code Law*
Poland	68	60	64	93	38	29	60	*Code Law*
UK	35	89	66	35	51	69	80	*Common Law*
Sweden	31	71	5	29	53	78	85	*Code Law*
Switzerland	34	68	70	58	74	66	85	*Code Law*
Thailand	64	20	34	64	32	45	36	*Code Law*
Taiwan	58	17	45	69	93	49	63	*Code Law*
Turkey	66	37	45	85	46	49	41	*Code Law*
Minimum	11	13	5	8	13	17	28	
Maximum	104	91	95	112	100	97	88	

PDI: Power Distance Index; IDV: Individualism Index; MAS: Masculinity Index; UAI: Uncertainty Avoidance Index; LTO: Long-Term Orientation Index; IVR: Indulgence *versus* Restraint Index; CPI: Corruption Perception Index.

studies conducted by Ringov and Zollo (2007), Kang et al. (2016), García-Sánchez et al. (2016), and Thanetsunthorn and Wuthisatian (2018). In contrast, it differs from the study conducted by Ho et al. (2012), who found a positive impact, as well as the study by Halkos and Skouloudis (2017), which did not obtain statistical significance.

The uncertainty avoidance index also showed a negative influence on CSR performance, corroborating

Table 6
Descriptive statistics of the variables

Panel A	PDI	IDV	MAS	UAI	LTO	IVR
Minimum	Austria (11)	Colombia (13)	Sweden (5)	Singapore (8)	Colombia (13)	Hong Kong (17)
Maximum	Malaysia (104)	USA (91)	Japan (95)	Greece (112)	South Korea (100)	Mexico (97)
Panel B	IDCSR	CS	COO	ROA	INT	CPI
Mean	52.35	35074.07	994.70	4.24	0.33	62.15
SD	7.78	181309.13	16437.01	18.76	0.34	19.94

Table 7
Coefficients of the regression models of the study

Explanatory variables	Model 1			Model 2		
	Enter (regression) model			Stepwise (regression) model		
	Beta	Standardized Beta	VIF	Beta	Standardized Beta	VIF
PDI (Power Distance Index)	0.038***	0.082	5.13	0.036**	0.076	4.67
IDV (Individualism Index)	0.108***	0.382	7.34	0.108***	0.383	7.33
MAS (Masculinity Index)	-0.113***	-0.253	1.51	-0.114***	-0.254	1.49
UAI (Uncertainty Avoidance Index)	-0.043***	-0.115	2.00	-0.042***	-0.113	1.95
LTO (Long-Term Orientation Index)	0.069***	0.229	4.31	0.067***	0.222	3.58
IVR (Indulgence versus Restraint Index)	0.006	0.014	3.30			
CPI (Corruption Perception Index)	-0.083***	-0.154	3.13	-0.083***	-0.153	3.12
CLO (Country's Legal Origin)	-2.645***	-0.170	5.08	-2.622***	-0.168	5.04
CS (Company Size)	3.090***	0.333	1.42	3.084***	0.333	1.41
COO (Concentration of Ownership)	0.160***	0.057	1.64	0.158***	0.057	1.63
ROA (Return on Assets)	-0.018***	-0.043	1.03	-0.018***	-0.043	1.03
INT (Internationalization)	2.407***	0.106	1.27	2.412***	0.107	1.27
SECTOR (Financial Sector)	-2.196***	-0.116	1.42	-2.194***	-0.116	1.42
(Constant)	44.091***			44.654***		
Notes		4.598			4.598	
R^2		0.242			0.241	
Adjusted R^2		0.2407			0.239	
F Statistics		109.24			121.10	
Prob > F		0.0000			0.0000	

Note. *** indicates that the variable is significant at the probability level of 1%; ** 5%, and * 10%

García-Sánchez et al. (2016), Halkos and Skouloudis (2017), and Thanetsunthorn and Wuthisatian (2018), in terms of the employee's remuneration and benefits variable. However, the findings differ from those of Ho et al. (2012), Kang et al. (2016), and Thanetsunthorn and Wuthisatian (2018) for diversity and labor rights, employees' training, and health and safety.

The cultural dimension related to the indulgence *versus* restraint index (IVR) did not exhibit a statistically significant coefficient when used in conjunction with the other variables (model 1) and was excluded from the stepwise model (model 2), and so no more inferences can be made on its relationship with CSR performance.

In regard to the control variables, there were positive influences of the company size (CS), concentration of ownership (COO), and internationalization (INT) on the CSR performance of the companies investigated. Regarding size, larger companies exhibit better CSR performance, thus corroborating several studies on the determinants of CSR (Reverte, 2009; Gamerschlag et al., 2011; Wang, Song, & Yao, 2013; Kühn et al. (2018); Pradhan & Nibedita, 2019; Acabado et al., 2019).

The positive influence we found of the concentration of ownership on CSR performance corroborates the results of Wang et al. (2013) and the research conducted by Godos-Díez, Fernández-Gago, Cabeza-García, and Martínez-Campillo (2014), who argued that in companies with a high ownership concentration, the CEO's profile is closer to that of the principal (owner) than an agent (manager), positively impacting on CSR-related decisions.

The results also allow it to be inferred that companies with a high level of internationalization achieve better CSR performance, which is consistent with the findings of Chakrabarty and Wang (2012) and Cheung, Kong, Tan, and Wang (2015). This result can be associated with the fact that companies that seek to expand or maintain their business by having companies abroad are impelled to adopt more consistent CSR practices (Cheung et al., 2015).

Conversely, there were negative influences of the corruption perception index (CPI), country's legal origin (CLO), return on assets (ROA), and financial sector (SECTOR) on the CSR performance of the companies studied. In regard to the corruption perception index, it can be seen that companies based in countries that are considered to be more corrupt (lower rating scores) have higher CSR performance, which is contrary to the findings in the study by Kühn et al. (2018), but consistent with the argument of Lopatta, Jaeschke, Tchikov, and Lodhia (2017) that companies use corporate strategies to achieve good CSR performance in order to minimize exposure to the risk of corruption.

In regard to the country's legal origin, the results allow it to be inferred that companies with a code law tradition have significantly higher CSR performance than companies ruled by common law. This finding is consistent with the argument of Lopatta et al. (2017) and Liang and Renneboog (2017) that the fundamental premise of the common law system is to protect shareholders and it has a market-oriented social control strategy. This emphasis could ignore or underserve other stakeholders. But in countries under the code law system, the rights of the parties are protected by laws and formal rules, and social control is managed by the civil government (Liang & Renneboog, 2017).

The findings of this survey also indicate that less profitable companies tend to achieve better CSR performance, which is consistent with the study of Reverte (2009). It can be inferred that companies that invest in CSR activities end up incurring additional costs from such activities and thus often decide to reinvest their profits into their own businesses to compensate for this cost increase (Pradhan & Nibedita, 2019).

The results also indicate that companies from the financial sector have better CSR performance, which corroborates the findings of Kühn et al. (2018), Gamerschlag et al. (2011), and Acabado et al. (2019). This behavior may be related to the lower environmental impact of this business sector on society when compared to other economic sectors (Kühn et al., 2018; Acabado et al., 2019).

Table 8 presents a summary of the results for the hypotheses proposed in the study.

Considering the hypotheses, the results provide support for not rejecting H_1 (companies operating in high power distance countries exhibit better performance in Corporate Social Responsibility). Thus, when companies with operations in high distance power countries decide to engage more actively in CSR they will receive the unquestioning support of their employees and other members of the organization (Kang et al., 2016), given that individuals in these societies accept the existence of a hierarchy, without challenging it (Hofstede, 2001; Hofstede et al., 2010). This indicates a higher tendency to support management in their decisions.

With regard to H_2 (companies based in countries that are culturally less individualistic achieve better performance in Corporate Social Responsibility), the results indicate rejection of this hypothesis, considering that, although the result is statistically significance, the sign obtained (+) is different from the expected one (-). Thus, the findings indicate that companies operating in more individualistic countries achieve better CSR performance.

One possible explanation for this finding could be related to the fact that in individualistic countries such as the United States (Ho et al., 2012) individuals are expected to take care of themselves and their families

Table 8
Summary of the results of the study

Hypotheses	Variables	Expected sign	Obtained sign	Significant?	Results
H1	Power Distance (PDI)	(+)	(+)	Yes	Not rejected
H2	Individualism *versus* Collectivism (IDV)	(-)	(+)	Yes	Rejected
H3	Masculinity *versus* Femininity (MAS)	(-)	(-)	Yes	Not rejected
H4	Uncertainty Avoidance (UAI)	(-)	(-)	Yes	Not rejected
H5	Long-term Orientation (LTO)	(+)	(+)	Yes	Not rejected
H6	Indulgence *versus* Restraint (IVR)	(-)	(+)	No	Rejected

and not depend on the government for this (Hofstede Insights, 2019). Such greater independence of society from the government may result in a positive effect on the CSR performance of organizations, considering that the majority of socially responsible practices are voluntary. Due to pressures from many stakeholders, the companies in such societies tend to meet socioenvironmental expectations without being legally bound to do so, as managers are interested in the company's perpetuity.

Another possible explanation would be that companies based in individualistic countries use CSR actions to show stakeholders their socially responsible behavior as a way to stand out from competitors.

For H_3 (companies based in less masculine countries achieve better CSR performance), the empirical evidence found supports not rejecting this hypothesis. Thus, companies based in less masculine (or more feminine) cultures tend to undertake business activities to improve society's quality of life (García-Sánchez et al., 2016), as they are societies that emphasize human relationships and concern about others (Kang et al., 2016), as well as values such as cooperation, modesty, and quality of life (Hofstede, 1980; Ringov & Zollo, 2007; Ho et al., 2012). Such aspects seem to shape business behavior, especially regarding CSR initiatives.

Concerning H_4 (companies located in countries with lower uncertainty avoidance exhibit better performance in Corporate Social Responsibility), the results point to the non-rejection of the hypothesis. This result supports the previous statement that the stakeholders of companies based in cultures with a low degree of uncertainty avoidance tend to have high expectations regarding the achievement of CSR, considering the greater flexibility, tolerance to changes, less bureaucracy, and fewer formal rules in these countries (García-Sánchez et al., 2016).

Furthermore, considering that social and environmental pressures on business activities are constantly changing, organizations based in cultures with lower degrees of uncertainty avoidance will have less difficulty in readjusting and maintaining good performance in CSR-related activities.

Likewise, regarding H_5 (companies located in countries with a long-term orientation achieve better performance in Corporate Social Responsibility), there is evidence for the non-rejection of this hypothesis. In cultures with a long-term orientation, the stakeholders' expectations tend not only to be based on economic aspects and return on investments, i.e., they are not only concerned about their profits but also about their societal and environmental commitments (García-Sánchez et al., 2016). One example of this scenario is South Korea, a long-term oriented country. There, the culture attaches more importance to the future of companies that accept they have a broad responsibility toward society and other stakeholders, going beyond the mere goal of delivering quarterly returns to the shareholders (Hofstede Insights, 2019).

In contrast, for H_6 (companies located in less indulgent countries achieve better performance in Corporate Social Responsibility), no statistical significance was observed, indicating that this hypothesis is rejected. No further inferences can thus be made about the impact of this cultural dimension on the CSR performance of the companies investigated.

The non-acceptance of the proposed hypothesis may be the result of a lack of empirical studies on the impact of an indulgent culture on CSR (Thanetsunthorn & Wuthisatian, 2018). This opens up new opportunities for future studies to validate the argument by considering a greater number of countries in their investigations.

5 Final Remarks

The evidence from this study indicates that the cultural differences between countries influence how much business activities consider the community, employees, the environment, and corporate governance. All of these elements together determined Corporate Social Responsibility performance in this study. Differences were found in at least five of the six cultural dimensions proposed by Hofstede, which are largely accepted internationally. Therefore, countries' cultures, especially the cultural dimensions examined, should be included among the determinants of CSR.

More specifically, it was found that companies with the following cultural characteristics have better CSR performance: (i) a high power distance, (ii) high individualism, (iii) low masculinity, (iv) low uncertainty avoidance, and (v) a high long-term orientation.

One contribution of this study is it clearly shows that country-level cultural factors affect the behavior of companies in regard to Corporate Social Responsibility. This finding provides insights for companies that are considering expanding their businesses to other countries that are different from their countries of origin. In light of the evidence, it can be stated that companies that wish to legitimize their business through CSR must consider the respective country's cultural factors and adapt to them. Thus, the acceptance of CSR strategies will depend on the country's cultural receptivity.

Another contribution of this study is it indicates that in a large sample of companies and countries, CSR performance is influenced by both endogenous factors (company size, concentration of ownership, internationalization of activities, and business sector) and exogenous factors (cultural dimension and the country's transparency level). The evidence covers two main points: (i) managers' intentions and readiness to respect and adhere to CSR-related institutional values, and (ii) manager' need to meet the expectations of stakeholders and of the society in which they run their businesses.

The investigation also contributes with empirical evidence that supports the assumptions of Stakeholder Theory, according to which an organization's performance is mostly assessed by how it addresses the various stakeholder issues and relationships. In other words, the culture of a country indicates whether stakeholders will be interested in CSR practices. By understanding these factors, managers can develop goals that are compatible with the stakeholders' interests, as according to the assumptions of Donaldson and Preston (1995).

The study was limited when it assessed the impact of cultural dimensions on CSR performance, in terms of the categories of community, employees, environment, and governance. The stakeholders' expectations are related with cultural and institutional factors of the business environment, inducing the level of engagement in CSR.

Thus, an expansion of this study is recommended to consider the influence of cultural dimensions and factors of the institutional environment on the specific categories that compose CSR performance, with the aim of explaining the possible differences in business behaviors.

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