National Culture and Corporate Sustainability

Olga Hawn, Kenan-Flagler Business School, UNC Chapel Hill

Vanessa Burbano, Colombia University Business School

**Abstract:** How and when does national culture influence corporate social performance (CSP)? We use culture as an important new lens through which to examine CSP—one that has not been explored holistically to date. We first uncover general patterns in a multi-national, multi-organizational study of CSP, based on social and environmental metrics, using three different measures of national culture (Hofstede, Schwartz, and GLOBE). We then examine various country-, industry-, firm-, and individual-level moderators of this relationship. We find that culture influences the degree of CSP around the world and that this influence is moderated by how globalized the home country is, which industry the firm operates in, whether it is domestic or multinational, and whether it has board directors of a different nationality. We show that higher CSP is associated with greater uncertainty avoidance, long-term orientation, egalitarianism and power distance, and lower performance orientation and masculinity. Surprisingly, CSP is lower in cultures with higher collectivism and more humane orientation. Our cultural perspective of sustainability offers a new way of seeing why some firms excel in CSP and others lag behind. This paper contributes to practice and theory of sustainable development, with implications for the literature on corporate sustainability and national culture.

**Key words:** corporate social performance, national culture, sustainability, international business

**Acknowledgments:** we thank Nel Dutt, Caroline Flammer, Mae McDonnell and Marlo Raveendran for feedback on the early draft of this paper.

# INTRODUCTION

Sustainable development is one of the most difficult global challenges that business and society face today (George, Howard-Grenville, Joshi, & Tihanyi, 2016; George, Schillebeeckx, & Liak, 2015; Howard-Grenville, Buckle, Hoskins, & George, 2014; Kim & Davis, 2016). Although the Paris Climate Agreement brought many countries together to address global warming, there is increasing recognition that its goals will be achieved only if all countries take action—through policy, society, and business (Bansal, 2002). Corporate sustainability, social responsibility (CSR) or performance (CSP)—terms often used interchangeably—has been shown to advance social change and sustainable development globally (Aguilera, Rupp, Williams, & Ganapathi, 2007; Wang, Tong, Takeuchi, & George, 2016), and as such is increasingly being recognized as an important alternative organizational outcome in management research (Margolis & Walsh, 2003; Marquis, Glynn, & Davis, 2007; Shaw, Bansal, & Gruber, 2017). Yet, while there has been some examination of the regulative (Campbell, 2007; Ioannou & Serafeim, 2012; Liang & Renneboog, 2017; Lim & Tsutsui, 2012) and normative (King, 2008; Luo, Zhang, & Marquis, 2016; McDonnell, King, & Soule, 2015) institutional pillars of corporate sustainability, we know relatively little about the third cognitive-cultural pillar (Scott, 1995). In addition, most work on the antecedents of CSR has been based in one institutional context, mainly in the United States or China (Cumming, Leung, & Rui, 2015; Marquis & Qian, 2014; Wang et al., 2016; Zhang & Luo, 2013).

Previous studies show that cross-national cultural differences explain heterogeneity in organizational outcomes and management practices (Bloom & Van Reenen, 2010; Hofstede, 1980)—even beyond administrative attributes, such as governmental policies, laws, and public institutions (Bloom, Sadun, & Van Reenen, 2012; Ghemawat & Reiche, 2011). We propose that national culture, defined as persistent national character (Alesina & Giuliano, 2015; Inkeles & Levinson, 1954/1969) or “collective programming of the mind” (Hofstede, 1980: 25), may affect the degree to which businesses invest in sustainability around the world. Constituting abstract rules associated with the structure of cognitive distinctions and taken-for-granted understandings, national culture is an important element of the cognitive pillar in Scott’s troika (1995). As DiMaggio and Powell (1991: 13) state, “environments penetrate the organization, creating lenses through which actors view the world and the very structures of actions, and thoughts.” This paper, therefore, offers an important new lens through which to consider the drivers of CSP around the globe: that of national culture.

Some scholars have considered how some cultural dimensions can help explain heterogeneity in CSP. Arguing that they represent national business systems, Ioannou and Serafeim (2012) link two country-level cultural dimensions (individualism and power distance) to CSP. Young and Makhija (2014) explore the role of two other cultural dimensions (national benevolence and egalitarianism). Liang and colleagues (2014), relying on inherent differences in national languages, study the effect of time orientation on CSR. These studies, however, paint but an incomplete picture of the role of culture in CSP: national cultural dimensions should be seen in combination, not in isolation (Hofstede, 2011). Therefore, we need a more systematic analysis (including all cultural dimensions) of how national culture influences CSP.

In particular: When or in which national cultures are organizations more likely to demonstrate greater levels of CSP? How do different dimensions of culture affect corporate sustainability? And under what conditions is national culture more important in influencing CSP? We address these important questions by providing, to our knowledge, the first holistic examination of the relationship between corporate sustainability and national cultural dimensions. We include data from three major cultural indices: those of Hofstede, GLOBE, and Schwartz. Our sample includes almost 4,000 firms from 37 countries over 15 years (2002–2016), representing 32,012 firm-year observations. We also examine the influence of country-, industry-, firm-, and individual-level moderators. Given that prior research on CSP has been based in a single country and has only recently moved beyond the U.S. context (Wang et al., 2016), our analyses, which span multiple organizations in multiple countries, contribute broadly to the understanding of cross-national antecedents of corporate sustainability.

Given CSP’s unique connections to the institutional context and to the firm’s economic interests (Young & Makhija, 2014: 692), understanding cultural drivers of CSP is relevant to international business, management, and strategy scholars. Firm-level long-term orientation, for example, was found to moderate the relationship between CSP and financial performance, suggesting that a firm’s long-term orientation magnifies the value of the benefits that accrue to the firm from CSR (Wang & Bansal, 2012). Our paper suggests that cultural constructs other than long-term orientation may influence CSP and that there are relevant cultural differences at the national, not just firm, level. Multinationals are shown to strategically adopt different CSR policies in distinct institutional contexts (Rathert, 2016). Our study suggests that firms may also wish to strategically adopt different CSR policies in different *cultural,* not just institutional, environments. Overall, raising awareness of the cultural drivers of CSR can improve the cross-national comparisons of CSP (Aguilera et al., 2007; Marquis et al., 2007) and provide new ways to see and understand potential roadblocks in attitudes and behaviors (George et al., 2015) on the way to greater global sustainable development.

# THEORY DEVELOPMENT

## National Culture and Sustainability: Moving Beyond Normative and Regulative Institutions

“Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2001: 48). Most literature on heterogeneity in CSP has focused on the role of normative institutions (King, 2008; Luo et al., 2016; McDonnell et al., 2015). However, in one of the first efforts to understand why CSP differs among countries, beyond normative elements, institutional theory of CSR (Campbell, 2007) outlined several regulative institutional conditions. Building on this, Matten and Moon (2008) proposed that variation in CSR between the United States (i.e., “explicit CSR”) and Europe (i.e., “implicit CSR”) can be explained by the historical institutions of their national business systems. Subsequent research proved that firms embedded in different national-level institutions, while operating in the same industry, have different CSP. In particular, Ioannou and Serafeim (2012) found that the political system, followed by the labor and education systems, are the most important categories of institutions that impact CSP. Liang and Renneboog (2017) discovered that a firm’s CSP and its country’s legal origin are strongly correlated, such that firms from common-law countries have lower CSP than companies from civil-law countries (Scandinavian civil law firms have the highest CSP).

However, even though national culture has been shown to be linked to and to influence institutions (Alesina & Giuliano, 2015; Tabellini, 2008), there has been relatively little consideration of *national culture* as a driver of CSP. National culture is an important cognitive institutional pillar of organizations (Scott, 1995) that has been somewhat overlooked in this line of inquiry. Organizations in different countries are shown to have different ethical cultures—even in similar institutional environments. For example, within BRIC countries, respondents from Brazil and India assess the ethical cultures of their organizations more favorably than do respondents from China and Russia (Ardichvili et al., 2012). Even corporate codes of ethics seem to reflect national character (Langlois & Schlegelmilch, 1990). This suggests that regulative and normative institutions may not be the only factors explaining differences in CSP: cultural differences may also play a role.

While some recent work isolated particular country-level cultural dimensions and examined their influence on CSP, we still lack a holistic understanding of the role of national culture. For example, Ioannou and Serafeim (2012) and Young and Makhija (2014) establish a positive link between individualism and power distance, and national benevolence and egalitarianism, respectively, and CSP. Waldman et al. (2006), on the other hand, examine how the cultural values of institutional collectivism and power distance relate to social responsibility values on the part of top management teams. They find that managers in cultures with greater institutional collectivism value most aspects of CSR in the decision-making process, whereas managers in cultures with greater power distance tend to devalue all three aspects of CSR—concern for shareholders/owners, stakeholders, and the community/state welfare (Waldman et al., 2006).

However, many other dimensions of national culture, such as long-term orientation, uncertainty avoidance, masculinity, performance, and humane orientation, have been underexamined in the context of explaining differences in CSP. Moreover, some of this prior work links national culture to individual-level outcomes, whereas the effect on firm-level CSP remains to be understood. To conclude, there is an important opportunity to consider the broader range of national-level cultural constructs that holistically comprise national culture, and their effect on CSP. Considering national cultural dimensions in combination, rather than in isolation from each other, may provide drastically different results and a new way of seeing CSP.

We adopt the definition of culture as a set of values that are shared in a given social group and that distinguish this group from others (Ghemawat & Reiche, 2011). Referred to as “the collective programing of the mind” (Hofstede, 1980: 25), culture provides a basis for interaction and shared understanding among group members and determines social norms and expectations, ultimately shaping the behavior of individuals and organizations (Beugelsdijk, Kostova, & Roth, 2017). Culture is the rich complex of meanings, beliefs, practices, symbols, norms, and values prevalent among people in a society (Schwartz, 2006), acquired through a process of socialization.

At the core, we argue that organizations, and individuals comprising these organizations, are socialized in their national cultural environments, and that this socialization influences individual choices and management practices related to CSP. Culture cognitively determines acceptable or attractive behaviors, perceptions, and values, providing preferences or priorities for one behavior over another (Schwartz, 2006). Indeed, managers’ perceptions of similar ethical issues may vary by country ideology (Schlegelmilch & Robertson, 1995; Spicer, Dunfee, & Bailey, 2004). Furthermore, national(-level) business ideology (defined as shared beliefs among business people on transformational leadership and professional altruism) may affect individual(-level) pro-social values, showing that individuals are indeed socialized in the national corporate work environment (Muethel, Hoegl, & Parboteeah, 2011). It is important to understand the human values and attitudes that influence individual perceptions of sustainability (Leiserowitz, Kates, & Parris, 2006) as well as the perceptions and attitudes of different actors who influence CSR (Aguilera et al., 2007). We argue that national-level cultural values and beliefs are likely to influence individual, and, as a result, organizational behavior around CSR.

## Cultural Dimensions and Corporate Social Performance

***Uncertainty avoidance and CSP.*** Uncertainty avoidance is defined as the extent to which the members of institutions and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations (Hofstede, 1980). Uncertainty-avoiding cultures (e.g., Eastern and Central Europe, Latin countries, Japan, German-speaking countries) try to minimize the possibility of such situations: the uncertainty inherent in life is felt as a continuous threat that must be fought; in weak uncertainty-avoiding cultures, such as English-speaking, Nordic, and Chinese culture countries, the uncertainty inherent in life is accepted and each day is taken as it comes (Hofstede, 2011).

Sustainability, and climate change in particular, presumes avoidance of uncertainty around projections of our future climate, which arise from the complexity of the climate system itself as well as from our social, political, and economic choices (Howard-Grenville et al., 2014). Therefore, assuming that individuals in uncertainty-avoiding cultures avoid uncertainty by seeking to address it, by definition, corporate social and environmental management practices aim to address uncertainty and ambiguity around sustainability-related (Hahn, Preuss, Pinkse, & Figge, 2014) “grand challenges,” such as climate change and poverty alleviation (Ferraro, Etzion, & Gehman, 2015). Thus, in countries with greater uncertainty avoidance, we expect to find greater levels of firm-level CSP.

Hypothesis 1 (H1): The higher the country-level uncertainty avoidance, the higher the firm-level CSP.

Long-term orientation and CSP.Sustainability requires an attitude toward conservation and preservation of the earth’s natural resources for future generations (George et al., 2015). This attitude is more widely shared among cultures that value a long-term orientation. A long-term or future orientation, as a cultural value, is defined as the degree to which one plans for and considers the future (Hofstede, 1980), for example by increasing savings, rather than consumption, and setting thrift and perseverance as important personal goals (Hofstede, 2011). Long-term-oriented cultures are found in East Asia, followed by Eastern and Central Europe, and short-term-oriented cultures are mainly located in the United States, Australia, and African and Muslim countries (Hofstede, 2011). The key difference between long- and short-term oriented cultures is that in long-term oriented countries, most important events in life are perceived as occurring in the future, whereas in short-term oriented cultures most important events in life are perceived to have occurred in the past or as taking place now (Hofstede, 2011).

While sustainable development and CSP are long-term oriented concepts (Bansal & DesJardine, 2014), financial markets put short-term pressure on executives of public corporations (Flammer & Bansal, 2017). Moreover, “[. . .] long-term thinking is not salient in the minds of executives in the midst of an ethical collapse. Indeed, ethical lapses in corporate business behavior have specifically been attributed to short-term thinking on the part of the executives involved” (Nevins, Bearden, & Money, 2007: 262). Business managers in short-term oriented countries perceive practices such as profiting at the expense of damage to the environment as less unethical than do business managers in long-term oriented countries (Christie, Kwon, Stoeberl, & Baumhart, 2003). Long-term orientation, on the other hand, engenders higher levels of environmental (Hofstede & Minkov, 2010) and ethical values at the individual level (Nevins et al., 2007). Therefore, assuming that individual perceptions and beliefs lead to individual actions inside corporations that in turn lead to corporate actions reflected in CSP, we expect to find greater levels of firm-level CSP in countries having a long-term orientation.

Hypothesis 2 (H2): The higher the country-level long-term orientation, the higher the firm-level CSP.

Power distance and CSP.Power distance is defined as the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally (Hofstede, 1980). This cultural dimension reflects inequality, defined from below (not from above), meaning that a society’s level of inequality is endorsed by the followers as much as by the leaders (Hofstede, 2011). Alternatively, it incorporates the extent to which subordinates are not expected to express disagreement with their supervisors and supervisors are not expected to consult with their subordinates in the decision-making process (Hofstede, 2001). In high power-distance societies with more hierarchical values—such as in Eastern Europe, Latin, and Asian and African countries—many kinds of judgments and decisions show deference to authority (Kirkman, Chen, Farh, Chen, & Lowe, 2009)—compared with lower power-distance Germanic and English-speaking Western countries.

Sustainable development is a topic of debate between individuals with various beliefs and opinions (Hahn et al., 2014). Because there is no consensus on these issues, it is unlikely that any action is taken on sustainability-related challenges unless the CEO has the power to decide and act. As Teng Lit Liak said,

The challenges of the future are more grounded than fanciful. You’ll always need clean air, you need to eat, you need to keep the aircon on, and the trains running. Yet the big thing will be that we shift from coal generation to sustainable power. Global warming sooner than later is going to catch up with you, whether you deny it exists or not. Where we need leadership is to decide the direction and put all our efforts towards it. (George et al., 2015)

We know that a CEO’s political ideology, for example, has an effect on CSP and that this effect is enhanced by the CEO’s relative power (Chin, Hambrick, & Treviño, 2013). Therefore, consistent with Ioannou and Serafeim (2012), in countries with higher power distance, where CEOs are more likely to exercise their power without subordinates undermining their decisions, we expect higher CSP.

Hypothesis 3 (H3): The higher the country-level power distance, the higher the firm-level CSP.

***Individualism and CSP.*** Individualism versus collectivism is the degree to which people in a society are integrated into groups: in individualistic (mainly developed and Western) countries, everyone is expected to look after him-/herself and his/her immediate family (Hofstede, 1980), whereas in collectivistic cultures (less developed and Eastern countries) people are born into extended families or clans, which protect them in exchange for loyalty. This cultural dimension reflects the nature of the relationship and the boundaries between the person and the group: to what extent are people autonomous versus embedded in their group? (Schwartz, 2006). In individualistic cultures, people are viewed as autonomous, bounded entities who are encouraged to pursue affectively positive experience for themselves and to live a pleasurable, exciting, and varied life (Schwartz, 2006).

Cognitively speaking, such (individualistic) cultures are likely to generate selfish attitudes toward the environment and society: an “exciting and varied life” may come at a cost to the planet. Collectivistic cultures, on the other hand, are likely to propel the relational drivers of CSR, wherein people care about CSR because they are concerned about their social bonds with groups, group institutions, and group authorities; thus, the need for belongingness and social- and relationship-based concerns trigger greater CSR engagement at the individual level (Gond, El Akremi, Swaen, & Babu, 2017). After all, CSR is an effective employee engagement tool (Flammer & Luo, 2017). Therefore, unlike Ioannou and Serafeim (2012), we expect to find lower CSP in individualistic cultures.

Hypothesis 4 (H4): The higher the country-level individualism (collectivism), the lower (higher) the firm-level CSP.

***Egalitarianism and CSP.*** Egalitarianism is the degree to which a collective minimizes gender inequality; it induces people to recognize one another as moral equals who share basic interests as human beings (Schwartz, 2006). In egalitarian cultures (e.g., Nordic countries and the Netherlands; Latin and Asian countries like France, Spain, Portugal, Chile, Korea, and Thailand), people are socialized to internalize a commitment to cooperate and to feel concern for everyone’s welfare; they are expected to act for the benefit of others as a matter of choice. In such cultures important values include equality, social justice, responsibility, help, and honesty (Schwartz, 2006).

As a polar opposite to egalitarianism, in masculine cultures (such as Japan, German-speaking countries, and some Latin countries like Italy and Mexico) there is often a taboo around this cultural dimension, which validates its importance (Hofstede et al., 1998). In Hofstede’s terms, masculinity versus femininity refers to maximum versus minimum emotional and social-role differentiation between the genders: masculine cultures admire the strong, and feminine cultures sympathize with the weak (Hofstede, 2011). Some CSP practices align closely with this definition of the feminine culture, including philanthropy and social and environmental responsibility for one’s company’s actions. Therefore, consistent with Young and Makhija (2014), we expect to find greater levels of CSP in more egalitarian cultures:

Hypothesis 5 (H5): The higher the country-level masculinity (egalitarianism), the lower (higher) the firm-level CSP.

***Performance orientation and CSP.*** Performance orientation is the degree to which a collective encourages and rewards group members for performance improvement and excellence (House, Hanges, Javidan, Dorfman, & Gupta, 2004). Values such as ambition, success, daring, and competence are especially important in such cultures: also called mastery cultures, they encourage active self-assertion to master, direct, and change the natural and social environment to attain group or personal goals (Schwartz, 2006). Not surprisingly, performance-oriented cultures can be found in the United States, Switzerland, Singapore, Chile, and some Arab countries (Oman, Saudi Arabia, United Arab Emirates), whereas low performance orientation is widespread in European countries—Sweden, Finland, Italy, Portugal, Spain, Greece, and Russia.

A performance orientation represents the key contentious point for corporate sustainability investments in the long-standing Freeman-Friedman debate (Freeman, 1984; Friedman, 1970) about the purpose of the firm and CSR. This debate centers on the premise that businesses should be more rather than less performance-oriented. Given that the values within performance-oriented cultures often contradict socially and environmentally responsible practices, we expect lower CSP in performance-oriented cultures.

Hypothesis 6 (H6): The higher the country-level performance orientation, the higher the firm-level CSP.

Humane orientation and CSP. Humane orientation is the degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others (House et al., 2004). High-humane-orientation societies are responsible for promoting the well-being of others and are urged to be sensitive to all forms of racial discrimination: people are motivated by belonging and affiliation, the interest of others is important, and child labor is limited by public sanctions (Grove, 2005). Low-humane-orientation cultures, on the other hand, emphasize one’s self-interest, motivation primarily driven by a need for power and material possessions, and the role of the state in providing social and economic support for individual well-being (Grove, 2005). Cultures with greater levels of humane orientation are found in Belgium, Norway, Iceland, Ireland, and Peru. Cultures demonstrating lower degrees of humane orientation include France, Germany, Greece, Hungary, and Spain.

Consistent with the stakeholder view of the firm (Freeman, 1984), humane orientation as a cultural value programmed into the minds of people shall increase individual and, as a result, collective and corporate engagement in CSP (within organizational bounds, of course). Therefore, consistent with Young and Makhija (2014), who use national benevolence as an alternative term for humane orientation, we expect greater levels of CSP in such cultures.

Hypothesis 7 (H7): The higher the country-level humane orientation, the higher the firm-level CSP.

## Moderators

A review of the international business literature, as well as anecdotal evidence, suggests that there are few instances in which culture does not matter at all (Leung, Bhagat, Buchan, Erez, & Gibson, 2005). Thus, recently, scholars have argued that, in addition to addressing whether national culture makes a difference or not, it is important to address the issue of *how* and *when* it makes a difference (Kirkman, Lowe, & Gibson, 2006). After building theory on *how* culture affects CSP, we now turn to understanding *when:* in particular, we discuss a critical set of moderators at the country, industry, firm, and individual levels of analysis.

At the country level, as globalization processes expose more people to multiple cultural traditions, the influence of national culture may diffuse and weaken for the organization and its employees. In other words, the degree of globalization is likely to influence the relationship between culture and CSP. A country’s global connectivity, integration, and interdependence in the economic, social, technological, cultural, political, and ecological spheres creates a new collective and impersonal entity that affects people’s identity (Leung et al., 2005). A more global identity that comes from adopting practices, styles, and information that are part of the global culture results in a sense of belongingness to a worldwide culture (Arnett, 2002) or multiple cultural traditions, rather than to a national culture. In more globalized countries we would expect that the influence of national culture on individuals’ identities and behaviors, including those related to sustainability issues, is weaker, and that this weaker influence would spill over to the organizations where these individuals work. We thus expect a lower impact of national culture in more globalized countries:

Hypothesis 8 (H8): The influence of culture on CSP will be weaker in more globalized countries.

At the industry level, operating in some sectors may increase or decrease sensitivity to cultural differences. Generally, businesses that sell directly to consumers (rather than to other businesses) are less sensitive to cultural differences, whereas service industries are more sensitive to cultural barriers than industries focused on selling physical products that are relatively insensitive to cultural distance (Ghemawat & Reiche, 2011). Therefore, we expect to see variation in the impact of culture on CSP by industry:

Hypothesis 9 (H9): The influence of culture on CSP will be stronger in more culturally sensitive industries (i.e., in the service industry than in the consumer industry).

Firm-level differences might also affect the degree of cultural influence on corporate sustainability levels. In particular, consistent with Ioannou and Serafeim (2012), we predict that domestic firms will exhibit stronger cultural influence because they are shielded by national borders in their operations and are not affected by multiple cultural influences like multinational firms. Therefore,

Hypothesis 10 (H10): The influence of culture on CSP will be stronger for domestic-only firms than for multinational firms.

Finally, at the individual level, we consider the potential moderating effect of boards of directors on firm-level sustainability practices. According to upper echelons theory, directors differ in their cognitive frames, and these cognitive frames, in turn, influence firm outcomes (Hambrick, 2007). Because directors’ cognitive frames are difficult to capture, much research applying this theory to boards of directors has used observable characteristics, such as race or gender, as proxies for cognitive frames (Post & Byron, 2015). Diversity in board member characteristics has been advocated as a means of improving organizational performance by giving boards new insights and perspectives (Siciliano, 1996). We argue that if there are any board members of a different nationality than that of the firm (based on the head office location), such diversity will reduce the influence of national culture on sustainability. Hence,

Hypothesis 11 (H11): The greater the nationality mix of the board of directors of the firm, the weaker the influence of culture on CSP will be.

# METHODS

## Data and Sample

We constructed our sample from secondary data sources, including Thomson Reuters Asset4, Worldscope, Datastream, Hofstede, Schwartz, GLOBE, BoardEx, and Bloomberg, as described below. Our sample consists of 3,973 firms from 37 countries over 15 years (2002–2016), representing 32,012 firm-year observations.

## Measures

***Dependent variable.*** We use firm-level sustainability as our dependent variable. Following prior research addressing a similar question (Ioannou & Serafeim, 2012), we use*CSP Index,* which is the equally weighted average of the social and environmental scores for the focal firm in year *t* from ASSET4. In theory, this index ranges from 0 to 100; in practice it ranges from 6 to 98, with the average falling squarely in the middle, at 52 (st.d. 29.46). We chose not to aggregate sustainability at the country level, as this would significantly reduce our sample size and ignore across-firm variation.

***Independent variables.*** We use several data sources to construct our cultural measures. We begin by using the most influential cultural framework in international business research—that of Hofstede (1980). This framework scores countries on several value dimensions that are parsimonious and broadly encompassing and that are proven useful for organizing research on cultural differences in a wide range of business behaviors (Taras, Kirkman, & Steel, 2010). In particular, we use the most recent data (for a larger number of countries than was originally developed) on *Uncertainty Avoidance, Long-term Orientation, Power Distance, Individualism,* and *Masculinity.*[[1]](#footnote-1) These cultural dimensions are described in our theory section. The higher the score on the index, the higher that cultural value dimension for a given country.

As recommended by calls to integrate additional cultural dimensions into analyses (Beugelsdijk et al., 2017), we triangulate our findings by complementing the Hofstede measures with measures from the Schwartz and GLOBE cross-cultural frameworks. Together, these frameworks shape contemporary international business and management research on cultural value differences (Stahl & Tung, 2015). There remains a lack of consensus on the best ways to assess culture (especially beyond the Hofstede and GLOBE models); most new instruments deviate little from Hofstede’s (1980) original model, in both content and measurement approach (Caprar, Devinney, Kirkman, & Caligiuri, 2015). Because the frameworks developed by Hofstede, GLOBE, and Schwartz are considered the best available options in management research (Peterson & Søndergaard, 2011), we use all three. They are neither substitutes nor complements: each partly captures the same variation in cross-cultural values and partly captures unique variation not sensed by any of the other frameworks (Beugelsdijk et al., 2017).

We use cultural norms from Project GLOBE, available for 45 countries (Waldman et al., 2006). Like Hofstede, the GLOBE study measures *Uncertainty Avoidance, Future Orientation,* and *Power Distance* and expands the cultural framework to include *Performance Orientation, Humane Orientation,* and *Egalitarianism.* It also measures collectivism (as opposed to individualism), at both the societal and the organizational levels (House et al., 2004). We include GLOBE’s *Institutional* and *In-group Collectivism* indices and expect them to produce opposite results from Hofstede’s individualism index.

Finally, we use Schwartz’s cultural value orientations.[[2]](#footnote-2) The scores are based on data gathered with the 56/57-item Schwartz value survey between 1988 and 2007. The selection of items to index the seven orientations was validated empirically through multi-dimensional scaling of 45 value items that had demonstrated reasonably similar meaning across societies. Because Schwartz (2006) specifies three *bipolar* dimensions of culture that represent alternative resolutions to each of three problems that confront all societies (embededdness vs. autonomy, hierarchy vs. egalitarianism, mastery vs. harmony), we use three dimensions closest to Hofstede and GLOBE. Thus, we focus our analysis on *Affective Autonomy* (individualism), *Egalitarianism,* and *Mastery* (performance orientation). Unfortunately, we did not have firm-level data for all countries in Schwartz’s ranking. It is not surprising, however, given that these include Macedonia, Pakistan, Romania, Ukraine, Ghana, and Costa Rica, for which we generally lack data.

**Controls**

***Country level.*** To control for country-level institutional, economic, environmental, social, and other factors that might affect firm-level CSP, we use the ESG Country Strategic Risk data from Bloomberg (1993–2016). These data assess the environmental, social, and strategic governance risk faced by different countries, helping us understand the long-term sustainability prospects of a country. The data is composed of 77 performance indicators that are equally weighted in calculating the overall score. Among them are carbon intensity of growth; percentage of renewable per total electricity; unemployment; percentage of population over 65; life expectancy at birth; GINI income inequality; poverty ratio; gross national income per capita; ease of doing business; business, investment, labor, and property rights freedom; regulatory quality; rule of law; political risk and stability; control of corruption; R&D expenditure (% of GDP); GDP per capita; market capitalization; currency reserves; and total external debt (% of GDP). It is perhaps the most comprehensive index collected from multiple data sources that reflects country-level determinants of sustainable development. *Country ESG* ranges from 0 to 100. In addition, we add year fixed effects to control for any time-related factors that could influence either country-level or firm-level sustainability.

***Industry level.*** Industry fixed effects are included in all models (55 industries).

***Firm level.*** To control for firm-level heterogeneity, we include data on Return-on-Assets (*ROA,* winsorized at 1% to avoid outliers), *Firm Size* (logarithm of total assets, highly correlated with market capitalization), firm risk (stock return, *Volatility*), and percentage of shares closely held (*Ownership*) from Datastream and Worldscope. All firm-level controls were lagged by one year to help address causality concerns. Table 1 provides summary statistics and correlations for all of these variables.

\*\*\*Insert Table 1 about here\*\*\*

## Methods and Results

Because we have panel data but our key independent variables do not change over time, we use random-effects regression for the analysis. Fixed-effects models are designed to study the causes of change within an entity, and a time-invariant characteristic, such as national culture, cannot cause such a change because it is constant for each entity within a country. To check whether a simple OLS regression would have been preferred to a random-effects model, we conducted the Lagrangian multiplier (LM) test. The Breusch and Pagan LM test for random effects rejected the null, concluding that there is evidence of significant differences across firms, making random effects the most appropriate model. We ran all models with clustered (at the firm level) and robust standard errors to address heteroskedasticity and autocorrelation present in the data. To further parse out alternative explanations, we also included industry and year fixed effects as well as lagged firm-level controls.

Given potentially high correlation across our cultural dimensions, we ran multicollinearity tests for all of the independent variables in our models. Hofstede’s measures demonstrated 22% to 78% of the effect independent of other predictors (except for Indulgence vs. Restraint, which we dropped from the analysis). The variance inflation factor (VIF) for the GLOBE measures proved Assertiveness to demonstrate little independence from other factors, so we dropped it from our analysis. VIF was also above the norm for some of Schwartz’s measures: Embeddedness and Intellectual autonomy demonstrated 6% and 9% of the effect independent of other predictors, whereas the rest of the seven dimensions ranged from 19 to 34%, so we also dropped these two from our analysis.

National cultural dimensions should be seen in combination (Hofstede, 2011); therefore, we include all the dimensions together in our analysis (except for those we drop due to multicollinearity). It is important to interpret our hypotheses with all the main effects in the model, such that the effect of each of the estimated coefficients is net of the other factors. For example, controlling for power distance, long-term orientation, and other factors already included in the model, we show the net effect of uncertainty avoidance. Without our controlling for these key independent variables, the main effect of uncertainty avoidance could reflect a mixture of the effects of other cultural dimensions and demonstrate either upward or downward bias due to the absence of other key meaningful independent variables (Egger, 2000; Lütkepohl, 1982). Thus, to accurately assess the effect of any one independent variable, it is important to include all of these cultural variables as independent variables and as controls.

\*\*\*\*\*\*\*Insert Table 2 about here\*\*\*\*\*\*\*

Table 2 shows the main results of our analysis. Model 1 includes only controls and demonstrates that, as expected, companies invest more in sustainability when they are bigger and have greater country-level ESG, lower firm risk, and a lower percentage of closely held shares. Model 2 uses Hofstede’s cultural dimensions, Model 3 applies those of GLOBE, and Model 4 uses those of Schwartz. As predicted in H1 and H2, we find a positive relationship between CSP and uncertainty avoidance and long-term orientation, across the Hofstede and GLOBE measures. Power distance, as anticipated in H3, is positively related to CSP in the Hofstede analysis, but the relationship is not statistically significantly different from zero in the analyses using the GLOBE measures. As predicted in H5 and H6, Masculinity (Egalitarianism) and Performance Orientation/Mastery are negatively (positively) related to CSP.

Unexpectedly, individualism (collectivism) is positively (negatively) related to CSP across the Hofstede, GLOBE, and Schwartz measures, contrary to our hypothesis and consistent with the findings of Ioannou and Serafeim (2012). Likewise, the relationship between Humane Orientation and CSP is opposite the predicted direction: it is negatively associated with CSP. A possible explanation for both findings is that collectivist and humane orientation cultures may reduce the perceived need for the corporation to become involved in solving social and environmental issues. In collectivist cultures where extended families or clans are more commonplace, the perception may be that the community already provides a safety net. Likewise, in more humane-oriented cultures where the role of the state, rather than that of the individual, is to provide social and economic support for individuals’ well-being (Grove, 2005), perhaps corporations are less expected to fill this role.

## Boundary Conditions

***Country-level heterogeneity.*** To understand *when* the effect of culture on corporate sustainability is stronger/weaker, we conducted several analyses using various sources of variation in the data. First, we included Globalization of the country, obtained from Eidgenössische Technische Hochschule (ETH), Zürich’s KOF Index of Globalization. The KOF index (2002–2014) is to date the most widely used index of globalization in academic literature and policy research, as it comprehensively measures the degrees of a country’s global connectivity, integration, and interdependence in the economic, social, technological, cultural, political, and ecological spheres, and it has the broadest coverage of countries. To more easily interpret its moderating effect on the influence of culture, we split the sample into more and less globalized countries (using the median of the KOF index as the cutoff point).

Table 3 shows the results of this analysis: as hypothesized in H8, the influence of culture is indeed weaker in more globalized countries, with a few exceptions. First, as predicted in H3, power distance is positively related to CSP in less globalized countries but negatively related to CSP in more globalized countries. Second, masculinity is important only in more globalized countries. Finally, performance orientation has a stronger impact in more globalized countries.

\*\*\*\*\*\*\*Insert Table 3 about here\*\*\*\*\*\*\*

***Industry-level heterogeneity.*** Industry characteristics may increase or decrease sensitivity to cultural differences. In line with this, H9 proposes that the effect of culture will be stronger in service than in consumer industries. Using various online industry catalogs, we coded *Consumer* and *Service* industries, whereby the *Consumer* dummy includes firms in the following sectors available in our data: Automobiles & Auto Parts, Food & Drug Retailing, Food & Tobacco, Household Goods, Leisure Products, Personal & Household Products & Service, Textiles & Apparel, Homebuilding & Construction Supplies, Beverages, Computers, Phones & Household Electronics. The *Service* dummy includes firms in Banking Services, Healthcare Providers & Services, Freight & Logistics Services, Hotels & Entertainment Services, Insurance, Investment Banking & Investment Service, Media & Publishing, Passenger Transportation Services, Professional & Commercial Services, Software & IT Services, and Telecommunications Services. Of the sample, 11.6% is in the consumer industry and 29% is in the service industry.

To compare the effect of culture across these two industries in an interpretable way, we used a split-sample analysis. Table 4 shows the results: as predicted in H9, the effect of culture varies by industry. Masculinity, humane orientation, egalitarianism, societal collectivism, power distance, and uncertainty avoidance have a larger effect in the service industry than in the consumer industry. The two exceptions to our prediction are in-group collectivism and individualism, which affect firms in the consumer industry more than in the service industry.

\*\*\*\*\*\*\*Insert Table 4 about here\*\*\*\*\*\*\*

***Firm-level heterogeneity.*** It is also important to consider how firm differences might affect the degree of cultural influence on corporate sustainability levels. Per H10, we predict that whether the firm is domestic or multinational should affect how national culture influences its practices. To examine this effect, we created a dummy variable *Domestic,* coded 1 if firms do not have any international assets or sales (0 otherwise). To generate this variable, we use data on foreign assets and foreign sales from Worldscope. We use this narrow definition of a domestic company to ensure that no other cultural influences are being exerted on the organization. Of the full sample, 34.5% are domestic firms.

We expect domestic firms to exhibit a stronger cultural influence, as they are shielded by the national borders in their operations and are not affected by multiple cultural influences had they been operating abroad. Again, for ease of interpretation and comparison across coefficients, we use a split-sample analysis. We find the influence of culture to be stronger in domestic firms for all dimensions, except for long-term orientation, individualism, performance, and humane orientation (see Table 5).

\*\*\*\*\*\*\*Insert Table 5 about here\*\*\*\*\*\*\*

***Individual-level heterogeneity.*** Finally, we consider the potential moderating effect of boards of directors on firm-level sustainability practices. We do this by collecting additional data on boards of directors of our firms from BoardEx (1999–2017). If board members are of a different nationality than the firm (judging by the head office location), we expect this to reduce the influence of national culture on CSP (H11). BoardEx provides information on the nationality mix of the board, or the proportion of directors from different countries. We split the sample at the median of this variable (0.1, which means that 1 of 10 directors is of a different nationality) and compare the effect of culture in firms with more and less diverse boards of directors. Table 6 presents the results of this analysis. As predicted in H11, the influence of culture is weaker for firms with more directors of a different nationality on the board, except for the effect of masculinity, which is stronger for firms with less diversity on their board of directors.

\*\*\*\*\*\*\*Insert Table 6 about here\*\*\*\*\*\*\*

## Limitations and Future Research

Our theoretical and empirical approach is consistent with the broader literature on how external environments / institutional contexts influence firms. For instance, Zhao and Wry (2016) study how the societal logic of patriarchy across 115 nations influences the lending of individual microfinance organizations, a national phenomenon that influences organization-level outcomes. Gehman and Grimes (2017) examine how CSR practices of peer firms averaged at the state and industry levels influence the focal firm’s promotion of B-Corp certificate, a state-level/industry-level phenomenon influencing organization-level outcomes. Greve, Kim, and Teh (2016) study the effects of ethnic diversity, national origin diversity, religious diversity, and wealth inequality at the community level on bank runs at the organizational level. Shu, Sulaeman, and Yeung (2012) examine the influence of local religious beliefs at the county level on mutual fund’s risk-taking behavior at the organization level.

As in many of these studies, we are limited by the lack of country-level variation: national culture is stable over time, so we do not observe any changes in our main explanatory variables. Therefore, we cannot conclude that there is a causal relationship between cultural dimensions and CSP. We took numerous steps to address omitted variable bias by controlling for important observables and lagging control variables, although we recognize that we cannot rule out the possibility of omitted variable bias. Nonetheless, when explaining sustainability, we believe our correlational results are still of particular interest and importance. Another limitation of our study is that, due to the nature of our data, our sample includes only companies covered by Asset4. While it may not be the most comprehensive sample, it is one of the few databases that cover companies from many countries.

Our research can be extended in many ways. Future work could explore the interaction between formal institutions and national culture in influencing CSP. Although there is some evidence from theoretical, empirical, and historical examples of a two-way causal effect between culture and institutions (Alesina & Giuliano, 2015), separating these effects and understanding under what (formal and informal) institutional conditions firms can achieve superior CSP could be a fruitful area for further research.

We examine key moderators of the relationship between national culture and CSP at country, industry, firm, and individual levels, but there are likely other important moderators and boundary conditions that future research can explore. For example, organizational culture might be a key moderator of the relationship between CSP and national culture. Although it is possible to determine metrics from the ASSET4 data that capture some of these organizational culture aspects, we run the risk of common method bias and thus did not explore this moderation in this paper.

Another potential extension of our work is to examine the nature of CSR activities rather than their scope. For example, one could distinguish between symbolic and substantive conformity and compliance in CSR (Durand, Hawn, & Ioannou, Forthcoming); external and internal actions (Hawn & Ioannou, 2016); or social, environmental, and corporate governance activities. Finally, cultural values may vary by region (state) within a country (e.g., north and south in the United States, Italy, Germany, Spain): examining within-country cultural variation is another potentially fruitful avenue for further research.

# CONCLUSION

To our knowledge, this is the first paper to systematically analyze the effects of national culture on corporate social responsibility. We found higher CSP to be associated with greater uncertainty avoidance, long-term orientation, egalitarianism, and power distance; and with lower performance orientation and masculinity. Surprisingly, we found CSP to be lower in cultures with higher collectivism and more humane orientation, possibly because the need for corporations to provide for society is lower in these countries. We found the relationship between CSP and national cultural dimensions to be moderated by the degree of globalization of the home country, by industry of operation (more or less sensitive to culture), by whether the firm is domestic or multinational, and by whether it has board directors of a different nationality.

This paper has important implications for the sustainability, strategy, international business, and management literatures. First, we respond to the call for research to “put the S back in CSR” (Aguilera et al., 2007: 856) by conducting multilevel research that empirically tests how actors’ motives interact at different levels to predict increased CSR and, consequently, positive social change. Second, we move beyond examining regulative and normative institutional pillars (Campbell, 2007; Ioannou & Serafeim, 2012; Liang & Renneboog, 2017; Matten & Moon, 2008) to a cognitive-cultural pillar by proposing national culture as an important determinant of CSR. Third, although much of the academic scholarship on CSR to date has been focused on the United States, our paper joins the relatively new stream of research that is beginning to examine CSR across national boundaries (Aguilera & Jackson, 2003; Ioannou & Serafeim, 2012; Liang & Renneboog, 2017). Similar to Marquis et al. (2007) in their theorizing at the local community level, we suggest that cultural cognitive factors influence CSR at the national community level.

National culture influences many aspects of organizations, their activities, and practices. For example, perceptions rooted in culture are important, yet generally omitted, determinants of economic exchange (Guiso, Sapienza, & Zingales, 2009). In international business, cultural distance and uncertainty avoidance influence the selection of entry mode, such as acquisitions, joint ventures, or greenfield investments (Kogut & Singh, 1988). Business performance is stronger when management practices are congruent with national culture and weaker when management practices are inconsistent with the deeply held values in national culture (Newman & Nollen, 1996). Despite the importance of national culture in helping to explain firm-level outcomes, its role in explaining corporate sustainability performance has been relatively underexamined. Our study suggests that an understanding of the role of national culture is critical in predicting how firms will behave with respect to adhering to, leading, or lagging behind in sustainable development goals.

In addition, whereas previous literature describes individual cognitive (Hahn et al., 2014; Lange & Washburn, 2012), institutional (Campbell, 2007), societal (Aguilera et al., 2007), activist (den Hond & de Bakker, 2007), and firm-level (McWilliams & Siegel, 2001) antecedents of CSR, we still know relatively little about CSR’s behavioral antecedents (Aguinis & Glavas, 2012; Bowen, 2007; Burbano, 2016). National culture is an important behavioral lens through which to understand CSP. Through the “collective programming of the mind” (Hofstede, 1980: 25), it influences employees and managers around the world at the subconscious level. The analogy of an iceberg is useful to conceptualize culture: certain aspects are more visible, like its tip, but the very bottom of the iceberg consists of basic and taken-for-granted assumptions which form the foundations of each culture and provide the ultimate meaning to the expressed values and behaviors (Ghemawat & Reiche, 2011). We show that the behavioral microfoundations reflected in national culture directly impact organizational behavior and CSP.

Overall, this study offers a new way of seeing sustainability—through the lens of national culture. As such, it adds to our knowledge of the different antecedents of CSP. We offer insights into how various national cultural dimensions affect CSP, and when this effect is stronger/weaker, by identifying key country-, industry-, firm- and individual-level moderators. Our study points to opportunities for further research on the role of national culture in explaining corporate sustainability, as well as other important organizational outcomes. By highlighting cultural differences, we hope this new lens will contribute to better understanding of how to achieve sustainable development goals globally.

# REFERENCES

Aguilera, R. V., & Jackson, G. 2003. The Cross-national Diversity of Corporate Governance: Dimensions and Determinants ***Academy of Management Review***, 28(3): 447-465.

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. 2007. Putting the S Back in Corporate Social Responsibility: A Multilevel Theory of Social Change in Organizations ***Academy of Management Review***, 32(3): 836-863.

Aguinis, H., & Glavas, A. 2012. What we know and don’t know about corporate social responsibility a review and research agenda. ***Journal of Management***, 38(4): 932-968.

Alesina, A., & Giuliano, P. 2015. Culture and Institutions. ***Journal of Economic Literature***, 53(4): 898-944.

Ardichvili, A., Jondle, D., Kowske, B., Cornachione, E., Li, J., & Thakadipuram, T. 2012. Ethical Cultures in Large Business Organizations in Brazil, Russia, India, and China. ***Journal of Business Ethics***, 105(4): 415-428.

Arnett, J. J. 2002. The phychology of globalization. ***American Phychologist***, 57(10): 774-783.

Bansal, P. 2002. The corporate challenges of sustainable development. ***The Academy of Management Executive***, 16(2): 122-131.

Bansal, P., & DesJardine, M. R. 2014. Business sustainability: It is about time. ***Strategic Organization***, 12(1): 70-78.

Beugelsdijk, S., Kostova, T., & Roth, K. 2017. An overview of Hofstede-inspired country-level culture research in international business since 2006. ***Journal of International Business Studies***, 48(1): 30-47.

Bloom, N., Sadun, R., & Van Reenen, J. 2012. Americans Do IT Better: US Multinationals and the Productivity Miracle. ***American Economic Review***, 102(1): 167-201.

Bloom, N., & Van Reenen, J. 2010. Why Do Management Practices Differ across Firms and Countries? ***Journal of Economic Perspectives***, 24(1): 203-224.

Bowen, F. 2007. Corporate Social Strategy: Competing Views from Two Theories of the Firm. ***Journal of Business Ethics***, 75(1): 97-113.

Burbano, V. 2016. Social Responsibility Messages and Worker Wage Requirements: Field Experimental Evidence from Online Labor Marketplaces. ***Organization Science***, 27(4): 1010-1028.

Campbell, J. L. 2007. Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility ***Academy of Management Review***, 32(3): 946-967.

Caprar, D. V., Devinney, T. M., Kirkman, B. L., & Caligiuri, P. 2015. Conceptualizing and measuring culture in international business and management: From challenges to potential solutions. ***Journal of International Business Studies***, 46(9): 1011-1027.

Chin, M. K., Hambrick, D. C., & Treviño, L. K. 2013. Political Ideologies of CEOs: The Influence of Executives’ Values on Corporate Social Responsibility. ***Administrative Science Quarterly***, 58(2): 197-232.

Christie, P. M. J., Kwon, I.-W. G., Stoeberl, P. A., & Baumhart, R. 2003. A Cross-Cultural Comparison of Ethical Attitudes of Business Managers: India, Korea and the United States. ***Journal of Business Ethics***, 46(3): 263-287.

Cumming, D., Leung, T. Y., & Rui, O. 2015. Gender Diversity and Securities Fraud. ***Academy of Management Journal***, 58(5): 1572-1593.

den Hond, F., & de Bakker, F. G. A. 2007. Ideologically Motivated Activism: How Activist Groups Influence Corporate Social Change Activities ***Academy of Management Review***, 32(3): 901-924.

DiMaggio, P. J., & Powell, W. W. 1991. ***The new institutionalism in organizational analysis***. Chicago, U.S.A.: University of Chicago Press.

Durand, R., Hawn, O., & Ioannou, I. Forthcoming. Willing and Able: A General Model of Organizational Responses to Normative Pressures. ***Academy of Management Review***.

Egger, P. 2000. A note on the proper econometric specification of the gravity equation. ***Economics Letters***, 66(1): 25-31.

Ferraro, F., Etzion, D., & Gehman, J. 2015. Tackling Grand Challenges Pragmatically: Robust Action Revisited. ***Organization Studies***, 36(3): 363-390.

Flammer, C., & Bansal, P. 2017. Does a long-term orientation create value? Evidence from a regression discontinuity. ***Strategic Management Journal***, 38(9): 1827-1847.

Flammer, C., & Luo, J. 2017. Corporate social responsibility as an employee governance tool: Evidence from a quasi-experiment. ***Strategic Management Journal***, 38(2): 163-183.

Freeman, R. 1984. ***Strategic Management: A stakeholder perspective***. Boston, MA: Piman.

Friedman, M. 1970. The social responsibility of business is to increase its profits. ***New York Times Magazine***, 32(13): 122-126.

Gehman, J., & Grimes, M. 2017. Hidden Badge of Honor: How Contextual Distinctiveness Affects Category Promotion among Certified B Corporations. ***Academy of Management Journal***, 60(6): 2294-2320.

George, G., Howard-Grenville, J., Joshi, A., & Tihanyi, L. 2016. Understanding and Tackling Societal Grand Challenges through Management Research. ***Academy of Management Journal***, 59(6): 1880-1895.

George, G., Schillebeeckx, S. J. D., & Liak, T. L. 2015. The Management of Natural Resources: An Overview and Research Agenda. ***Academy of Management Journal***, 58(6): 1595-1613.

Ghemawat, P., & Reiche, S. 2011. National Cultural Differences and Multinational Business. ***Globalization Note Series***: 1-18.

Gond, J.-P., El Akremi, A., Swaen, V., & Babu, N. 2017. The psychological microfoundations of corporate social responsibility: A person-centric systematic review. ***Journal of Organizational Behavior***, 38(2): 225-246.

Greve, H. R., Kim, J.-Y., & Teh, D. 2016. Ripples of Fear:The Diffusion of a Bank Panic. ***American Sociological Review***, 81(2): 396-420.

Grove, C. N. 2005. Worldwide Differences in Business Values and Practices: Overview of GLOBE Research Findings. <http://www.grovewell.com/pub-GLOBE-dimensions.html>.

Guiso, L., Sapienza, P., & Zingales, L. 2009. Cultural Biases in Economic Exchange? ***The Quarterly Journal of Economics***, 124(3): 1095-1131.

Hahn, T., Preuss, L., Pinkse, J., & Figge, F. 2014. Cognitive Frames in Corporate Sustainability: Managerial Sensemaking with Paradoxical and Business Case Frames. ***Academy of Management Review***, 39(4): 463-487.

Hambrick, D. C. 2007. Upper Echelons Theory: An Update. ***Academy of Management Review***, 32(2): 334-343.

Hawn, O., & Ioannou, I. 2016. Mind the gap: The interplay between external and internal actions in the case of corporate social responsibility. ***Strategic Management Journal***, 37(13): 2569-2588.

Hofstede, G. 1980. ***Culture’s Consequences: International Differences in Work-Related Values.*** Beverly Hills CA: Sage Publications.

Hofstede, G. 2001. ***Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations***. London, England: Sage.

Hofstede, G. 2011. Dimensionalizing Cultures: The Hofstede Model in Context. ***Online Readings in Psychology and Culture***, 2(1).

Hofstede, G., Arrindell, W. A., Best, D. L., de Mooij, M., Hoppe, M. H., van de Vliert, E., van Rossum, J. H. A., Verweij, J., Vunderink, M., & Williams, J. E. 1998. ***Masculinity and Femininity: The taboo dimension of national cultures***. Thousand Oaks, CA: Sage.

Hofstede, G., & Minkov, M. 2010. Long- versus short-term orientation: new perspectives. ***Asia Pacific Business Review***, 16(4): 493-504.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. 2004. ***Culture, Leadership and Organizations: The GLOBE Study of 62 Societies*** Thousand Oaks, CA: Sage.

Howard-Grenville, J., Buckle, S. J., Hoskins, B. J., & George, G. 2014. Climate Change and Management. ***Academy of Management Journal***, 57(3): 615-623.

Inkeles, A., & Levinson, D. J. 1954/1969. National character: The study of modal personality and sociocultural systems. In G. Lindzey, & E. Aronson (Eds.), ***The handbook of social psychology***, Vol. 4: 418-452. Reading, MA: Addison-Wesley.

Ioannou, I., & Serafeim, G. 2012. What Drives Corporate Social Performance? The Role of Nation-level Institutions. ***Journal of International Business Studies***, 43: 834-864.

Kim, Y. H., & Davis, G. F. 2016. Challenges for Global Supply Chain Sustainability: Evidence from Conflict Minerals Reports. ***Academy of Management Journal***, 59(6): 1896-1916.

King, B. G. 2008. A Political Mediation Model of Corporate Response to Social Movement Activism. ***Administrative Science Quarterly***, 53(3): 395-421.

Kirkman, B. L., Chen, G., Farh, J.-L., Chen, Z. X., & Lowe, K. B. 2009. Individual Power Distance Orientation and Follower Reactions to Transformational Leaders: A Cross-Level, Cross-Cultural Examination. ***Academy of Management Journal***, 52(4): 744-764.

Kirkman, B. L., Lowe, K. B., & Gibson, C. B. 2006. A Quarter Century of "Culture's Consequences": A Review of Empirical Research Incorporating Hofstede's Cultural Values Framework. ***Journal of International Business Studies***, 37(3): 285-320.

Kogut, B., & Singh, H. 1988. The Effect of National Culture on the Choice of Entry Mode. ***Journal of International Business Studies***, 19(3): 411-432.

Lange, D., & Washburn, N. T. 2012. Understanding Attributions of Corporate Social Irresponsibility ***Academy of Management Review***, 37(2): 300-326.

Langlois, C. C., & Schlegelmilch, B. B. 1990. Do Corporate Codes of Ethics Reflect National Character? Evidence from Europe and the United States. ***Journal of International Business Studies***, 21(4): 519-539.

Leiserowitz, A. A., Kates, R. W., & Parris, T. M. 2006. Sustainability Values, Attitudes, and Behaviors: A Review of Multinational and Global Trends. ***Annual Review of Environment and Resources***, 31(1): 413-444.

Leung, K., Bhagat, R. S., Buchan, N. R., Erez, M., & Gibson, C. B. 2005. Culture and International Business: Recent Advances and Their Implications for Future Research. ***Journal of International Business Studies***, 36(4): 357-378.

Liang, H., Marquis, C., Renneboog, L., & Sun, S. L. 2014. Speaking of Corporate Social Responsibility. ***Harvard Business School Organizational Behavior Unit Working Paper***(14-082).

Liang, H. A. O., & Renneboog, L. U. C. 2017. On the Foundations of Corporate Social Responsibility. ***The Journal of Finance***, 72(2): 853-910.

Lim, A., & Tsutsui, K. 2012. Globalization and Commitment in Corporate Social Responsibility. ***American Sociological Review***, 77(1): 69-98.

Luo, X. R., Zhang, J., & Marquis, C. 2016. Mobilization in the Internet Age: Internet Activism and Corporate Response. ***Academy of Management Journal***, 59(6): 2045-2068.

Lütkepohl, H. 1982. Non-causality due to omitted variables. ***Journal of Econometrics***, 19(2): 367-378.

Margolis, J. D., & Walsh, J. P. 2003. Misery Loves Companies: Rethinking Social Initiatives by Business. ***Administrative Science Quarterly***, 48(2): 268-305.

Marquis, C., Glynn, M. A., & Davis, G. F. 2007. Community isomorphism and corporate social action. ***Academy of Management Review***, 32(3): 925-945.

Marquis, C., & Qian, C. 2014. Corporate Social Responsibility Reporting in China: Symbol or Substance? ***Organization Science***, 25(1): 127-148.

Matten, D., & Moon, J. 2008. "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility ***Academy of Management Review***, 33(2): 404-424.

McDonnell, M.-H., King, B. G., & Soule, S. A. 2015. A Dynamic Process Model of Private Politics: Activist Targeting and Corporate Receptivity to Social Challenges. ***American Sociological Review***, 80(3): 654-678.

McWilliams, A., & Siegel, D. 2001. Corporate Social Responsibility: A Theory of the Firm Perspective. ***The Academy of Management Review***, 26(1): 117-127.

Muethel, M., Hoegl, M., & Parboteeah, K. P. 2011. National business ideology and employees’ prosocial values. ***Journal of International Business Studies***, 42(2): 183-201.

Nevins, J. L., Bearden, W. O., & Money, B. 2007. Ethical Values and Long-term Orientation. ***Journal of Business Ethics***, 71(3): 261-274.

Newman, K. L., & Nollen, S. D. 1996. Culture and Congruence: The Fit between Management Practices and National Culture. ***Journal of International Business Studies***, 27(4): 753-779.

Peterson, M. F., & Søndergaard, M. 2011. Traditions and Transitions in Quantitative Societal Culture Research in Organization Studies. ***Organization Studies***, 32(11): 1539-1558.

Post, C., & Byron, K. 2015. Women on Boards and Firm Financial Performance: A Meta-Analysis. ***Academy of Management Journal***, 58(5): 1546-1571.

Rathert, N. 2016. Strategies of legitimation: MNEs and the adoption of CSR in response to host-country institutions. ***Journal of International Business Studies***, 47(7): 858-879.

Schlegelmilch, B. B., & Robertson, D. C. 1995. The Influence of Country and Industry on Ethical Perceptions of Senior Executives in the U.S. and Europe. ***Journal of International Business Studies***, 26(4): 859-881.

Schwartz, S. H. 2006. A Theory of Cultural Value Orientations: Explication and Applications. ***Comparative Sociology***, 5(2-3): 137-182.

Scott, R. W. 1995. ***Institutions and organizations***: SAGE (Thousand Oaks)

Scott, W. R. 2001. ***Institutions and Organizations***. Thousand Oaks, CA: Sage.

Shaw, J. D., Bansal, P., & Gruber, M. 2017. New Ways of Seeing: Elaboration on a Theme. ***Academy of Management Journal***, 60(2): 397-401.

Shu, T., Sulaeman, J., & Yeung, P. E. 2012. Local Religious Beliefs and Mutual Fund Risk-Taking Behaviors. ***Management Science***, 58(10): 1779-1796.

Siciliano, J. I. 1996. The relationship of board member diversity to organizational performance. ***Journal of Business Ethics***, 15(12): 1313-1320.

Spicer, A., Dunfee, T. W., & Bailey, W. J. 2004. Does National Context Matter in Ethical Decision Making? An Empirical Test of Integrative Social Contracts Theory. ***Academy of Management Journal***, 47(4): 610-620.

Stahl, G. K., & Tung, R. L. 2015. Towards a more balanced treatment of culture in international business studies: The need for positive cross-cultural scholarship. ***Journal of International Business Studies***, 46(4): 391-414.

Tabellini, G. 2008. PRESIDENTIAL ADDRESS INSTITUTIONS AND CULTURE. ***Journal of the European Economic Association***, 6(2-3): 255-294.

Taras, V., Kirkman, B. L., & Steel, P. 2010. Examining the Impact of Culture‘s Consequences: A ThreeDecade, Multi-Level, Meta-Analytic Review of Hofstede‘s Cultural Value Dimensions. ***Journal of Applied Psychology***, 95(3): 405-439.

Waldman, D. A., de Luque, M. S., Washburn, N., House, R. J., Adetoun, B., Barrasa, A., Bobina, M., Bodur, M., Chen, Y.-J., & Debbarma, S. 2006. Cultural and leadership predictors of corporate social responsibility values of top management: A GLOBE study of 15 countries. ***Journal of International Business Studies***, 37(6): 823-837.

Wang, H., Tong, L., Takeuchi, R., & George, G. 2016. Corporate Social Responsibility: An Overview and New Research Directions: Thematic Issue on Corporate Social Responsibility. ***Academy of Management Journal***, 59(2): 534-544.

Wang, T., & Bansal, P. 2012. Social responsibility in new ventures: profiting from a long-term orientation. ***Strategic Management Journal***, 33(10): 1135-1153.

Young, S. L., & Makhija, M. V. 2014. Firms' corporate social responsibility behavior: An integration of institutional and profit maximization approaches. ***Journal of International Business Studies***, 45(6): 670-698.

Zhang, J., & Luo, X. R. 2013. Dared to Care: Organizational Vulnerability, Institutional Logics, and MNCs' Social Responsiveness in Emerging Markets. ***Organization Science***, 24(6): 1742-1764.

Zhao, E. Y., & Wry, T. 2016. Not All Inequality Is Equal: Deconstructing the Societal Logic of Patriarchy to Understand Microfinance Lending to Women. ***Academy of Management Journal***, 59(6): 1994-2020.

TABLE 1.
Descriptive Statistics and Correlations (N=32,012)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | 1. CSP | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** |
| Hofstede  | 2. UA | 0.14 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 3. LTO | 0.14 | 0.55 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 4. PD | 0.01 | 0.30 | 0.43 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 5. IND | -0.03 | -0.41 | -0.74 | -0.76 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 6. MAS | -0.06 | 0.39 | 0.30 | 0.02 | -0.04 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| The GLOBE Project | 7. PO | -0.24 | -0.39 | -0.17 | -0.06 | 0.03 | 0.06 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 8. FO | -0.07 | -0.37 | 0.04 | -0.35 | 0.12 | 0.15 | 0.45 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 9. EGA | 0.00 | -0.45 | -0.34 | -0.24 | 0.36 | -0.30 | -0.16 | 0.17 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |   |
| 10. SC | -0.01 | 0.32 | 0.58 | 0.18 | -0.45 | 0.32 | -0.01 | 0.37 | -0.21 | 1 |  |  |  |  |  |  |  |  |  |  |  |   |
| 11. IC | 0.11 | 0.10 | 0.07 | 0.37 | -0.33 | -0.32 | -0.20 | -0.43 | -0.06 | -0.54 | 1 |  |  |  |  |  |  |  |  |  |  |   |
| 12. PD | 0.17 | 0.46 | 0.48 | 0.55 | -0.50 | 0.17 | -0.42 | -0.46 | -0.37 | 0.01 | 0.40 | 1 |  |  |  |  |  |  |  |  |  |   |
| 13. HO | -0.23 | -0.09 | -0.25 | 0.03 | 0.02 | 0.18 | 0.25 | 0.23 | -0.07 | 0.43 | -0.43 | -0.36 | 1 |  |  |  |  |  |  |  |  |   |
| 14. UA | 0.05 | -0.49 | 0.07 | -0.32 | 0.10 | -0.26 | 0.17 | 0.56 | 0.41 | -0.01 | 0.07 | -0.34 | -0.22 | 1 |  |  |  |  |  |  |  |   |
| Schwartz | 15. MAS | -0.21 | -0.18 | -0.08 | -0.01 | 0.02 | 0.31 | 0.42 | 0.21 | -0.29 | 0.19 | -0.42 | -0.14 | 0.50 | -0.28 | 1 |  |  |  |  |  |  |   |
| 16. AA | 0.16 | -0.12 | -0.21 | -0.70 | 0.66 | -0.07 | -0.20 | 0.23 | 0.42 | -0.17 | -0.24 | -0.27 | -0.26 | 0.42 | -0.22 | 1 |  |  |  |  |  |   |
| 17. EGA | 0.17 | -0.23 | -0.38 | -0.46 | 0.52 | -0.44 | -0.32 | -0.13 | 0.41 | -0.66 | 0.38 | -0.08 | -0.56 | 0.36 | -0.54 | 0.57 | 1 |   |   |   |   |   |
| Controls | 18. ESG | -0.01 | -0.12 | -0.37 | -0.58 | 0.60 | 0.06 | 0.04 | 0.38 | 0.25 | 0.02 | -0.51 | -0.51 | 0.09 | 0.26 | -0.04 | 0.56 | 0.35 | 1 |  |  |  |   |
| 19. ROA | 0.03 | -0.13 | -0.06 | 0.02 | 0.01 | -0.09 | 0.04 | 0.01 | 0.04 | -0.07 | 0.03 | 0.00 | -0.02 | 0.03 | 0.01 | -0.01 | 0.01 | -0.05 | 1 |  |  |   |
| 20. Size | 0.26 | 0.49 | 0.58 | 0.47 | -0.61 | 0.26 | -0.07 | -0.10 | -0.45 | 0.56 | -0.10 | 0.36 | 0.17 | -0.33 | 0.13 | -0.40 | -0.58 | -0.29 | -0.11 | 1 |  |   |
| 21. VOL | -0.22 | -0.06 | 0.00 | 0.06 | -0.07 | -0.06 | 0.03 | -0.05 | -0.04 | -0.01 | 0.04 | 0.01 | 0.06 | -0.04 | 0.09 | -0.09 | -0.07 | -0.10 | -0.19 | -0.16 | 1 |   |
| 22. OW | -0.07 | 0.15 | 0.29 | 0.43 | -0.47 | -0.05 | -0.09 | -0.20 | -0.12 | 0.07 | 0.31 | 0.27 | -0.10 | -0.02 | -0.12 | -0.35 | -0.11 | -0.29 | 0.03 | 0.17 | 0.11 | 1 |
|   | Mean | 51.91 | 55.41 | 48.65 | 46.60 | 69.95 | 61.67 | 4.34 | 4.15 | 3.38 | 4.39 | 4.35 | 5.01 | 4.07 | 4.33 | 4.03 | 3.85 | 4.70 | 52.56 | 5.78 | 16.76 | 29.1 | 22.78 |
|   | Std. Dev. | 29.46 | 21.33 | 24.86 | 14.50 | 25.00 | 17.54 | 0.27 | 0.30 | 0.24 | 0.41 | 0.36 | 0.25 | 0.34 | 0.41 | 0.12 | 0.31 | 0.23 | 5.57 | 7.86 | 2.69 | 9.99 | 23.47 |
|   | Min | 5.95 | 8 | 13.10 | 11 | 13 | 5 | 3.2 | 2.88 | 2.5 | 3.25 | 3.89 | 3.89 | 3.18 | 2.88 | 3.66 | 2.83 | 4.23 | 26 | -26.9 | 7.81 | 5.86 | 0 |
|   | Max | 98.10 | 112 | 100 | 104 | 91 | 95 | 4.94 | 5.07 | 4.08 | 5.22 | 5.62 | 5.63 | 5.12 | 5.37 | 4.41 | 4.39 | 5.27 | 62.15 | 33.21 | 27.47 | 83.7 | 100 |

\*UA stands for Uncertainty Avoidance, LTO—Long-term Orientation, PD—Power Distance, IND—Individualism, MAS –Masculinity, PO—Performance Orientation, FO –Future Orientation, EGA—Egalitarianism, SC—Societal Collectivism, IC—In-group Collectivism, HO—Humane Orientation, AA—Affective Autonomy, ESG—Country ESG, VOL—Volatility, OW—Ownership (percentage of closely held shares)

TABLE 2.
Main Results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | (1) | (2) | (3) | (4) |
|   | Controls | Hofstede | GLOBE | Schwartz |
| Uncertainty Avoidance | 0.0630\*\*\* | 7.744\*\*\* |   |
|   |  | (0.0244) | (1.346) |   |
| Long-term/Future orientation | 0.254\*\*\* | 12.63\*\*\* |   |
|   |  | (0.0275) | (2.049) |   |
| Power Distance |  | 0.101\*\* | -0.0785 |   |
|   |  | (0.0417) | (2.176) |   |
| Individualism/Affective autonomy | 0.530\*\*\* |  | 18.73\*\*\* |
|   |  | (0.0360) |  | (1.601) |
| Societal Collectivism |  | -18.65\*\*\* |   |
|   |  |  | (1.762) |   |
| In-group Collectivism |  | -2.659\* |   |
|   |  |  | (1.487) |   |
| Masculinity |  | -0.360\*\*\* |  |   |
|   |  | (0.0260) |  |   |
| Egalitarianism |  |  | 2.240 | 37.43\*\*\* |
|   |  |  | (2.033) | (2.785) |
| Performance Orientation/Mastery |  | -24.97\*\*\* | -17.74\*\*\* |
|   |  |  | (1.985) | (3.331) |
| Humane Orientation |  | -15.05\*\*\* |   |
|   |  |  | (1.298) |   |
| Country ESG | 0.486\*\*\* | 0.158\*\*\* | 0.329\*\*\* | -0.157\*\*\* |
|   | (0.0487) | (0.0553) | (0.0562) | (0.0516) |
| ROA | 0.0129 | 0.0173 | 0.0229 | 0.0251 |
|   | (0.0153) | (0.0154) | (0.0154) | (0.0153) |
| Firm Size | 3.203\*\*\* | 4.196\*\*\* | 4.936\*\*\* | 5.024\*\*\* |
|   | (0.185) | (0.236) | (0.245) | (0.207) |
| Volatility | -0.250\*\*\* | -0.223\*\*\* | -0.207\*\*\* | -0.202\*\*\* |
|   | (0.0339) | (0.0341) | (0.0331) | (0.0332) |
| Ownership | -0.0230\*\*\* | -0.0111 | -0.0267\*\*\* | -0.0169\*\* |
|   | (0.00809) | (0.00825) | (0.00812) | (0.00807) |
| Constant | -25.78\*\*\* | -64.46\*\*\* | 119.8\*\*\* | -202.8\*\*\* |
|   | (5.894) | (7.730) | (24.57) | (23.70) |
| Industry & Time FE | Yes | Yes | Yes | Yes |
| Observations | 32,695 | 32,150 | 31,963 | 32,582 |
| Number of id | 4,033 | 3,919 | 3,942 | 4,010 |

Robust standard errors clustered at the firm level in parentheses

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

TABLE 3.
Globalization of Home Country as a Moderator

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | (1) | (2) | (3) | (4) | (5) | (6) |
| Globalized  | More | Less | More | Less | More | Less |
| Uncertainty  | 0.141\*\*\* | 0.158\*\*\* | 10.61\*\*\* | 3.096 |  |  |
| Avoidance | (0.0323) | (0.0389) | (2.802) | (3.367) |  |  |
| Long-term | 0.376\*\*\* | -0.200\*\*\* | -2.139 | 20.59\*\*\* |  |  |
| Orientation | (0.0319) | (0.0560) | (3.396) | (3.275) |  |  |
| Power  | -0.300\*\*\* | 0.203\*\*\* | 1.055 | 2.117 |  |  |
| Distance | (0.0577) | (0.0701) | (2.895) | (5.691) |  |  |
| Individualism | 0.255\*\*\* | 0.314\*\*\* |  |  | 21.47\*\*\* | 14.87\*\*\* |
|  | (0.0471) | (0.0667) |  |  | (1.985) | (2.893) |
| Societal  |  |  | -9.330\*\*\* | -20.69\*\*\* |  |  |
| Collectivism |  |  | (3.441) | (2.930) |  |  |
| In-group  |  |  | -9.862\*\*\* | 0.0628 |  |  |
| Collectivism |  |  | (2.957) | (2.590) |  |  |
| Masculinity | -0.230\*\*\* | -0.0718 |  |  |  |  |
|  | (0.0355) | (0.0515) |  |  |  |  |
| Egalitarianism |  |  | -2.795 | 10.10\*\*\* | 27.31\*\*\* | 30.71\*\*\* |
|  |  |  | (3.157) | (3.639) | (3.738) | (5.030) |
| Performance  |  |  | -17.95\*\*\* | -0.819 | -15.48\*\*\* | -11.63\*\* |
| Orientation |  |  | (2.665) | (4.040) | (4.715) | (4.832) |
| Humane  |  |  | -12.05\*\*\* | -16.87\*\*\* |  |  |
| Orientation |  |  | (2.647) | (2.613) |  |  |
| Country ESG | -1.343\*\*\* | 0.167\* | -0.454\*\*\* | 0.142\* | -0.989\*\*\* | -0.0885 |
|  | (0.124) | (0.0871) | (0.143) | (0.0835) | (0.106) | (0.0860) |
| ROA | 0.0230 | 0.0758\*\*\* | 0.0286 | 0.0740\*\*\* | 0.0232 | 0.0700\*\* |
|  | (0.0198) | (0.0290) | (0.0196) | (0.0285) | (0.0198) | (0.0282) |
| Firm Size | 6.475\*\*\* | 5.220\*\*\* | 6.438\*\*\* | 5.665\*\*\* | 6.813\*\*\* | 4.258\*\*\* |
|  | (0.343) | (0.400) | (0.349) | (0.431) | (0.336) | (0.323) |
| Volatility | -0.188\*\*\* | -0.175\*\*\* | -0.173\*\*\* | -0.189\*\*\* | -0.186\*\*\* | -0.194\*\*\* |
|  | (0.0487) | (0.0509) | (0.0477) | (0.0500) | (0.0483) | (0.0502) |
| Ownership | -0.0322\*\*\* | 0.000481 | -0.0398\*\*\* | -0.00413 | -0.0355\*\*\* | -0.00139 |
|  | (0.0108) | (0.0143) | (0.0109) | (0.0140) | (0.0108) | (0.0138) |
| Constant | 13.14 | -87.47\*\*\* | 156.7\*\*\* | -41.10 | -149.3\*\*\* | -179.1\*\*\* |
|  | (12.38) | (13.05) | (36.66) | (46.52) | (33.95) | (35.60) |
| Ind&Time FE  | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 12,931 | 14,248 | 12,437 | 14,513 | 12,910 | 14,604 |
| Number of id | 2,184 | 2,077 | 2,126 | 2,154 | 2,180 | 2,166 |

Robust standard errors clustered at the firm level in parentheses

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

TABLE 4.
Industry as a Moderator

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | (1) | (2) | (3) | (4) | (5) | (6) |
|   | Service | Consumer | Service | Consumer | Service | Consumer |
| Uncertainty  | 0.0188 | 0.0722 | 13.84\*\*\* | 4.368 |  |  |
| Avoidance | (0.0431) | (0.0744) | (2.402) | (3.538) |  |  |
| Long-term | 0.287\*\*\* | 0.238\*\*\* | 5.955\* | 22.72\*\*\* |  |  |
| Orientation | (0.0491) | (0.0823) | (3.199) | (6.194) |  |  |
| Power  | 0.122\* | 0.151 | 0.542 | -1.554 |  |  |
| Distance | (0.0735) | (0.113) | (3.953) | (5.398) |  |  |
| Individualism | 0.557\*\*\* | 0.650\*\*\* |  |  | 14.18\*\*\* | 26.44\*\*\* |
|  | (0.0633) | (0.102) |  |  | (2.769) | (4.351) |
| Societal  |  |  | -24.78\*\*\* | -24.71\*\*\* |  |  |
| Collectivism |  |  | (3.069) | (4.995) |  |  |
| In-group  |  |  | -0.495 | -11.40\*\*\* |  |  |
| Collectivism |  |  | (2.639) | (3.935) |  |  |
| Masculinity | -0.593\*\*\* | -0.337\*\*\* |  |  |  |  |
|  | (0.0531) | (0.0596) |  |  |  |  |
| Egalitarianism |  |  | 9.384\*\* | -1.214 | 52.98\*\*\* | 36.61\*\*\* |
|  |  |  | (3.723) | (6.470) | (4.768) | (8.039) |
| Performance  |  |  | -16.06\*\*\* | -33.65\*\*\* | -10.73\* | 4.717 |
| Orientation |  |  | (3.352) | (5.668) | (5.903) | (9.783) |
| Humane  |  |  | -14.89\*\*\* | -14.46\*\*\* |  |  |
| Orientation |  |  | (2.254) | (3.578) |  |  |
| Country ESG | 0.0146 | 0.246 | 0.207\*\* | 0.234 | -0.327\*\*\* | -0.0651 |
|  | (0.100) | (0.159) | (0.0999) | (0.151) | (0.0944) | (0.146) |
| ROA | -0.0521 | 0.0246 | -0.0255 | 0.0303 | -0.0325 | 0.0288 |
|  | (0.0412) | (0.0544) | (0.0406) | (0.0551) | (0.0405) | (0.0539) |
| Firm Size | 4.801\*\*\* | 4.001\*\*\* | 6.019\*\*\* | 4.421\*\*\* | 5.666\*\*\* | 4.483\*\*\* |
|  | (0.474) | (0.744) | (0.475) | (0.741) | (0.403) | (0.637) |
| Volatility | -0.202\*\*\* | -0.408\*\*\* | -0.152\*\*\* | -0.416\*\*\* | -0.190\*\*\* | -0.396\*\*\* |
|  | (0.0602) | (0.0982) | (0.0569) | (0.0995) | (0.0588) | (0.0967) |
| Ownership | -0.0377\*\*\* | -0.0551\*\* | -0.0498\*\*\* | -0.0699\*\*\* | -0.0434\*\*\* | -0.0580\*\* |
|  | (0.0143) | (0.0237) | (0.0142) | (0.0230) | (0.0140) | (0.0233) |
| Constant |  | -88.92\*\*\* |  |  | -307.6\*\*\* |  |
|  |  | (21.65) |  |  | (40.37) |  |
| Ind&Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 9,242 | 4,027 | 9,196 | 4,012 | 9,360 | 4,074 |
| Number of id | 1,111 | 455 | 1,120 | 458 | 1,137 | 465 |

Robust standard errors clustered at the firm level in parentheses

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

TABLE 5.
Firm nature (Domestic vs. MNE) as a Moderator

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | (1) | (2) | (3) | (4) | (5) | (6) |
|   | Domestic | MNE | Domestic | MNE | Domestic | MNE |
| Uncertainty  | 0.102\*\*\* | 0.0860\*\*\* | 9.582\*\*\* | 4.423\*\*\* |  |  |
| Avoidance | (0.0349) | (0.0279) | (2.080) | (1.620) |  |  |
| Long-term | 0.0888\*\* | 0.292\*\*\* | 11.19\*\*\* | 12.07\*\*\* |  |  |
| Orientation | (0.0410) | (0.0314) | (2.792) | (2.460) |  |  |
| Power  | 0.198\*\*\* | 0.0534 | 10.38\*\*\* | -3.723 |  |  |
| Distance | (0.0684) | (0.0440) | (3.686) | (2.345) |  |  |
| Individualism | 0.451\*\*\* | 0.529\*\*\* |  |  | 15.27\*\*\* | 20.44\*\*\* |
|  | (0.0580) | (0.0399) |  |  | (2.516) | (1.827) |
| Societal  |  |  | -21.52\*\*\* | -14.43\*\*\* |  |  |
| Collectivism |  |  | (2.550) | (2.097) |  |  |
| In-group  |  |  | -0.997 | -3.107\* |  |  |
| Collectivism |  |  | (2.139) | (1.818) |  |  |
| Masculinity | -0.406\*\*\* | -0.244\*\*\* |  |  |  |  |
|  | (0.0436) | (0.0271) |  |  |  |  |
| Egalitarianism |  |  | 2.985 | 0.0826 | 41.89\*\*\* | 29.97\*\*\* |
|  |  |  | (2.955) | (2.374) | (4.122) | (3.199) |
| Performance  |  |  | -19.84\*\*\* | -24.67\*\*\* | -11.27\*\* | -18.28\*\*\* |
| Orientation |  |  | (3.044) | (2.225) | (4.805) | (3.905) |
| Humane  |  |  | -10.82\*\*\* | -17.68\*\*\* |  |  |
| Orientation |  |  | (1.966) | (1.496) |  |  |
| Country ESG | -0.122 | 0.236\*\*\* | 0.294\*\*\* | 0.362\*\*\* | -0.416\*\*\* | -0.0869 |
|  | (0.0890) | (0.0666) | (0.0943) | (0.0668) | (0.0851) | (0.0610) |
| ROA | 0.0366 | 0.00622 | 0.0347 | 0.0112 | 0.0456\* | 0.0129 |
|  | (0.0262) | (0.0188) | (0.0263) | (0.0186) | (0.0261) | (0.0186) |
| Firm Size | 3.495\*\*\* | 4.323\*\*\* | 4.255\*\*\* | 5.075\*\*\* | 4.177\*\*\* | 5.335\*\*\* |
|  | (0.321) | (0.290) | (0.342) | (0.305) | (0.283) | (0.252) |
| Volatility | -0.188\*\*\* | -0.267\*\*\* | -0.188\*\*\* | -0.257\*\*\* | -0.158\*\*\* | -0.247\*\*\* |
|  | (0.0512) | (0.0420) | (0.0507) | (0.0415) | (0.0499) | (0.0410) |
| Ownership | 0.00547 | -0.0230\*\* | -0.0126 | -0.0413\*\*\* | -0.000745 | -0.0291\*\*\* |
|  | (0.0131) | (0.0100) | (0.0128) | (0.00992) | (0.0125) | (0.00987) |
| Constant | -40.56\*\*\* | -75.50\*\*\* | 37.50 | 154.0\*\*\* | -213.4\*\*\* | -177.7\*\*\* |
|  | (13.32) | (8.576) | (39.26) | (27.85) | (35.06) | (27.63) |
| Ind&Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 10,377 | 21,773 | 10,322 | 21,641 | 10,519 | 22,063 |
| Number of id | 1,855 | 2,858 | 1,870 | 2,868 | 1,908 | 2,921 |

Robust standard errors clustered at the firm level in parentheses

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

TABLE 6.
Diversity (Nationality Mix) on the Board as a Moderator

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | (1) | (2) | (3) | (4) | (5) | (6) |
| Diversity | More | Less | More | Less | More | Less |
| Uncertainty  | 0.136\*\*\* | 0.194\*\*\* | 4.246\*\* | 5.408\*\*\* |   |   |
| Avoidance | (0.0311) | (0.0330) | (1.895) | (1.741) |  |  |
| Long-term | 0.288\*\*\* | 0.318\*\*\* | 8.256\*\*\* | 12.54\*\*\* |  |  |
| Orientation | (0.0332) | (0.0381) | (2.773) | (2.685) |  |  |
| Power  | -0.0823 | -0.0132 | -4.655\*\* | 2.827 |  |  |
| Distance | (0.0540) | (0.0558) | (2.360) | (3.224) |  |  |
| Individualism | 0.388\*\*\* | 0.468\*\*\* |  |  | 19.11\*\*\* | 20.03\*\*\* |
|  | (0.0442) | (0.0502) |  |  | (2.075) | (2.186) |
| Societal  |  |  | -8.093\*\*\* | -14.51\*\*\* |  |  |
| Collectivism |  |  | (2.585) | (2.332) |  |  |
| In-group  |  |  | 0.114 | -1.583 |  |  |
| Collectivism |  |  | (2.166) | (2.142) |  |  |
| Masculinity | -0.245\*\*\* | -0.416\*\*\* |  |  |  |  |
|  | (0.0326) | (0.0391) |  |  |  |  |
| Egalitarianism |  |  |  | -4.033 | 2.393 | 33.72\*\*\* |
|  |  |  |  | (2.574) | (3.035) | (3.737) |
| Performance  |  |  |  | -21.58\*\*\* | -24.21\*\*\* | -18.86\*\*\* |
| Orientation |  |  |  | (2.374) | (2.680) | (4.478) |
| Humane  |  |  | -16.18\*\*\* | -14.94\*\*\* |  |  |
| Orientation |  |  | (1.740) | (1.706) |  |  |
| Country ESG | -0.229\*\* | -0.163\* | 0.0925 | 0.311\*\*\* | -0.489\*\*\* | -0.372\*\*\* |
|  | (0.0974) | (0.0899) | (0.0915) | (0.0929) | (0.0796) | (0.0797) |
| ROA | -9.39e-05 | 0.0370 | 0.0102 | 0.0343 | 0.00779 | 0.0402\* |
|  | (0.0242) | (0.0238) | (0.0236) | (0.0240) | (0.0240) | (0.0237) |
| Firm Size | 4.108\*\*\* | 4.314\*\*\* | 4.577\*\*\* | 5.279\*\*\* | 4.994\*\*\* | 5.635\*\*\* |
|  | (0.355) | (0.296) | (0.351) | (0.325) | (0.341) | (0.270) |
| Volatility | -0.256\*\*\* | -0.236\*\*\* | -0.250\*\*\* | -0.226\*\*\* | -0.250\*\*\* | -0.209\*\*\* |
|  | (0.0571) | (0.0468) | (0.0531) | (0.0464) | (0.0551) | (0.0457) |
| Ownership | -0.0378\*\*\* | -0.00656 | -0.0572\*\*\* | -0.0300\*\* | -0.0430\*\*\* | -0.0160 |
|  | (0.0133) | (0.0119) | (0.0130) | (0.0117) | (0.0127) | (0.0115) |
| Constant | -19.01\* | -48.72\*\*\* | 163.1\*\*\* | 81.59\*\* | -127.7\*\*\* | -187.9\*\*\* |
|  | (10.93) | (10.31) | (31.83) | (36.07) | (32.95) | (32.43) |
| Ind&Time FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 12,281 | 13,006 | 12,066 | 13,011 | 12,481 | 13,188 |
| Number of id | 1,954 | 2,391 | 1,942 | 2,410 | 2,002 | 2,444 |

Robust standard errors clustered at the firm level in parentheses

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

1. These were obtained from Hofstede’s website (<http://geerthofstede.nl/>), accessed November 15, 2017. [↑](#footnote-ref-1)
2. Available on his academic website (DOI: 10.13140/RG.2.1.3313.3040) accessed November 15, 2017 [↑](#footnote-ref-2)