

Three Essays on the Antecedents of Firm's CSR Engagement

Altan-Uya Dashdeleg

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Abstract

In this dissertation, I try to shed light on the scarcity of research examining the antecedents of CSR in a collection of three different studies.

The study 1

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The Study 3

Introduction

Given that corporate social responsibility (CSR) already includes the aspect of society in its label, one would think that institutional theory would be a core conceptual lens in understanding the social responsibility of business all along (Brammer, Jackson, & Matten, 2012).

Introduction

Research Questions

Study 1: What institutional configurations lead to CSR engagement?

When does informal and formal institutions substitute or complement each other?

Study 2: What are the institutional drivers of firms CSR engagement?

How much does institutional variables influence Firm's CSR Engagement?

Study 3: What are the drivers of MNE subsidiaries' CSR engagement in host countries?

Literature Review

Definition of Corporate Social Responsibility

While common definitions of CSR include mandatory responsibilities such as legal compliance, or societal expectations (Carroll, 1999), a recurring theme in CSR debate is its grounding in the voluntary behaviour of companies (Brammer et al., 2012).

- High CSR
- Average CSR

Literature Review

Determinants of Corporate Social Responsibility

Firm-level variables

- firm size or visibility (e.g., Udayasankar, 2008),
- prior financial performance,
- R&D capacity (e.g., Padgett & Galan, 2010), etc.

Industry-level variables

- Competition
- Industry type

Institutional-level variables

- Legal, Political, Financial,....., and Cultural institutions

Literature Review

Determinants of Corporate Social Responsibility

CSR studies based on domestic firms cannot clearly delineate cross-border CSR policies of MNCs (Arthaud-Day, 2005; Hah & Freeman, 2013).

I employ the awareness-motivation-capability framework (Chen, 1996) to construct a tridimensional research framework incorporating constructs of local connectedness, local responsiveness and subsidiary resources to explain MNE subsidiary's CSR engagement

Literature Review

Institutions and Corporate Social Responsibility

Institutions are usually defined as formal or informal rules, regulations, norms, and understandings that constrain and enable behavior (Brammer et al., 2012). Formal institutions mainly refer to hard regulations such as laws, standards, etc., whereas informal institutions refer to soft civil regulations such as ethical norms, culture and religion (Gjølberg, 2009).

Literature Review

Institutions and Corporate Social Responsibility

Table 2-2

Institutional antecedents of CSR

| Empirical Studies | Ho, Wang, and Vitell, 2011 | Ringov & Zollo, 2007 | Waldman et al., 2006 | Ioannou & Serafeim, 2012 | Chih, Chih, & Chen, 2010 | Jackson & Apostolakou, 2010 | Gjølberg, 2009 |
|-------------------|----------------------------|----------------------|----------------------|--------------------------|--------------------------|-----------------------------|-----------------|
| Sample | 49 nations | 34 nations | 15 nations | 42 nations | 34 nations | 16 nations | 19 nations |
| Measure of CSR | KLD, IVA, and CSID | IVA Innovest | Questionnaire | ASSET 4 | DJSI | DJSI | Several Indices |
| PDI | + | - | - | + | | | |
| IDV | - | n.s. | + | + | | | |
| MAS | + | - | | | | | |
| UAI | + | n.s. | | | | | |
| GDP | | | | | + | | + |
| Law | | | | + | + | - | + |
| Edu | | | | | + | | |

Methodology

The Study 1

fsQCA

- Combined effect
- Asymmetrical data
- Equifinality

fsQCA calibration of the raw data using previous theoretical and empirical knowledge makes it half verbal-conceptual and half mathematical-analytical (Ragin, 2000).

Methodology

The Study 1

Sample and Data Collection

Data Sources: Dow Jones Sustainability Index (DJSI), Ioannou and Serafeim (2012), Hofstede (2001), WorldBank, Global Innovativeness Index (GII), and Global Competitiveness Yearbook 2009

The final sample consists of those countries which has firms listed in S&P Global 1200 index in 2010

Methodology

The Study 1

Measures

- Average CSR: Ioannou and Serafeim (2012)
- High CSR: DJSI
- National culture: Hofstede's four dimensions
- Economic prosperity: GDP per capita
- Law enforcement: Crime rate per 10,000
- Education quality: Quality of management school
- Country innovativeness index: GII

Methodology

The Study 1

Procedure of the analysis

I will run two separate fsQCA analyses for DJSI-based CSR (high standard of CSR engagement) and Ioannou and Serafeim-based (2012) CSR (average standard of CSR engagement).

I will also run three fsQCA analyses for informal institutions, formal institutions, and the combination of both institutions. $2 \times 3 = 6$

Results

Table 3 |

Findings from fsQCA for institutional antecedents of CSR^a

| Model 1 | Model 2 | Model 3^b |
|-----------------------------------|--------------------------------|--|
| Cultural and high CSP. | Others and high CSP | All and high CSP. |
| --- COMPLEX SOLUTION --- | --- COMPLEX SOLUTION --- | --- COMPLEX SOLUTION --- |
| frequency cutoff: 1.000000 | frequency cutoff: 1.000000 | frequency cutoff: 1.000000 |
| consistency cutoff: 0.753049 | consistency cutoff: 0.708333 | consistency cutoff: 0.813954 |
| idv*~mas *uai | gdp*crime*~edu*inno | pdi*~idv*~mas*uai*gdp*~crime*edu pdi*~mas*uai*gdp*~crime*edu*inno |
| solution coverage: 0.329202 | solution coverage: 0.131681 | solution coverage: 0.253292 |
| solution consistency: 0.758928 | solution consistency: 0.708333 | solution consistency: 0.851562 |
| Model 4 | Model 5 | Model 6 |
| Cultural and low CSP. | Others and low CSP | All variables with low CSP |
| --- COMPLEX SOLUTION --- | --- COMPLEX SOLUTION --- | --- COMPLEX SOLUTION --- |
| frequency cutoff: 1.000000 | frequency cutoff: 1.000000 | frequency cutoff: 1.000000 |
| consistency cutoff: 0.837209 | consistency cutoff: 0.776167 | consistency cutoff: 0.860000 |
| idv*~mas*uai ~pdi*idv*mas*~uai | gdp*crime*inno gdp*edu*inno | pdi*~mas*uai*gdp*~crime*edu ~pdi*idv*mas*gdp*~crime*edu*~inno ~pdi*idv*mas*~uai*gdp*edu*~inno ~pdi*idv*~mas*uai*gdp*crime*~edu*inno |
| solution coverage: 0.553036 | solution coverage: 0.414777 | solution coverage: 0.599122 |
| solution consistency: 0.849438 | solution consistency: 0.754993 | solution consistency: 0.828109 |

^a To keep the table concise, the raw coverage, unique coverage, and recipe consistency are not reported.

^b For comparison, we ran Model 3 at .75 consistency cut-off. We get the third recipe: ~pdi*idv*~mas*uai*gdp*cri addition to two recipes above. The solution coverage and the solution consistency are 0.55 and 0.77 respectively.

Methodology

The Study 2

DJSI and S&P Global 1200:

I will triangulate the DISI data with the S&P Global 1200 data.

Using these complementary data sources will allow me to collect culturally diverse and proportionally distributed sample. Dummy variable based on DJSI: 0 or 1

The independent variables in this study are the five dimensions of national culture—power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation.

Methodology

The Study 2

Firm-level controls:

- firm size,
- prior financial performance, and
- leverage,

Industry-level controls:

- 8 dummy variables based on SIC

National-level control:

- Religion, GDP per capita, law enforcement, education and country innovation.

Results

Table 6
Empirical findings with Hofstede's cultural dimensions

| | | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 |
|-----------------------|-------|-------------------|-------------------|-----------------|-------------------|-------------------|
| | | B | B | B | B | B |
| Power distance | H1(-) | | -0.05*** (.02) | | -0.07*** (.02) | -0.07*** (.02) |
| Individualism | H1(+) | | .04*** (.01) | | .03** (.02) | .04*** (.02) |
| Masculinity | H3(-) | | -0.02*** (.01) | | -0.03*** (.01) | -0.02*** (.01) |
| Uncertainty avoidance | H4(+) | | .02** (.02) | | .03*** (.01) | .03*** (.02) |
| Long-term orientation | H5(+) | | | -.01 (.01) | .01 (.01) | .01 (.01) |
| Total Asset | | .32*** (.07) | .34*** (.07) | .31*** (.07) | .31*** (.07) | .29*** (.08) |
| ROA | | -.02* (.01) | -.02* (.01) | -.02* (.01) | -.02* (.01) | -.03* (.02) |
| Leverage | | .25 (.46) | .14 (.47) | .15 (.47) | .16 (.48) | .2 (.58) |
| Catholic | | 1.31*** (.46) | -1.45** (.88) | 1.05* (.72) | -1.65** (1.05) | -1.26 (1.05) |
| Protestant | | 1.21** (.54) | -2.03** (1.08) | .91 (.55) | -2.15 (.86) | -1.78* (1.21) |
| GDP per capita | | .52* (.41) | -1.28** (.77) | .19 (.55) | -1.95** (.89) | -1.66** (.87) |
| Crime per 1000 | | -.56*** (.19) | -.14 (.23) | -.43** (.19) | -.01 (.24) | .61 (.44) |
| Management School | | .01 (.01) | -.01* (.01) | .01 (.01) | -.02** (.01) | -.02** (.01) |
| Innovation | | .01* (.01) | -.03*** (.01) | .02** (.01) | .04*** (.01) | .03*** (.01) |
| Constant | | -7.92** (4.71) | 10.65* (7.47) | -4.52 (6.85) | 18.15 (9.79) | 11.63 (10.16) |
| Observations | | 1189 | 1189 | 1154 | 1154 | 665 |

Note for Model 2: R²= .41 (Hosmer & Lemeshow), .11 (Cox & Snell), .18 (Nagelkerke).
Model χ^2 (17) = 138.05, p<.001; Notes: *p<0.1; **p<0.05; ***p<0.01; |

Results

The Study 2

Table 9

Comparison of the findings across studies

| Cultural Dimensions | Ringov & Zollo, 2007 | | Ho et al., 2011 | | Ioannou & Serafeim, 2012 | | Current Study (Hofstede) | | Current Study (GLOBE) | |
|---------------------|----------------------|-----------|-----------------|-----------|--------------------------|-----------|--------------------------|-----------|-----------------------|-----------|
| | Pred | Result | Pred | Result | Pred | Result | Pred | Result | Pred | Result |
| Power Distance | (-) | (-)** Yes | (-) | (+)** No | (+) | (+)** Yes | (-) | (-)** Yes | (-) | (-)** Yes |
| Individualism | (-) | (-) No | (-) | (-)** Yes | (+) | (+)** Yes | (+) | (+)** Yes | (+) | (-)** No |
| Masculinity | (-) | (-)** Yes | (-) | (+)** No | | | (-) | (-)** Yes | (-) | (-)** Yes |
| Uncert Avoidance | (-) | (+) No | (+) | (+)** Yes | | | (+) | (+)** Yes | (+) | (+)** Yes |
| LT orientation | | | | | | | (+) | (+) No | (+) | (-)** No |

Notes: *p<0.1; **p<0.05; ***p<0.01;

Methodology

The Study 3

Tien-Shia Magazine during 2007-2014, I will select 24 MNE subsidiaries listed on the Taiwan Top 15 CSR Foreign Firms as our research targets. The final sample consists of 192 firm-year (24 firms x 8 years) observations.

- Subsidiary's age: established years in Taiwan.
- Industry: Dummy
- Foreign rival's CSR engagement: Dummy
- Major local rival's CSR engagement: Dummy
- Parent company's CSR engagement: Dummy

Thank you for your attention!
