
A THEORETICAL STUDY ON CROSS-NATIONAL DIFFERENCES ON CORPORATE SOCIAL RESPONSIBILITY ORIENTATION (CSRO)

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Abstract

The nature of corporate social responsibility (CSR) as a construct can be viewed as a global issue. Nowadays, the business environment is multicultural in nature. Transnational corporations (TNCs) have become prime movers of cultural change as they work with people and other firms from different countries with different cultures and emphasize specific values. Although there is not a common consensus on the definition of CSR, it is widely accepted that the importance of CSR is still increasing. Furthermore, it can be proved by implementing standards, recommendations and metrics to evaluate the level of corporate social responsibility or sustainability. However, it is assumed, that the type of CSR activities, preferences and their perception by stakeholders will differ across different countries. Current research has proved that the main reason for the differences is the cultural, political and social environment. These differences have translated to differences in attitudes towards CSR activities. Neither there is a widely accepted compromise. The purpose of this article is to prepare a theoretical framework on differences in CSR orientation in different cultures for the following research. The present study is theoretical in nature as it examined literature review on corporate social responsibility orientation. Although corporate social responsibility is viewed almost the same by scholars and practitioners of business management, still there are subtle differences in implementing CSR policies in different countries representing different cultures. Although CSRO is highly discussed, there is not a general consensus on the relation between nation differences and CSR practices. More empirical research should be conducted using the same methods to obtain reliable and comparable results.

Keywords: Corporate social responsibility, orientation, CSR reporting, national policy

1. Introduction

The aim of the presented article is a theoretical analysis of the available sources oriented on cultural, economic and political particularities within the context of corporate social responsibility what is subsequently expressed in

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different attitudes to such form of social involvement. This issue offers a great space for performance of many researches which would focus on different extent of CSR adoption as a regular tool in management or marketing. Since this issue is very controversial, it is possible to assume on the basis of available literature that existing cultural differences as a result of historical and social development are reflected in different attitudes of selected interest groups to the corporate social responsibility and different perception of company's communication built in this way.

Although the original concept of CSR was often criticized for its static nature [1], it has been acknowledged by many scholars that it differed in time and across countries [2, 3]. However, it is accepted that CSR is an investment that pays off in the long run [European Commission, *Opportunity and Responsibility*, 2007, http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/documents/eg_report_and_key_messages/key_messages_en.pdf, accessed 13.07.2015]. Therefore, forms of CSR are assumed to be different in different countries. The issue of CSR still attracts researchers [3] and is one of the most important areas of social research [4]. There are few studies, which have addressed questions dealing with specific differences of CSR orientation and cross-national research [5]. Cross-national differences in Corporate Responsibility can be attributed to the influence of legal and political systems and economic wealth [6, 7]. Demographics is also often regarded as an important mover, still there is not a clear empirical evidence to find a significant relation [8]. Pinkston and Carroll suggest that CSR is relatively the same across cultures [9] and natives of different countries working as managers did not report differences in attitudes toward CSR. On the other hand, Matten and Moon argue that there are differences in CSR practices between countries, which are caused by national factors [10]. The paper is compiling literature dealing with significant cross-national CSR differences across countries. We are presenting relevant theoretical framework, which can be useful in analyzing CSRO, but also investigating attitudes towards social, economic and environmental responsibility.

2. Definition of Corporate Social Responsibility

CSR is becoming an increasingly important element on national and transnational policy agendas [N. Williamson, A. Stampe-Knippel and T. Webe, *Corporate Social Responsibility National Public Policies in the European Union - Compendium 2014*, 11.03.2014, <http://ec.europa.eu/digital-agenda/en/news/corporate-social-responsibility-national-public-policies-european-union-compendium-2014>, accessed 15.07.2015]. The main problem is the ambiguity of what CSR entails. As a result, there is no generally accepted definition of CSR [11]. The concept of CSR is very vague, and the definition varies according to different stakeholder groups. Although the evidence of responsible behaviour can be traced back in history, the modern era is marked by the contribution of H.R. Bowen [12]. Bowen [13] refers to the obligations of businessmen to

“pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. Later, Carroll [1] defined CSR as the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time and formulated a four stage model of corporate social responsibility. The above types of responsibility are domains of CSR activities in which managers operate [3]. It suggests that firms have an obligation to the needs and goals of society that goes beyond the merely economic [14]. Later on, new terms were introduced to the issue of CSR. Sethi [15] started distinguishing between corporate behaviour, so-called ‘social obligation’, ‘social responsibility’, and ‘social responsiveness’. In 1984, Freeman placed his new stakeholder’s theory, which brought a completely new dimension in CSR literature as stakeholders actively participate for successful CSR implementation [16]. Current definitions deal with sustainability issues also known as triple bottom line – 3BL concept [17] and are consistent with basic principles of responsibility, which are voluntarism, obligation, economic, social and environmental responsibility [18, 19].

3. Cross-National differences in CSRO

The CSR orientation (CSRO) has been a long-lasting debate in the academic field [20]. There were many studies conducted that tried to answer questions regarding cross-national differences in CSRO. The first work was Aupperle’s research based on Carroll’s four dimension model [21]. Aupperle concluded that the most important dimension was economic, followed by legal, ethical and discretionary responsibilities. He asked 214 U.S. executives to fill out questionnaires that contained statements about four CSR dimensions rated on a scale [21]. Later on Orpen conducted a research on cross-cultural differences on CSR comparing US and South African participants [22]. Orpan proved that American participants were more in favor of CSR than South African ones. Moreover, He managed to find relation between differing results and respective cultural norms and values. Later, also Ringov and Zollo stated that the national culture is playing an important role in influencing how society expects businesses to behave [23]. Hofstede pioneered the study of various national cultures [24]. According to Hofstede’s work *“Culture is the collective programming of the human mind that distinguishes the members of one human group from those of another”* [24, p. 25]. Later on, Pinkston and Carroll conducted a more extensive research on the CSR inclinations of managers from England, France, Germany, Japan, Sweden and Switzerland working in the United States, but also native U.S. managers [9]. They were all professionals in the chemical industry. Pinkston and Carroll used the Aupperle’s instrument but they developed their individual questionnaire. They concluded that the factor of nationality seemed to play a significant role in decision making autonomy [9]. Burton et al. also revised the original Aupperle’s questionnaire but also used scale and used Hofstede’s Value Survey Module 1994 [21]. The authors

concluded that the Hong Kong students pay more attention to economic and less to legal and ethical responsibilities than their American colleagues. In 2007, Ringov and Zollo tried to link Hofstede's cultural dimension to CSRO [23]. Based on their research, authors gave ample evidence that businesses in high power distance countries tend to be less concerned with their social and environmental impact than those in low power distance countries. This is also the case for the dimension of masculinity. However, they did not manage to prove a significant influence of the dimensions of uncertainty avoidance and collectivism.

4. Discussion

Although, the nature of CSR concept can be seen as a global concept, it is suggested that it is implemented differently across different geographical contexts [10]. It is grounded on assumptions that there are a few factors which distinguish one country from another. Despite all the research, we have little understanding of CSR across national contexts. According to theory review of literature, there are two important theories that form the framework for CSR. Stakeholder theory [16] and institutional theory [25] that best suit the main aim of the study as they refer to theoretical arguments used in CSR theory. However, very little attention was paid to environmental factors that influence whether a firm will engage in CSR issues. Stakeholder theory suggests that there are specific groups who affect or are affected by firm's actions [26]. Institutional theory assumes that the organizational structure of a firm is a function of rules determined by the institutional environment. Matten and Moon used institutional theory to explain how institutional differences result in different CSR practices [10]. Different institutional environment led to implicit and explicit CSR [10]. While implicit CSR is characteristic for European business and is more 'business-government' oriented, explicit CSR is more placed on voluntary basis as originated in the US. The latter represents global concept of a new management movement. Based on their theoretical study, they assume that main factors that distinguish US-CSR from Europe CSR are the relative capacity of Americans for participation, their relative capacity for philanthropy and the relative capacity of business people for philanthropy, their scepticism about big government and their confidence about the moral worth of capitalism [10]. An important aspect of cultural differences is that on the basis of different values respected by the members of a given culture, they create different relationships to the organization. Similarly, the organization's behaviour towards employees is subsequently influenced by values shared by the members of a particular culture. What might be considered a CSR issue in one locale might not be important in another country. Or in other words, what is important in one culture does not necessarily have to be important to another.

5. Conclusions

The main aim of the study was to highlight the most important aspects of cross-cultural and cross-national differences in CSR orientation for upcoming research on CSR in context of cross cultural differences, which lead to different attitudes toward CSR activities. On the basis of the theoretical background, it is expected that different thinking about the nature of CSR will lead to different strategies and policies prevailing in specific cultural, political and social circumstances. Main factors that cause variations in CSR orientation are managerial altruism [27], religious beliefs [28] or education [14]. There are also external factors that subsequently drive CSRO, e.g. a regulatory framework [29] or institutional framework [10] which influences market processes control systems, stakeholders [30]. The above components are shaped by political, financial, educational and cultural institutions. Suchman claims that cultural elements should be appropriate within some norms and values [31]. All-in-all, overall picture of business is rapidly changing under globalization. Although European countries move from implicit to more explicit CSR under the impact of ongoing changes, despite institutionalization of CSR (code of conducts for MNCs issued by UN, ILO; environmental standards – ISO14000 or responsibility standard ISO 26000; socially responsible investing FTSE4GOOD) [10], there are still peculiar differences remaining in defining and implanting national CSR strategies and policies. Although, there are several academic researches arguing that there are not real differences between responsibilities in different cultures [9], there are also scholars, who assume that there is a significant relationship between country factors and corporate responsibility [6, 10, 14, 21]. The most important limitation of many researches is that authors obtain incomplete results. They often tend to compare only a limited group of countries, which represent opposite groups with completely different historical, cultural and social circumstances. They usually exclude Central and East European countries, as a consequence of a different transitional economic and political environment. Work in CSR tends to be limited to single country, mainly US or comparison study across only a few countries. Thus, research is missing practical recommendations as many times, they try to compare incomparable issues of CSR. Another limitation is the lack of methodology, which would allow obtaining comparable results and giving practical general recommendations obtained from theoretical and empirical study. Research results may also be distorted by the fact that much of the research into CSR focuses on TNCs, which are often large enough to affect the institutional environment of the countries [32]. The last limitation of past researches is that they explored different samples (business people and dominantly business students) which are also a problem as we are unable to compare these results. According to our theoretical study, we assume that more theoretical and empirical research should be conducted including more countries and stakeholder groups using the same methodology (e.g. Aupperle's measuring CSRO or Hofstede's research on different cultures) [21, 23, 24]. Thus, it would

be possible to gain more complex, comparable results and draw reasonable, practical results. Particularly, there is a need for further research in international, cross-cultural CSR.

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