



UNIVERSITA' DEGLI STUDI DI PADOVA

DIPARTIMENTO DI SCIENZE ECONOMICHE ED AZIENDALI "M.FANNO"

**CORSO DI LAUREA MAGISTRALE IN
BUSINESS ADMINISTRATION**

TESI DI LAUREA

**"Different Approaches to CSR topics across different Countries: Does
National culture matter?"**

RELATORE:

CH.MO PROF. GIACOMO BOESSO

LAUREANDA: DONATELLA CAPRIULO

MATRICOLA N. 1154978

ANNO ACCADEMICO 2018 - 2019

Il candidato dichiara che il presente lavoro è originale e non è già stato sottoposto, in tutto o in parte, per il conseguimento di un titolo accademico in altre Università italiane o straniere.

Il candidato dichiara altresì che tutti i materiali utilizzati durante la preparazione dell'elaborato sono stati indicati nel testo e nella sezione "Riferimenti bibliografici" e che le eventuali citazioni testuali sono individuabili attraverso l'esplicito richiamo alla pubblicazione originale.

The candidate declares that the present work is original and has not already been submitted, totally or in part, for the purposes of attaining an academic degree in other Italian or foreign universities. The candidate also declares that all the materials used during the preparation of the thesis have been explicitly indicated in the text and in the section "Bibliographical references" and that any textual citations can be identified through an explicit reference to the original publication.

INDEX

Introduction	7
1. Stakeholder and Corporate Social Responsibility	9
1.1 Stakeholder's definition and Stakeholder approach.....	9
1.2 Corporate Social Responsibility	13
1.2.1 Carroll's pyramid and his conceptual approach to CSR	14
1.3 Sustainability Reporting Guidelines	17
1.3.1 Global Reporting Initiative and the GRI Standards	18
1.3.2 The UN Global Compact and the Ten Principles	22
1.3.3 The International Organization for Standardization (ISO) and ISO 26000	23
1.3.4 The Social Accountability International (SAI) and the SA8000	23
1.4 Conclusion and previous researches	23
2. Cultural context overview	28
2.1 Importance of culture and Hofstede's cultural dimensions.....	28
2.2 Cultural context: overview on Europe, United States, Japan and China.....	31
2.2.1 Europe.....	31
2.2.2 United States	37
2.2.3 Japan	43
2.2.4 China	48
2.3 Conclusion, previous researches and my research's question	54
3. Hypotheses and Empirical Analysis.....	61
3.1 Research objective	61
3.2 Sample selection	62
3.3 Methodology.....	68
3.4 Expectations on results	75
3.4.1 First Analysis.....	75
3.4.2 Second Analysis.....	79
4. Empirical Analysis Result.....	83
4.1 First Analysis: Result about effort disclosed by countries	83
4.2 Second Analysis: Result about Intensity disclosed by countries and regression model results	88
4.1.1 Regression model results	94
4.3 Limits of the Analysis and future research	99
4.4 Comparison between the two different analysis	99
Conclusion	104
References.....	107
Sitography	111

Introduction

The intent of this thesis is to understand whether belonging to a country, national culture, law and the way of managing a business may or may not influence the disclosure practices of companies on the CSR topics. I decided to study this topic given the growing and now overriding importance that Corporate Social Responsibility has gained today in the business of companies all over the world. I combined this topic with another increasingly discussed aspect: the need to structure and manage companies and their staff based on the country national culture. Several scholars in the last twenty years have focused their attention on the study of the differences between the various Continents and more specifically among the countries that require different management, to reach an effective and efficient results, compared to the more spread organizational theories used in the Western world. Such scholars have in fact shown that sometimes the typical theories have proved to be inefficient in other cultural contexts. Based on these suggestions, I decided to verify, through this thesis, whether this distinction could also exist in the practices of disclosure linked to CSR.

I decided to study and analyze this phenomenon by selecting a sample of companies distributed in four different countries (China, Japan, USA, Europe) that belong to certain industries I selected (Airlines, Chemical, Iron & Steel, Energy and Consumer electronic). My goal is to understand through the analysis of the CSR of this sample if there are similar trends between companies belonging to the same country in the use of the sustainability report, in the results obtained, in the communicative approach and in the activities promoted by the companies.

In doing so, I decided to start in the first chapter, from the theoretical concepts of stakeholder management that stay at the base of the use and dissemination of CSR in the corporate world. I will therefore go on analyzing the importance of this instrument today, an importance already widely demonstrated by several past studies.

Later, in the second chapter I will present the cultural contexts of the countries in which my statistical sample operates. I will analyze the economic, social and regulatory context of Europe, the United States, China and Japan. This preliminary analysis is in fact indispensable for understanding and interpreting the results that will be obtained in the statistical study and the basic differences between the countries analyzed. Following the context's description of each country I will compare their culture; this comparison will help me to define my expectations on the results I will get from the statistical study. In doing so I will also use the study conducted by Hofstede.

After understanding the importance of CSR and the differences between countries, in the third chapter I will talk about the study carried out in order to confirm or reject my assumptions that see the influence of the country of origin as a determinant in the disclosure approach.

This study will consist of two separate analyzes: the first one will focus on analyzing the amount of information declared by the companies that make up my sample; it will aim to verify, through the help of a table structured by the Global Reporting Initiative, whether belonging to a country rather than to another influences the propensity, in quantitative terms, of a company in disclosing.

The second analysis will study the effort shown by companies with the aim, once again, of verifying whether belonging to a country can be considered fundamental.

Finally in the last chapter, I will try to relate the results of the two analyzes to draw my conclusions which I hope will confirm my expectations that belonging to a country still is a fundamental element to consider in defining the business strategies of a company.

1. Stakeholder and Corporate Social Responsibility

1.1 Stakeholder’s definition and Stakeholder approach

The term “stakeholder” seems to have been born from a words play on “stockholder” to underline that in an organization there are other entities that have a stake in the activities of the firm as well as shareholders or other directly involved parties. Edward Freeman, who was the first to have introduced this term, provided a definition in his book “A strategic management. A stakeholder approach” (Pitman, 1984), where he stated that a stakeholder “can affect or is affected by the achievement of the organization’s objectives”. The underlying concept was that a firm couldn’t focus its attention only on the profit maximization but have to consider that there are many other interests and entities that can influence the decision making process. Actually Freeman made the term popular, but the concept was introduced at Stanford Research Institute in 1963 for the first time. In that situation the “stakeholders” were defined as “all groups on which an organization is dependent for its survival”.

Different and developed definitions have followed over time as showed in the following table.

Source	Stake
Stanford memo (1963)	“those groups without whose support the organization would cease to exist” (cited in Freeman and Reed 1983; Freeman 1984)
Rhenman (1964)	“are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence”
Ahlstedt and Jahnukainen (1971)	“driven by their own interests and goals are participants in a firm, and thus depending on it and whom for its sake the firm is depending” (cited in Näsi 1995)
Freeman and Reed (1983: 91)	Wide: “can affect the achievement of an organization’s objectives or who is affected by the achievement of an organization’s objectives” Narrow: “on which the organization is dependent for its continued survival”
Freeman (1984: 46)	“can affect or is affected by the achievement of the organization’s objectives”
Freeman and Gilbert (1987: 397)	“can affect or is affected by a business”

Cornell and Shapiro (1987: 5)	“claimants” who have “contacts”
Evan and Freeman (1988: 75–76)	“have a stake in or claim on the firm”
Evan and Freeman (1988: 79)	“benefit or are harmed by, and whose rights are violated or respected by, corporate actions”
Bowie (1988a, b: 112, Note 2)	“without whose support the organization would cease to exist”
Alkhafaji (1989: 36)	“groups to whom the corporation is responsible”
Carroll (1989: 57)	“asserts to have one or more of these kinds of stakes” – “ranging from an interest to a right (legal or moral) to ownership or legal title to the company’s assets or property”
Evan and Freeman (1990)	contract holders
Thomson et al. (1991: 209)	In “relationship with an organization”
Savage et al. (1991: 61)	“have an interest in the actions of an organization and ... the ability to influence it”
Hill and Jones (1992: 133)	“constituents who have a legitimate claim on the firm ... established through the existence of an exchange relationship” who supply “the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements)”
Brenner (1993: 205)	“having some legitimate, non-trivial relationship with an organization (such as) exchange transactions, action impacts, and moral responsibilities”
Carroll (1993: 60)	“asserts to have one or more of these kinds of stakes in the business” – may be affected or affect ...
Freeman (1994: 415)	participants in “the human process of value creation”
Wicks et al. (1994: 483)	“interact with and give meaning and definition to the corporation”
Langtry (1994: 433)	“the firm is significantly responsible for their well-being, or they hold a moral or legal claim on the firm”

Starik (1994: 90)	“can or are making their stakes known” – “are or might be influenced by, or are or potentially are influencers or some organization”
Clarkson (1995: 5)	“bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm” or “are placed at risk as a result of a firm’s activities”
Clarkson (1995: 106)	“have, or claim, ownership, rights, or interests in a corporation and its activities”
Näsi (1995: 19)	“interact with the firm and thus make its operation possible”
Brenner (1995: 76, Note 1)	“do or which could impact or be impacted by the firm/organization”
Donaldson and Preston (1995: 85)	“persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity”

Source: Mitchell et al. (1997: 858-859)

One of the most debated and relevant problem concerning the stakeholder is the identification of those entities for the firms. Each firm can have different stakeholders that have different importance and relevance in affecting the firm’s action. For this reason the Freeman’s definition is very wide and ambiguous. The relationship and the impact of this relationship could or could not be bidirectional and the definition includes both who has the power to influence and who is influenced. But as we see from the different definition above, several scholars disagree with Freeman’s definition and with his “Principle of Who and What Really Counts”.

In fact, there are also narrow definitions as the Clarkson’s one, who binds being stakeholder to the existence of a voluntary or involuntary risk bore from those individuals as a result of some investments. Clarkson made a distinction between primary and secondary stakeholder, considering these two classes as essential and not essential for the firm’s survival respectively.

In a well-known article, Mitchell et al. (1997 p. 857) sustained that some narrow definitions “attempt to define relevant groups in terms of their direct relevance to the firm’s core economic interests” (as Bowie, 1988; Freeman & Reed, 1983; Näsi, 1995; Clarkson, 1995; Freeman & Evan, 1990; Hill & Jones, 1992; Cornell & Shapiro, 1987) others identified those group in terms of moral claims (as Wicks, Gilbert, & Freeman, 1994; Donaldson & Preston, 1995; Evan & Freeman, 1988; Langtry, 1994). On the other hand, Mitchell et al. stated that

the broad definitions are based on the idea that anyone can be affected by or can affect the company. Obviously these definitions implicate a deeply knowing of the different classes of stakeholders for a profitable management that is not simply to put in place.

Therefore the same article shows as the scholars that preferred narrow definition emphasized the claim's legitimacy of the stakeholders while the ones that favoured broad definition accentuated the stakeholder's power to affect the firm's behaviours.

At the beginning the stakeholder concept and approach were only associated to the private sector, due to the evolution of the concept, the scholars have understood that the stakeholders can come from different contexts – political, economic, legal, social, cultural and ecological. Freeman (1984) argued that the claims from the “traditional” stakeholder, those traditionally considered by the managerial models, came with claims of new emergent stakeholder that could equally influence the organization, as States, competitors, environmentalists, interest groups, consumer associations and media. Freeman represented his stakeholder approach as a wheel, whose fulcrum was the company and the stakeholders were at the end of the spokes. This theory was called “stakeholder view” that is in contrast with the input-output model where the main goal of the company is to maximize the profit for the owners. In fact in the stakeholder approach the company is seen both as market transactions and as a cooperative effort that involve different entities and groups.

This reinforced the idea there could be very different interests to be considered and to deal with. The consequence clearly is the impossibility of identifying *a priori* the classes of stakeholder for every firm. The identification turns out after a deep and complex analysis of the context in which the company operates. Due to the importance of the stakeholder impact, nowadays the majority of the firm conducts specific study to better manage the context, its actors and to establish its strategies by ensuring that they are in line with stakeholder expectations. Freeman (1984) suggests that the relationship between stakeholders and companies must be build up through negotiation and voluntary collaboration. The stakeholder theory is useful to define the vision and aims of a firm and so, analysing stakeholder is like analysing the value of the corporation not only from a financial point of view, but also from a social one (Freeman 1984).

Freeman, through his book *Strategic Management: a Stakeholder Approach*, proposes a pragmatic approach to develop and establish the firm's strategy, but also to evaluate it. He states that considering the stakeholder interests and prospective the company it would be

better able to be profitable. He also categorized possible effects of corporate action on stakeholder and of stakeholder action on corporation, dividing those in five classes – economic, technological, political, social and managerial effects.

1.2 Corporate Social Responsibility

In the definition of stakeholders has emerged the need to consider the society among the company's interests. In fact, the stakeholder theory by Freeman suggests the necessity of considering not only the economic interests, but also the social ones. We can call this "necessity" Corporate Social Responsibility (CSR). The CSR is a sustainability report that provides a balanced and reasonable representation of the sustainability performance of a reporting organization. It includes both positive and negative contributions.

It discloses the ethic implications of the strategic vision of a company and it can be considered as the company's manifestation of will to efficiently manage problems with social and ethic impact. The concept has been evolving for decades: The Bowen's book "Social Responsibility of the Businessman" (1953) is considered the first book about this topic. For a long time the concept remained linked to the manager's actions, for example Davis identified the social responsibility with the totality of "manager's decision" and the related "manager's social power" (Davis, 1960). He meant that the influence of manager's power is fundamental in terms of social responsibility and social impact. Since the 1960 the ownership of moral duty was attributed to the company as an entity as well as to managers. Notwithstanding, the real breakthrough was scarred by McGuire's definition (1963) that paid the whole attention to the corporation and not anymore to businessman. McGuire and Backman defined social responsibility as something that moves beyond legal and economic considerations. While Henry Manne (1972) suggested that social responsibility was a set of voluntary acts. A huge debate took shape around the concept over time. Friedman is considered the main opponent to the corporate social responsibility concept; he defined this doctrine "fundamentally subversive" (Friedman, 1962). Friedman highlighted the importance of the shareholders, as the unique stakeholders in a company, and of the economic profit, as the unique company's objective.

The first approach that included economic and non-economic topics in the definition of social responsibility was the approach proposed by the Committee for Economic Development (CED) called "three concentric circles" (1971). The inner circle, called "Economy", involves

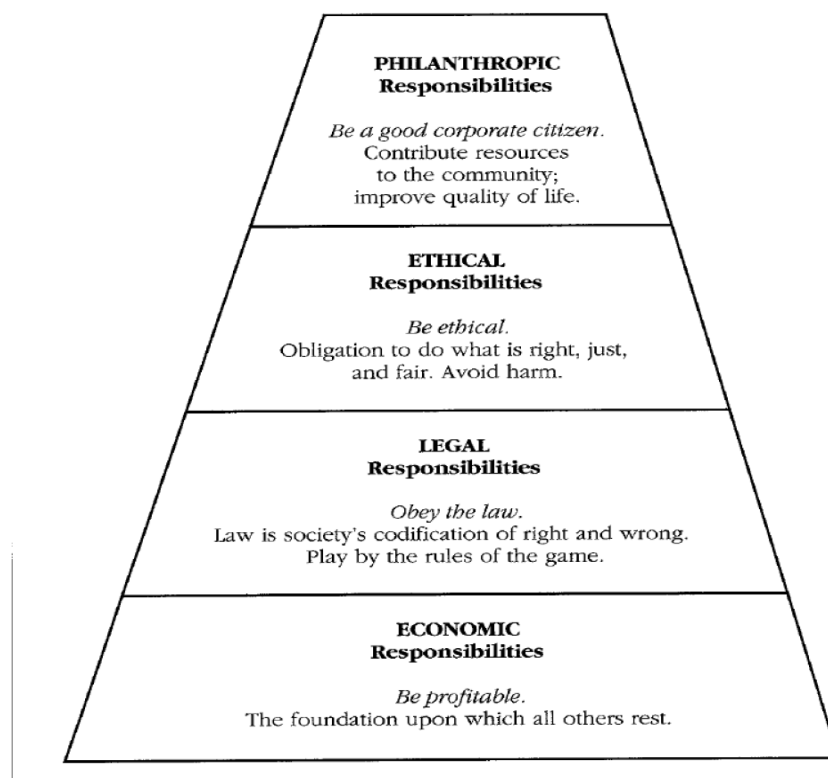
the basic economic functions – growth, production and work; the intermediate circle, called “Society”, suggests that the company should fulfil the economic functions knowing that society’s values and expectations change over time; the outer circle roughs out the responsibility that a company may have to be widely involved in the social improvement.

In 1976 Ackerman and Bauer introduced the concept “Corporate Social Responsiveness” (CSR2) in the debate. They criticized the term responsibility that focused more attention to the company’s duty and motivation rather than to performance disregarding, in this way, the proactive action of a company and the implementation of a social role.

1.2.1 Carroll’s pyramid and his conceptual approach to CSR

The underling problem of this debate was to conciliate the economic and social orientation of a company. Carroll attempted to solve this problem providing a complete definition of CSR. The definition is divided in four parts and disposed in a pyramidal form.

The Pyramid of Corporate Social Responsibility



Source: Carroll (1992: 42)

The pyramid should be read from the bottom to the top. The *economic responsibility*, in fact, is considered the foundation of the whole performance. It comes from the capitalist system

whose main objective is to make profit through the trade of services and products.

Moreover, the company should comply with the law that regulates the acceptable and unacceptable behaviours of the society. The *legal responsibility* assumes a complementary role to the economic one. The company should achieve its goals acting within the legal constraints.

Then being ethical concerns the obligation to do what is right, just and fair and not to damage the stakeholders. The *ethical responsibility* represents all those activities and behaviours for which the society matures some expectations that are not codified into law.

Finally, the company should act as a good citizen. Carroll talks about philanthropic behaviours because a company usually contributes resources to the community and improves its quality of life. The *philanthropic responsibility* is considered totally voluntary; the company through philanthropic action acquires a social role that is not required by law neither by social expectations.

In the following table are reported some important statements characterizing the different kind of responsibilities:

Economic Components (Responsibilities)	Legal Components (Responsibilities)
1. It is important to perform in a manner consistent with maximizing earnings per share.	1. It is important to perform in a manner consistent with expectations of government and law.
2. It is important to be committed to being as profitable as possible.	2. It is important to comply with various federal, state, and local regulations.
3. It is important to maintain a strong competitive position.	3. It is important to be a law-abiding corporate citizen.
4. It is important to maintain a high level of operating efficiency.	4. It is important that a successful firm be defined as one that fulfils its legal obligations.
5. It is important that a successful firm be defined as one that is consistently profitable.	5. It is important to provide goods and services that at least meet minimal legal requirements.

Ethical Components (Responsibilities)	Philanthropic Components (Responsibilities)
<ol style="list-style-type: none"> 1. It is important to perform in a manner consistent with expectations of societal mores and ethical norms. 2. It is important to recognize and respect new or evolving ethical/moral norms adopted by society. 3. It is important to prevent ethical norms from being compromised in order to achieve corporate goals. 4. It is important that good corporate citizenship be defined as doing what is expected morally or ethically. 5. It is important to recognize that corporate integrity and ethical behaviour go beyond mere compliance with laws and regulations. 	<ol style="list-style-type: none"> 1. It is important to perform in a manner consistent with the philanthropic and charitable expectations of society. 2. It is important to assist the fine and performing arts. 3. It is important that managers and employee participate in voluntary and charitable activities within their local communities. 4. It is important to provide assistance to private and public educational institutions. 5. It is important to assist voluntarily those projects that enhance a community's "quality of life".

Source: Carroll (1992: 40-41)

Carroll has done this differentiation between diverse kinds of responsibility to help the managers to understand the underlying connection and relationship between them. He suggested that the most critical relationships are those between economic and the others responsibilities – legal, ethical and philanthropic ones. The identification of this relationship, in fact, helps the achievement of the main goal of the Corporate Social Responsibility – to implement actions and programs that satisfy, simultaneously, all these components.

As said before, these social responsibilities take shape according to the identification of specific groups and entities and, while the management prioritizes the stakeholders' expectancies according to their attributes – legitimacy, power and urgency - the CSR's perspective considers legitimacy as the most relevant attribute. In fact, the managers should satisfy the primary stakeholder implementing such actions that should satisfy partially or totally also the others stakeholders. Obviously it is not always possible achieving this objective, but it should be desirable. Carroll states that the fundamental function of stakeholder management is to "describe, understand, analyse, and finally, manage". To simplify the identification of the issued to be satisfied he proposes a conceptual approach

formed by five questions:

1. Who are our stakeholders?
2. What are their stakes?
3. What opportunities and challenges are presented by our stakeholders?
4. What corporate social responsibilities do we have to our stakeholders?
5. What strategies, actions, or decisions should we take to best deal with these responsibilities?

To simplify the approach to the fourth question, he has structured a matrix to organize the managers' idea about the economic, legal, ethic and philanthropic issues. In this way the managers create a useful database to take short and long-term decisions about the interests involved integrating the values represented in the matrix with the economic mission of the organization. Moreover identifying the responsibilities through this matrix should help the managers in answering to the fifth question.

For same extent, we can say that nowadays the CSR are drawn up following this schema. The companies try to explain their involvement and action regarding, for example, the different issues analysing and explaining their action and how the organization contributes to the improvement or deterioration of economic, environmental, and social conditions at local or global level. For example, for what concerns the environmental impact usually the company communicates the total emission's amount, what kinds of materials are used, how much energy or water is used for the production, if they use recycled input materials, and so on. In this way the company provide some useful information for the stakeholder that, consequently, are able to evaluate the company performance.

1.3 Sustainability Reporting Guidelines

In the world, several organizations promote new systems of guidelines for disclosure in Corporate Social Responsibility. This makes easier for the companies around the world the implementation of the sustainability report. Below I will talk about the most widespread and used guidelines: the Global Reporting Initiative (GRI), the United Nations Global Compact, the International Organization for Standardization (ISO) and SA8000.

All these frameworks follow the so-called "ESG" that stands for Environmental, Social and Governance Criteria. This is a set of standards used by investors to screen potential investment or to understand the impact of a company's operations. Those are criteria that look

at company's environmental impact, how a company manages relationships with the communities where it operates – employees, suppliers, customers, and society as a whole -, how a company interacts with the governance. All those information are usually provided in the CSR in an extensive form.

In fact the ESG is considered as a synonym of “sustainable approach” and is a set of data and information that can be provided by a company to a wide range of stakeholders. Due to the global standardization trend there is an increasing use of global standards and frameworks by the company in communicating the ESG information. A standardization, in fact, makes the information provided more consistent, available, and reliable.

I will focus more on the Global Reporting Initiative as I decided to use the table proposed by this organization as a support to my analysis. However I will give a brief overview on the other system widely used in the countries analysed, this, in fact, will help us to better understand the cultural contexts and the different approaches implemented in countries' sample.

1.3.1 Global Reporting Initiative and the GRI Standards

The GRI standard is the most used framework in the world. This framework was created by the non-profit international organization called Global Reporting Initiative which intent is to deals with the promotion of economic, environmental and social sustainability. This organization was founded in 1997, when it proposes and promulgates the first version of guidelines that companies could follow to build their own CSR report. Over the years the organization has updated these guidelines making them increasingly detailed and usable. The latest version proposed by the organization is the GRI sustainability reporting standards which replaced the old version. The innovation of GRI Standards lies primarily on their structure divided in two different types of standard disclosures: General Standard Disclosures and Specific Standard Disclosures. It is designed for being used by company of any size, location, or sector and it provides general and specific information about the organization's sustainability performance. The general ones provide information about organizational profile, strategy, stakeholder engagement, report profile, governance, ethics and integrity, and identified material aspects and boundaries.

TABLE 3: REQUIRED GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	'In accordance' – Core (This information should be disclosed in all cases)	'In accordance' – Comprehensive (This information should be disclosed in all cases)
Strategy and Analysis	G4-1	G4-1, G4-2
Organizational Profile	G4-3 to G4-16	G4-3 to G4-16
Identified Material Aspects and Boundaries	G4-17 to G4-23	G4-17 to G4-23
Stakeholder Engagement	G4-24 to G4-27	G4-24 to G4-27
Report Profile	G4-28 to G4-33	G4-28 to G4-33
Governance	G4-34	G4-34 G4-35 to G4-55(*)
Ethics and Integrity	G4-56	G4-56 G4-57 to G4-58(*)
General Standard Disclosures for Sectors	Required, if available for the organization's sector(*)	Required, if available for the organization's sector(*)

Source: GRI Sustainability Reporting Guidelines, 2016

As can be seen from the table above the General Standard Disclosure can be divided in Core and Comprehensive information. The Core option contains the essential elements of a sustainability report; it provides the background against which an organization communicates the impacts of its economic, environmental and social and governance performance. The Comprehensive option is built on the Core one by requiring additional Standard Disclosures of the organization's strategy and analysis, governance, and ethics and integrity.

The Specific Standard Disclosures, on the other hand, are divided in three categories: Economic, Environmental and Social. Moreover the social category is divided into four sub-categories – labour practices, decent work, human rights, society and product responsibility. The total contents considered are 149 items. The GRI initiative helps the company in disclosing the information; in fact it indicates the different aspects that a company should disclose. Every firm can autonomously decide what and how much items to disclose. On the other hand it is useful also for the stakeholders that can easily compare different companies, find the information that they want to reach, and verify the presence or absence of some “standards” information. The specific standard disclosures are shown in the table below.

TABLE 1: CATEGORIES AND ASPECTS IN THE GUIDELINES				
Category	Economic		Environmental	
Aspects ^{III}	<ul style="list-style-type: none"> • Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices 		<ul style="list-style-type: none"> • Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms 	
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects ^{III}	<ul style="list-style-type: none"> • Employment • Labor/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> • Investment • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms 	<ul style="list-style-type: none"> • Local Communities • Anti-corruption • Public Policy • Anti-competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society 	<ul style="list-style-type: none"> • Customer Health and Safety • Product and Service Labeling • Marketing Communications • Customer Privacy • Compliance

As can be seen the specific standards cover three different categories that are composed by different contents declined in strategic topics. The organization’s sustainability report presents information relating to material Aspects that are those for which impacts are identified as material by the organization. In fact the material aspects are those that reflect the organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. The GRI guidelines provide some Principles that can help the organizations in identifying what are the material aspects and in understanding the related boundaries. Those principles are indicated for defining report content (Stakeholder inclusiveness, sustainability context, materiality and completeness) helping the organization in the understanding of the context in which it operates; and report quality (Balance, comparability, accuracy, timeliness, clarity and reliability) that is more related to the process of preparing information in a report. All these principles are fundamental to achieving transparency.

Principles for defining report content	Stakeholder Inclusiveness	The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.
	Sustainability context	The report should present the organization's performance in the wider context of sustainability.
	Materiality	The report should cover aspects that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.
	Completeness	The report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period.
Principles for defining report quality	Balance	The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.
	Comparability	The organization should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.
	Accuracy	The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization's performance.
	Timeliness	The organization should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.
	Clarity	The organization should make information available in a manner that is understandable and accessible to stakeholders using the report.
	Reliability	The organization should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.

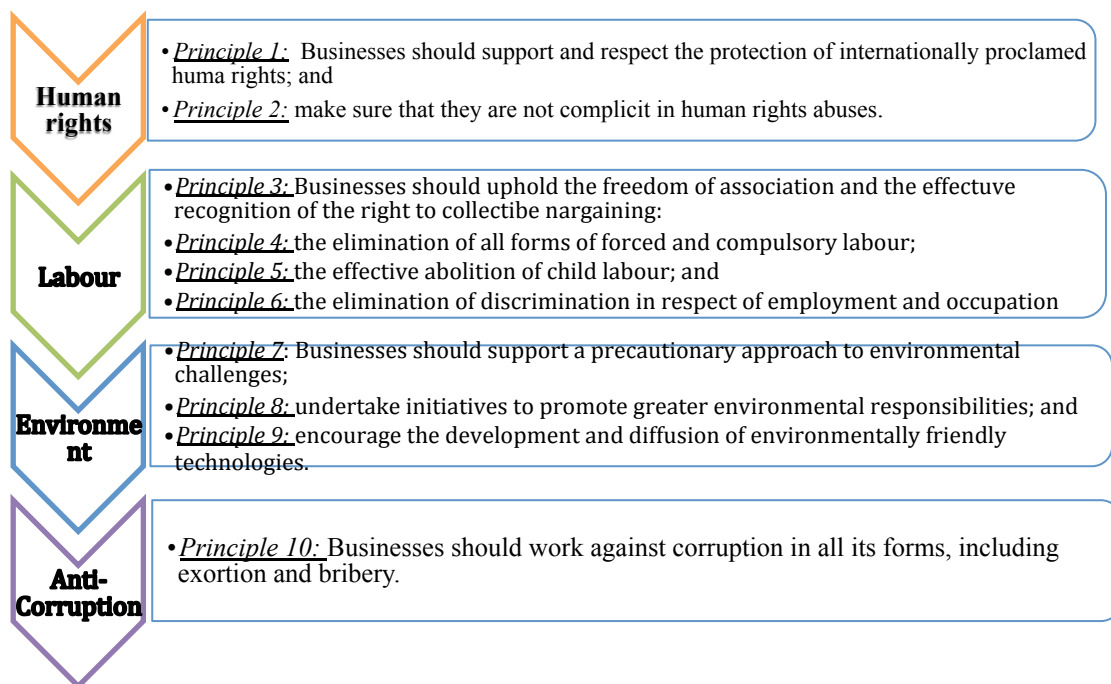
Given its structure and the several information that help the organization in implementing the sustainability report, it's not surprising that the GRI Guidelines, up to now, is the most

popular framework for CSR reporting adopted by 93% of the world’s largest 250 companies (KPMG, 2017).

1.3.2 The UN Global Compact and the Ten Principles

A similar framework is provided and promoted by the United Nations Global Compact, another voluntary initiative that collaborates with the GRI. The companies that decide to be part of the UN Global Compact have to publish annually the Communication on Progress (COP) (the UN Global compact website <https://www.unglobalcompact.org/>). This is a document in which the companies must show their involvement and commitment to sustainability describing the company’s engagement and actions taken to apply and respect the Ten Principles set by UN Global Compact. These principles cover four different areas: Human rights, labour, environment and anti-corruption. Below a figure that briefly explains these principles.

We have to consider that this framework and more in general these principles are perfectly in line with the GRI framework. The UN Global Compact lasts more space to companies’ interpretation and does not give guidelines about how to fit with these principles. The organization sustains that corporate sustainability starts with company’s value system and a principles-based approach to doing business, so it is necessary a personal adoption.



1.3.3 The International Organization for Standardization (ISO) and ISO 26000

The International Organization for Standardization (ISO) is a non-governmental international organization. Since 1947, year in which the organization was founded, it has published different International Standards that cover almost every aspect of business. Its goal is to provide a framework to help companies creating safe and reliable good and services, minimizing waste and social and environmental impacts. Particularly important is the ISO 26000, called “Guide to social responsibility” is a framework for every kind of organization and give advices on concepts, terms and definition of sustainability reporting. It was developed and published in 2010 and is a “guidance on how businesses and organizations can operate in socially responsible way” (ISO 26000, 2017).

1.3.4 The Social Accountability International (SAI) and the SA8000

SAI is an international non-governmental organization founded in 1997 whose mission is to promote and safeguard human rights in the workplace. SAI’s most significant achievement is the creation of the SA8000, a globally recognized certification that provides guidelines and helps organizations managing and safeguarding their workers’ rights. Companies operating in the new on going and dynamic global economic environment cannot ignore social issues such as human and workers’ rights and child labour. As a result, being granted a SA8000 certification represents a precious opportunity for a company to show it is upholding social expectations while assuring fair treatment for its workers.

Regarding global diffusion of SA8000, there are currently 72 certified countries throughout the world, the first one being Italy with a number of 1081 accredited organizations, followed by India (953) and China (654). Worthy of note are the pie charts available on SAI website, where Asian regions have the highest number of SA8000 certified organizations in the world.

These are just few example of organization that provides guidelines. I have examined briefly the most spread and used around the world.

1.4 Conclusion and previous researches

My intent in this chapter was to underline how stakeholders’ management is considered a fundamental aspect of a company’s business decisions, by making an excursus through the literature. As seen, these third parties daily interact with companies, influencing them with

different intensity depending on business and cultural context. The very first definition given to stakeholder, as we have seen, was:

“those groups without whose support the organization would cease to exist”.

In these terms, this definition appears to be very clear by making bright the importance that stakeholders assume. Over time and literary discussion, many currents of thought regarding stakeholders definition stood out. We have seen a distinction proposed by Clarkson between primary and secondary stakeholders, which attributes a different relevance to different stakeholder classes. Regardless of attributed relevance, which in my opinion can depend on business and on surrounding context, it appears evident that is not possible to ignore the presence of internal or external groups influencing company's profitability and performance. At the end of the 20th century, once full-blown stakeholders' importance, a series of instruments and theories about how companies should first and foremost relate to each other but also communicate their own involvement in these third parties' interests were born. It was exactly in this discussion that the concept of corporate social responsibility and sustainability reporting was born. As show, in my opinion the clearer and most exhaustive definition is the one by Carroll, according to whom at the basis of relation between management and stakeholder there are economic interests, primary objectives for a company. Afterwards, Carroll talks about legal, ethic and philanthropic constraints, closer areas to these third parties' interests. The latter topics became indispensable for companies, which are nowadays obliged to comment on these subjects, making clear to external stakeholders what conduct is chosen and which activities are encouraged.

In the light of this discussion and on the basis of CRS's full-blown relevance the aim of my research question is structured. Indeed, my intent is to analyse the importance of Corporate Social Responsibility in a company's business.

For example, among the contributions have a great relevance Porter and Kramer, American academics and researchers, who in 2007 published on the Harvard Business review the article “The link between competitive advantage and corporate social responsibility”, in which they criticized the dominating approach, which separates business and company goals by supporting, on the contrary, their complementarity in developing social welfare. Society needs efficient businesses (for example in order to create jobs or satisfy the needs of community by supplying goods and services that can help the development of life quality), as well as business must be able to count on a good trend of society, because the current legislation can

contribute to efficiency and innovation as also protect competitive enterprises by fighting exploitation.

As Kramer points out, the main problem lies in the difficulty of measuring the benefits of CSR activities in the economic, social and environmental fields, as well as the response from consumers.

So apparently the benefits for the community and for the company itself would be scarce.

Usually the growing attention to issues of social responsibility arises as a response by companies towards public opinion to issues that previously was not given a proper weight, to which correspond initiatives that will not have strategic character, taking into consideration a given set of problems whose resolution the company can effectively contribute to and from which it can therefore gain a competitive advantage in the long term, but will result in initiatives aimed merely at improving its public image. Kramer criticizes the fact that these initiatives are usually disconnected from each other and aim to appearance more than to substance, such as the promotion of beneficial activities through advertising campaigns, and are not integrated with management in order to create shared value in the competitive context in which they operate.

Porter and Kramer since 2006 have therefore worked to outline the environmental, economic and social, positive or negative impacts of the various activities of the business value chain.

In the article “the Big Idea: Creating Shared Value”, published in 2011 on Harvard Business Reviews, it has been observed that in the last few decades an increasing number of environmental, social and economic problems are attributable to businesses, which thrive on to the detriment of a wider community. The aim is to maximize short-term profits, while neglecting customer needs and other aspects that determine long-term success.

The companies themselves are in fact the cause of the exhaustion of resources necessary for their own activity and of the inconvenience in the communities by transferring, for example, activities to places with increasingly lower wages.

The solution to these problems lies in the principle of shared value, according to which economic value must be created in order to bring value also to society. Companies must therefore reconcile their success with social progress. This model challenges the foundations on which the CSR strategies are based.

Shared value is not social responsibility, philanthropy or sustainability but it is an innovative way of creating economic value. Companies must be projected towards the creation of a shared value rather than a profit itself.

Some scholars focus their attention on the behaviour-result binomial, and in particular they consider the question of how to combine the interests of the various stakeholders with the needs of the company, analysing the process and the methods by which ethical conflicts are resolved within the company (Jones, 1980; Wartick e Cochran, 1985; Wood, 1991).

Other studies focus on the problem of defining performance and measurability (Drucker, 1984; Griffin and Mahon, 1997).

Furthermore, there are hundreds of published empirical studies that have tried in some way to test the relationship between different types of CSP and CFP (Margolis, Walsh, 2003), measuring whether and to what extent social performance has a positive impact on the financial one or not. As mentioned by Barnett and Salomon (2012), some have found a negative relationship (Vance, 1975; Wright and Ferris, 1997), others have highlighted the absence of significant relationships (McWilliams and Siegel, 2000; Patten, 1991), still others a positive relationship (Orlitzky, Schimdt and Rynes, 2003).

The predominant idea arising from these studies is that there is a positive correlation between economic and financial performance and disclosure and effort degree in Corporate Social responsibility issues.

In line with these previous articles and studies, the basis for my research question is outlined. My intent is indeed to analyse the disclosure of companies that make up my sample, seeing how do they set themselves, how they treat and communicate their position towards CSR, giving as a fundamental assumption that there is a positive correlation between performance and disclosure, as defined by previous studies.

My research focuses more on what companies claim, what initiatives they take and how they take them. Specifically, I will compare the performance of these companies by evaluating how these performances are based on belonging to a specific cultural context. In the next chapter I will in fact analyse the cultural contexts to which the companies of my statistical sample belong. The objective is to give an overview of the context in which they operate and the differences existing between these contexts. The understanding of the latter is fundamental for the interpretation of the results I obtained in the statistical analysis. The idea behind my research is that there may be different approaches conditioned by the territorial culture that affects and shapes first and foremost the way of being and acting of a society, and therefore

also the way of conducting business strategy and approaching sustainability issues, which are such as said essential in today's business.

In the next chapter I will therefore, first of all, introduce Hofstede's theory on the cultural importance and the dimensions by him defined, because this theory will help me in defining the analysis of different cultural contexts. The analysis of the sampled contexts (Europe, United States, Japan and China) will try to give a wide overview on economic, social and legal fields.

2. Cultural context overview

In the previous chapter I have widely shown the interest about corporate social responsibility, which, as already said, started a long time ago. Mostly the western company has already understood the importance of the coexistence of social cohesion, environmental protection, and economic growth. Ten years ago, we believed that much of the work had already been done, but the 2008 crisis revealed great flaws in the approach to business ethical sustainability. In fact the crisis had revealed as the declaration in the CSR not always found a practical implementation in the day-by-day business. After this event the interest about the CSR is increasing and also the different approaches and interpretations of different countries. A lot of studies and researchers suggest that companies and countries differ in their understanding and development of corporate social responsibility. The reason under the different approach is conducive to different cultural context. The business and managers' behaviors in different countries are, in fact, influenced by the presence of economic, political and cultural differences (Wotruba in Vitell and Paolillo, 2004). Burton et al. (2000) in their article state that "Different cultures will emphasize different values; what is important to one culture at one time may not be important to another culture or even to the first culture at some time in the future. These values may affect both the role institutions assume within society and what society expects from those institutions". Every country has its own values and, some "resistant to change" values to which communities are strictly devoted; these values have an impact on CSR implementation (Perry, 2012). For these reason and following these theory I have decide to analyze if a difference in the approach to social responsibility exist between countries.

To understand if really exists a difference from one country to another, that is the principal issue of my research, first above all we have to understand the different legal, cultural and economical systems that characterize each country to better understand the result of the statistical analysis. I have decided to analyze four different countries: Europe, United States, Japan and China. In doing this I have decided to use the Hofstede studies to better understand the different cultural backgrounds.

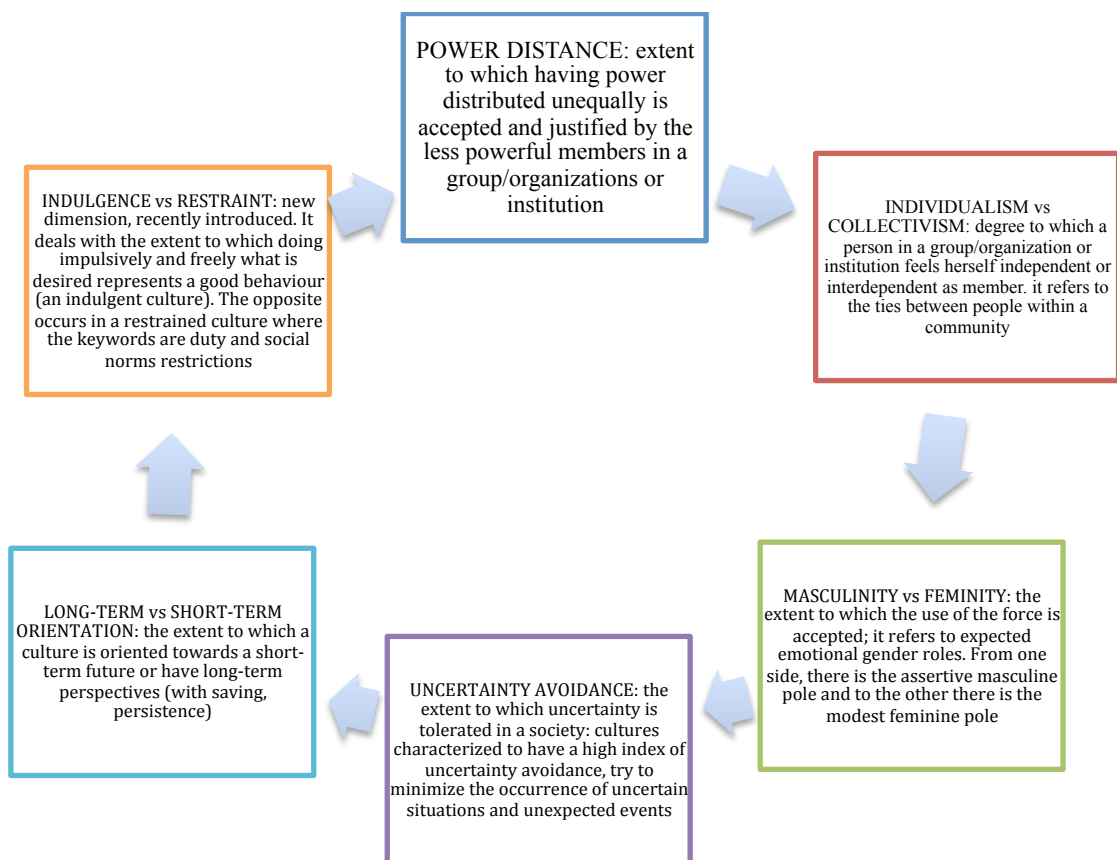
2.1 Importance of culture and Hofstede's cultural dimensions

Geert Hofstede studied different cultures to understand what cultural categories are common to all society and what are the unavoidable differences. For "Culture" Hofstede means those collective behaviors that lead people to act in the same way, a sort of schema that influence

indistinctly the way in which, people belonging to a certain culture, think, act and react.

He focused his study on the corporate behavior and analyzed a large database of employee value scores collected within IBM between 1967 and 1973. In fact, he supposed that National culture explained more of the differences in work-related attitudes than did position in the organization, profession, age, gender. The gathered data covered more than 70 countries and he initially highlighted four main categories that allow one to describe and measure the trends of one culture over another, but later added a fifth and a sixth. The six categories called “dimension” are: power distance, individualism in opposition to collectivism, masculinity in opposition to femininity, avoidance of uncertainty, long-term orientation and short-term orientation and indulgence.

Below the definition of this six dimensions:



Cultural Hofstede's dimensions, personal elaboration

The power distance occurs in any situation in which there is an authority and a subordinate, therefore there could be distance between parents and children, leaders and employees, teachers and students, and so on. It analyses how power is distributed and accepted in a society, and how these inequalities are managed. It represents how much individuals belonging to a particular culture and accept rigid and formal hierarchies, and how much power is in the hands of a few. Low values of distance from power refer to a culture that contemplates a democratic relationship, exchange and equality between leaders and

subordinates. High values of distance from power, instead, contemplate a rigid hierarchical structure and disparity between leaders and collaborators. In a working international collaboration situation with high level of power distance, executive could take for granted that his collaborators have an attitude of remission and obedience towards him; on the other hand, in countries in which the value of the short hierarchical distance prevails, may wish to interact with an executive and, if necessary, criticize him. When these two different cultures interact one with the other there could raise misunderstanding and conflicts.

The dimension of individualism concerns whether society tends to be more individualistic, or to prefer the individual over the community: an individualistic society lets everyone take care of themselves, and any offer from another is experienced as “interference” in the own private business. The family is not “enlarged”. On the contrary, a society with an opposite attitude, or “collectivist”, makes the population feel a united and supportive group but closed to the outside; the family is “extended” to close and distant people.

The masculinity versus femininity dimension concerns the distribution of roles between genders. The distinction concerns the typical character associated to different gender: masculinity is the assertive character while femininity is the accommodating character. Usually the masculine societies are more focused on power and enhancement of the individual for success. These societies are usually more competitive. On the other hand the feminine one care more for quality of life, cooperation and are more consensus oriented. Feminine countries are those where there is “smaller populations, less economic scale and/or a strong collective culture and high welfare value” (Lee and Herold, 2016).

Uncertainty avoidance assesses the degree to which members of a group feel threatened by unknown or uncertain situations. Indicates the ability of culture to "program" group members to react in structured or unstructured situations. Cultures that avoid uncertainty have strict rules and laws and considerable security measures. The cultures that accept more uncertainty are more tolerant towards others' opinions, they try to have few rules and laws. However, there is also a philosophical side to this dimension: the cultures that avoid uncertainty tend, being more rigid, to believe that they are the only depositories of the Truth; on the other hand, there are those cultures that allow more currents of ideas to coexist and evolve simultaneously.

The values indicated by the short-term orientation dimension are respect for traditions, a sense of duty towards social obligations and care for one's own public image. The values included

in the long-term orientation are perseverance and thrift.

Several studies start from the Hofstede's one, and using his research try to delineate difference among countries.

2.2 Cultural context: overview on Europe, United States, Japan and China

2.2.1 Europe

I have decided to analyse the Europe as a unique "country" due to the relevant influence that the European legislation has on the CSR topics. Actually, I have to specify that there are several differences from one country to another.

Before analyzing CSR's importance and approaches in Europe, I think it is necessary to understand the European political context. The actual institutional situation, included the Pan-European institutions, were born to satisfy the desire of creating a common political and social behaving (Mayer and Whittington, 2004). A significant number of rules and laws at European level were required to build up a real political union to harmonize the conduct and, more specifically, the member States' law. Therefore, today the European Union is a key locus of policy-making. For this reason, the member state and consequently also the European company, are strictly conditioned by the European law and by the EU's guidelines.

Moreover, it is necessary to specify the interest groups that act in Europe, have an institutional place in policy-making process in most of the member states gained for different reason, for example economic, social, historical reason or to sustain the peace process. Relevant examples are the labor unions that in several European countries serve in an advisory capacity and sometimes, have decisional power - as for example the German labor unions.

This format that implies the involvement of those organizations, is been replicated also at European level. For this reason, today several interest groups have gained the access to policy-making process both in direct way, through contracts with European Commission and Parliament, and indirect, through their national-level representatives who negotiate and bargain within the European Council of Ministers.

European Context

The European Unions is increasing year by years its interest about corporate social responsibility to raise the standards of social development, environmental protection and respect of fundamental rights. It implies open governance system that aims to reconcile

interests of various stakeholders in an overall approach of quality and sustainability. The EU sees at CSR as an instrument to reach its goal set in Lisbon: *“to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”*. The European Union sustains that is necessary to encourage company in actively integrating a sustainable development in its day-by-day activities. Moreover, it believes public policy has a key role in making aware the companies of their social and environmental responsibility.

Germany was the first country that implemented a sort of CSR. In fact, in 1938 the company AEG published a paper with the traditional financial statement in which it synthetically explained the policy implemented within the organization in favour of its employees and listed the sustained expenses for the community as a whole. Successively, in 1977 in France was enacted a law, 769/’77, that obliged the company with more that 750 employees to produce a sustainability reporting. In 1978 also in Italy the first company, the Merloni Group produced a sustainability report and the Italian government proposed draft legislation about sustainable disclosure. The different events that characterize the subsequent years, as the different scandals in the alimentary production and the use of chemical product and pesticides in farming, the financial scandals, and the emerging awareness about the child labour and exploitation of workers, brought the European Union to add the CSR within its strategic objectives during the Lisbon’s European Council: *“Social responsibilities involve taking on responsibilities as an actor in society and the community by engaging in activities that go beyond making profit such as protecting the environment, looking after employees and being ethical in trade”*.

In 2001 was published the “Green Paper: Promoting a European framework for Corporate Social Responsibility”. The Green Papers are an example of atypical acts used by the European Commission that can be compared to a sort of communication about some topics. Usually those are used to clarify the European Commission point of view, through which it can give important suggestion on how the recipients of the communication should behave to be in line with the European Union perspective. Those atypical acts may be informative, decisional, declaratory or interpretative and is subject to the publicity regime.

The principal objective of the Green paper about sustainability and CSR was to develop a discussion about social responsibility at national, European and international levels and to set guidelines to promote the companies’ social responsibility. These guidelines were constructed with the aim of creating a convergence of the procedures implemented by the companies about this topic thanks also to the elaboration of new principles, approaches and instrument

for the development of new ideas. The goal was also to develop an efficient costs valuation system and to create an independent verification to grant efficacy and credibility in the social responsibility procedures.

The European Commission through the Green paper tried to analyse and promote both the external and internal influence that the CSR can have on the companies.

For what concern the external dimension, the European Commission focused its attention mostly on the various related parties that must be considered: commercial partners and suppliers, clients, public authorities, NGOs and the environment as a whole focusing the attention not only under the European borders but extending the concept at international level. About Local community issue, in the Green Paper the EU underlines the positive impact that social responsibility can have in the integration of the company in the local setting. In fact, for example, a company giving salary, and hiring local people, becomes part of the society and contributes to the profitability of that society. On the other hand, the company could take advantages from an healthy society, characterized by a good level of instruction and prosperity in general. In fact, the company usually hires local people and has as client always local people. Saying that, it's clear how becomes important the concern on society and its life conditions for a company, that indeed, should be incentivized to invest on its society. Moreover, its standing at local level influences its competitiveness. The company can invest in additional vocational training, provide child-care facilities for employees, sponsor local event and participate to charitable local activities. A company inevitably interacts with the local physical environment; the European Commission underline the bidirectional connection between the local environment and the ability of the company in attracting workers in the areas. It's interesting as, usually, according to the European Commission, the companies that are more environmentally aware are involved in the education of the community.

The Human right topic is vastly covered by the legislation and international instrument. The European Union must verify that all the norms about labour rights, environment protection and human right must be respected from the European company. At the same time, the European Commission reminds that the companies must autonomously control that their partners are in line with the principle established by the European Union and must respect these principle also in that country where the human rights are commonly violated.

For what concerns the internal dimension of the Corporate Social Responsibility the European Commission states that acting in a social responsible way influences employees dimension and resources used in the production.

About the Human resource management, the major problem faces by the companies is try to maintain the qualified workers, in doing so, the European Commission promote the

implementation of different welfare measures that promote empowerment of employees, life long learning, better balance between work and private life, workforce diversity, job security, equal pay and career prospects for women. Moreover, the European Union promotes non-discriminatory selection of recruiting and implement different measures to reduce the rate of unemployment within Europe. The EU also incentivizes partnership with university to simplify the transition from school to work for young people; relevant in these terms is the promotion of apprenticeship place. The interest in encouraging lifelong learning concerns not only the skilled workers, but also the less educated, the less skilled and older ones.

About health and safety at work there are several legislation and enforcement measures. The respect of determinate standards is becoming a selection criteria for the suppliers and more in general the bought products, but also a powerful marketing element that is day-by-day becoming an essential element. In fact is very important that the products and services quality is measured, documented and communicated in the company marketing policies.

Regarding to the Adaption to change, due to the technological process and economical environment in continuous change, the European Commission promote socially responsible restructuring process, it means try to restructure the companies balancing and taking into consideration the interests and concerns of all those who are affected by the changes and decision. The aim is to involve the interest parties through an open information procedures that should imply also direct involvement of those parties, as for example through consultations. Paying attention through direct involvement in local development and labour market strategies the companies could lessen the social and local impact of large scale restructuring gaining in terms of reputation.

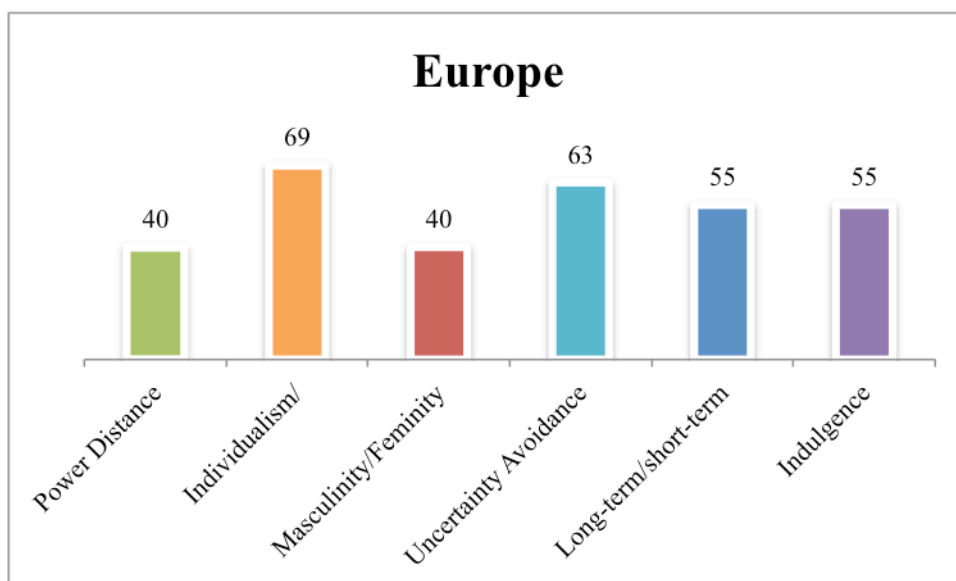
For what concerns the management of environmental impacts and natural resources, the EU sustains that a consumption reduction in the use of resources or polluting emission and waste disposal bills can bring to an improvement of the overall environmental situation. In fact the European Union and Member State governments help business to identify market opportunities and undertake “win-win” investments, It set out a number of other assistance programme to help business understand European Community environmental requirements. Moreover European Commission believe that development of national, but harmonised, company environmental performance reward schemes that identify and reward good performers and encouraging voluntary commitments and agreements.

Thanks to this wide range of policies implemented and instruments provided by EU, several companies use and have yielded the CSR practices as guidance for their business activities. Paradoxically, the European companies’ implementation is becoming an example worldwide and have surpassed the American ones. The European executives tend to evaluate their

business decision through the possible social and environmental impact. This is undoubtedly a symptom of the fact that the market rewards these choices of good practices in the social and environmental fields. This desire to adopt the CSR has allowed European companies to differentiate, in a significant way, themselves from American competitors, thanks to the increase in credibility towards the public and investors. Many European executives are in fact convinced that corporations with a strong social and environmental performance tend to perform more in terms of performance than corporations that do not pay much attention to these aspects (Aaronson, Reeves 2002).

Undisputed, as mentioned, is the influence of the NGOs and of the organizations and associations that operate at European level. Their involvement and interest, in fact, together with the policies and directives of the EU have certainly favored the internalization of practices related to CSR among European companies. The European context, in fact, should not be simply considered more ethical or responsible compared to other countries, but rather more exposed to public opinion influence incrementing their focus on social practices and responsibilities. A further element that has probably favored the expansion of the CSR in Europe is the presence of several countries that have differently given their contribution. As for example the Nordic countries have always been at the forefront with regard to the environment, the countries of the south, more assistants have taught the practices of protection of employees.

European through Hofstede's dimensions



Europe scores of cultural dimensions by Hofstede

Regarding Europe and the related score, I decided to use an average of scores of the countries

that host the companies that are part of my sample. I decide to weight it according to their presence. However I tried to give a uniform perspective on European culture by outlining the great differences between Mediterranean and Nordic countries.

Regarding the power distance dimension, the average score is 40, this score is the result of the weighting of the southern and northern countries. In general it can be said that Europe is characterized by a decentralized power, where there is a huge degree of autonomy and employees expect to be consulted and considered. In companies there is great confidence in the skills of their work teams and subordinates, so there is a tendency to delegate according to the skills demonstrated. In the countries of southern Europe this phenomenon is partly reduced in comparison with northern ones, in fact there is a more rooted hierarchical sense and the comparison is more limited. Communication for both the northern and southern countries is open.

Regarding individualism, the score is 69. In fact, Europe can be defined individualistic but with great attention especially to the family and the closer people. Business decisions, especially for northern Europe, are made on the basis of meritocratic logic and based on the results obtained. Southern Europe by its nature more collectivist than the northern ones, is becoming more individualistic and similar to the rest of Europe given the continuous relations. However, the South is more suited to relations with collectivist cultures as they result in less aggressive and frank relationships. The North of Europe is in fact perfectly represented by the following statement: "honest, even if it hurts". Both divisions as something neutral consider team working.

The score relative to masculinity vs femininity (40) is strongly influenced by the large presence of Northern European companies in the selected sample. Regarding this dimension, in fact, there is a not well defined divisions within Europe that depends mainly on the past and historical characteristics of each country. For example, countries like Germany, UK and Italy are to be considered male-dominated, while countries like Finland, Norway, Holland and Spain are more feminist. The latter in fact are more prone to harmony, to the protection of all interests and to the involvement of minorities. The former, on the other hand, are more prone to arrogance and ostentation of their successes. A common aspect, although the reasons behind it, is the propensity to work as a fundamental object to life.

Regarding the Uncertainty avoidance dimension, Europe is extremely compact with an average score of 63. There is indeed a strong tendency to avoid situations of uncertainty. In European culture there is the emotional need for rules, time is money and people see security as an important element in individual motivation. There is a tendency to compensate for insecurity with experience. This can also be justified from the most widespread legal framework, based on well-defined rules, laws and regulations that do not accept exceptions to guarantee order and security.

An average score of 55 is assigned to the long term orientation. Europe has a normative culture on average, there is great respect for traditions that can be easily adapted to various situations. There is also a predisposition to saving and conservation.

On the indulgence dimension, the average score is 55. Even in this case Europe is rather divided. Countries such as Finland are indulgent and therefore show a willingness to realize their impulses and desires regarding the enjoyment of life and fun. They have a rather positive and optimistic attitude. On the other hand, countries like Spain and Germany are prone to cynicism and pessimism. They have the perception that their actions are held back by social norms and that being self-indulgent is wrong.

2.2.2 United States

United States context

To start the analysis on the United States it is necessary first above all to specify the two founding presuppositions of the American business: efficiency and effectiveness. It is typically associated to the “logical reasoning”, indeed, usually, the choices made by the companies aim to improve the overall profitability. It is linked to the CSR approach because the sustainable process cannot be in contrast with the goal of making profits.

Usually when the company and its executives talk about sustainability, link it to management oversight or long-term profitability.

In comparison with European legislation, the American one appears to be less focused on assistance policy, in fact there is not a clear regulation about the company and employees welfare that obliges companies to grant some benefit to employees and their family. Most of the activities and procedures undertaken are voluntary ones. We cannot talk about regulatory

compliance not having any kind of duty imposed by the government.

Despite being the home of the concept of CSR and despite the commitment and interest in corporate social responsibility practices growing year after year, and that on average the United States donates ten times more than British colleagues, the United States “excels” in resource consumption, in the use of its ecological capacity, and in the import of non-fuel minerals and metals.

In fact in the last years “several agencies of the US government are currently employing CSR programs that are intended to provide guidance on corporate citizenship and human rights; labor and supply chains; anticorruption; energy and environment; as well as health and social welfare among other issues” (Camilleri, 2017).

Listed below different authorities, initiatives and regulation present in America that are committed to promoting some CSR themes. Keeping in mind, as mentioned, that most of the initiatives carried out by American companies are voluntary, I will also talk about government authorities and laws issued for the protection of certain rights in line with the typical objectives of the CSR.

Bureau of democracy, human right and labor (DRL) that is a bureau within the United States department of State is an example of this kind of authorities.

Its intent is to monitor and promote human rights and democracy in the world. Over the years this body has carried out a fight against human trafficking. In fact this organ works with business leader to prevent and stop human trafficking. It works with the aim of increase public awareness, corporate policy government advocacy and transparency to eliminate the forced labor in supply chain. Moreover, being the United States subjected to a strong migration phenomenon, especially the Mexican one, this project aims to reduce the use of illegal employment in companies. In addition, the request for transparency in the description of the supply chain has the aim of making companies more aware in the choice of their business partners, making this disclosure available also to the final consumer. It is necessary to specify that the United States only made human trafficking illegal in 2000, and that the promotional activities implemented by the DRL always remain awareness campaigns and do not constitute an obligation for companies. In country such as Australia and the UK, declaring transparency in the supply chain has become mandatory. This shows how the United States can still work on this issue.

For what concerns the anti-corruption issue, the United States, in 1977, with the enactment of the Foreign Corrupt Practices Act starts to criminally penalize the companies that bribe foreign public official in commercial transaction, becoming the first country with a

specific regulation for the prevention of the international corruption. The FCPA is a regulatory corpus containing provisions aimed at preventing the corruption, by American companies, of foreign public officials, in order to obtain or maintain commercial relations. The FCPA is extremely important for scholars of the phenomenon, since it is commonly considered the inspiring model of the OECD Convention on "Fighting the bribery of foreign public officials in international economic operations" of 1997, the first international instrument to combat the phenomenon. The United States recognized the need of this specific discipline after the famous Watergate inquiry. The investigation, based on the control of suspicious relations between American politicians and major US corporations, soon spread to other areas, and investigators discovered that many American multinationals had "black funds", created thanks to accounting tricks, which they were used to pay foreign public officials to obtain big engagement abroad.

The investigations led to the incrimination of five large companies that had transferred over two and a half million dollars to foreign government representatives. The legislation is presented as extremely detailed, with civil and criminal penalties, addressed to both individuals and businesses. The attempt was therefore create a culture of corporate legality, allowing the authorities of the sector to legally prosecute offenders. It must be remembered that the United States is also a member of the OECD's Anti-Bribery Convention.

With regard to health issue, the US government has launched measures to extend access to health insurance. The principle defined by the Patient Protection and Affordable Care Act has revolutionized the access to medical care for American citizens. The harsh political and judicial battle won by Obama against the insurance lobbies and the republican opposition completes ideally the path began in 1935 by Franklin D. Roosevelt with the Social Security Act, and was consolidated thirty years later with the introduction, under Lyndon Johnson, of Medicare and Medicaid, the federal health coverage for older and indigent people. The law renamed Obamacare provides the right and duty for people not insured to take out an health insurance. This act grants the access to a non-public health coverage but universally accessible thanks to a virtual marketplace in which to bargain on the free market at the most advantageous price, without discrimination for those suffering from previous pathologies.

This reform has only marginally affected the guarantees given by the companies. Surely, it has brought to different constraints for the insurance sector. Moreover, these regulations have changed the regulation on accidents at work. The legislation, in fact, provides that most employees who suffer an accident at work receive medical treatment responding to injuries in the workplace and, in some cases, a payment to compensate for the resulting disabilities. However, in the United States, according to the 2010 National Compensation Survey of

the Bureau of Labor Statistics, workers' compensation costs accounted for 1.6% of the employer's total expenditure.

A further improvement could be reached in the redistribution of revenues among workers. In fact, workers' remuneration represented 4.4% of the total spending in the construction sector, 1.8% in the manufacturing sector and 1.3% in services sector.

For what concerns the workers' compensation laws, there are different regulations across states within the United States. For this reason the compensation, the benefits that a worker can receive and the benefit granted to an injured worker, vary by states.

We have to keep in mind that in most of the cases the workers' compensation is provided by private insurance company and usually the company write comprehensive insurance package covering general liability.

Moreover, underreporting of injuries is a significant problem in the American system. In fact, frequently the workers prefer to not disclose and report the injury to avoid repercussion and retaliations from their employers. So the workers prefer sustain autonomously the medical expenses instead of denounce the injuries. In some states, like Mississippi and Georgia is forbidden discriminate in the hiring selection a worker for having reported a workplace injury or for a workers' compensation claim. Notwithstanding it is very difficult to prove discrimination for past injury. For this reason, different organizations have suggested that laws should prohibit inclusion of claims history in databases.

About environmental issue, the first aspect that must be considered is that the United States had signed the Kyoto Protocol but had not ratified it. In fact, during the United States has always declared that the constraints set by protocol would seriously harm the economy of the country.

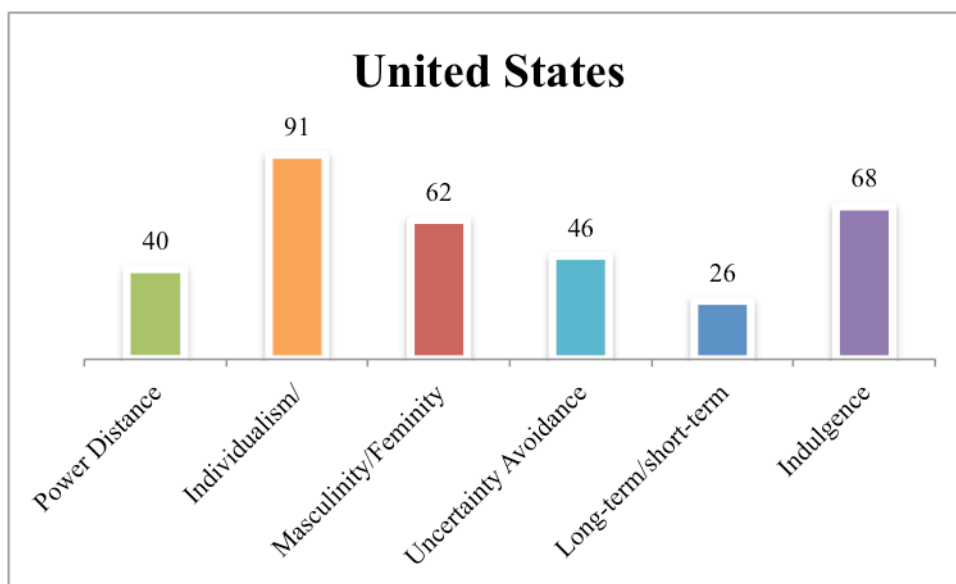
The United States appears to be far behind other countries in terms of the environmental issue, in developing sustainable procedures and promoting energy infrastructure. Several studies show that in the last 30 years the emissions in US have increased five times more than in the previous century (Camilleri, 2017). The NGOs always try to raise awareness on these topics; in fact they believe that American leaders have never implemented adequate policies and reforms for the promotion of environmental and social sustainability. The United States still uses an huge amount of fossil fuels in the production processes and, on the contrary, does not sufficiently implement renewable resources.

This lack of interest is also reflected in the scarce participation into the international treaties. The lack of commitment to these United States issues is also reflected in the lack of commitment shown in international treaties and international organizations. According to

a recent National Geographic study, American consumers are at the bottom of the ranking for responsible consumption in terms of "green consumption". Further confirmation is the lack of participation and affiliation of American companies in the Global Compact compared to other countries in the world. This shows that this aspect is not properly supported by government forces that, either because they do not have the power to influence or for lack of interest, do not sufficiently incentivize American business on this path. As already mentioned, in fact, the United States, under the Clinton's presidency, participated in the drafting of the Kyoto protocol, which today still remains fundamental in the fight against pollution, but has never ratified it. In that period in fact, the justification that was given by the United States, was that until all the countries of the world, including in particular powers like China, had not participated, the participation of the United States would not have been confirmed. Undoubtedly behind this decision there are strategic choices: the reduction of emissions by the United States would entail a strong slowdown in the US economy, which is still not prepared to face a change of this kind.

American executives, contrary to expectations, are not very enthusiastic about the CSR (Aarson, Reevel 2002). In general, as mentioned, paradoxically, Europe has internalized CSR practices much more than in America. This difference is even stranger given that external forces, such as public opinion, appear to be equally aggressive on both continents. The difference probably is on the reactivity and responses to such requests by politicians and corporate executives.

United States through Hofstede's dimensions



United States scores of cultural dimensions by Hofstede

The United States is one of the countries with the lowest power distance scores (40). In fact, great importance is given to equal rights in all social but also governmental areas. The hierarchy exists for convenience and organization issue, the executives establish an open and confrontational relationship with their employees and team members. The exchange of information is continuous, the communication is informal, direct and participatory.

For what concerns individualism dimension, the United States score is equal to 91. Americans are very projected to success, the system is extremely meritocratic and hiring, promotions are based on the merit or evidence of what a person does or can do. Despite the continuous close relationships for work reasons and the ability to praise these, Americans are not good at making personal relationships.

The score relative to the Masculinity dimension is equal to 62. American culture in fact fully represents the frenzy towards success. The basic concept is in fact to be the best and to know how to show personal results. Americans in fact tend to talk openly about their successes, one of the performance evaluation systems in American companies is based on precise objectives thanks to which Americans can demonstrate how well they have done a job. There is a widespread mentality of the "can-do" that pushes individuals to think that there is always a way to improve themselves and improve their performance. The American stereotype in fact provides that one works to get money, rewards and reach a higher status and the goal is to be "the winner". This increase inequalities in United States.

The American score with regards to uncertainty avoidance is equal to 46. There is a good degree of acceptance of new ideas, innovative products and the will to try something new or different, whether it concerns technology or commercial practices. Americans tend to be very tolerant with different ideas or opinions and allow freedom of expression. At the same time, Americans do not require many rules and are less emotionally expressive than higher-scoring cultures. At the same time, certain recent historical events have led to the development of tensions and fear that are gradually reducing that perspective.

For what concerns the long-term/short-term dimension US has a score of 26. We can say that it is clearly a short-term country oriented. This dimension expresses how a defined society maintains links with its past and origins while facing problem in their daily life. Recording a low score in this dimension implies that American society, typically a normative society, tends to prefer "time honored" traditions and norms and see society change with suspicion. Americans have clear ideas of the good (respect for rights human rights, freedom)

and evil (drugs, euthanasia), derived from their long-standing beliefs from the past. In addition, this low level is certainly linked to the fact that Americans act to achieve short-term goals, precisely in terms of profit pursued on quarterly basis.

As regards the new dimension recently introduced by Hofstede, the United States has a rather high score (68) on Indulgence: this dimension measures how many people try to control desire e impulses in society. Indulgence is when there is a rather weak impulsion domain. With reference to this country, Hofstede recognizes that the association of high indulgence score and a low position in long-term orientation brings mixed results: America is certainly fighting drugs but still one of most countries with the highest drug addiction problems.

2.2.3 Japan

Japan context

Since the 1980, the interest of CSR for Japanese company started, when Japanese multinationals have gained their global presence. Today Japan is the country with the highest number of companies that participate in Global Reporting Initiative. This does not mean that Japanese approach to CSR is equal to the western one. In fact, nor using the most acknowledged reporting system of CSR in the world neither the larger number of participants give information about the way in which the Japanese companies disclose or about their degree of involvement in CSR practices. The Japanese approach deeply differs from the western one due to several difference in economic, political and social context. The Japanese companies in complying with the CSR topics, try to avoid formal administrative processes (Lewin et al., 1995), instead they are more prone to use cultural mechanisms. It implies the involvement of philosophy and guiding principles.

The English term CSR has spread to Japan in the last twenty years, however the concept itself is present and widely discussed from many years before. In line with and consistent with a recurring pattern in Japanese history, over the years there have been a series of abuses and scandals in the economic field that have led to subsequent reflections and corrective measures. In his article Masahiko Kawamura (2004) identifies and analyses several historical events that have contributed to the development and dissemination of the concept of Corporate social responsibility in Japan. Kawamura identifies five different phases.

First of all it assigns the introduction of the concept to the diffusion of a book called "social responsibilities of the Businessman" by Howard R. Bowen, published in the United States in

the 20s but that arrived in Japan in the 60s. This book clearly defines the concept of CSR and emphasises the importance of involving society in the business. “In both ethics and practices, today’s businessman cannot simply pursue corporate profit, but must seek harmony with the economy and society by combining factors of production as effectively as possible to supply high quality and inexpensive products and services... the social responsibility of the businessman is none other that to pursue this goal.” (Bowen, 1920).

The first phase identified by Kawamura refers to the 60s of the twentieth century, a period characterized by strong industrial growth, particularly concerning heavy industry and the chemical sector. This industrial expansion led to a considerable increase in air and water pollution as a result of the production activity of these industries. Among the events that made aware the society about the problem of pollution there was the poisoning of rice oil in Kanemi and the various cases of children born with malformations in those years due to the use by pregnant women of the sedative thalidomide. These events caused a strong anti-business sentiment and triggered public opinion that conducted numerous protests. This was the first sign that development had to be properly carried out and managed in a sustainable way without too much environmental distortion. As a result, the Japanese government promulgated the fundamental law for the control of environmental pollution in 1967.

The second phase is assigned to the 70s, a period in which anti-business sentiment continued to be fostered by building and raw materials speculation aggravated by the first oil shock of 1973 which caused a substantial increase in prices, thus triggering the wrath of society. The problem of growing Japanese inflation further aggravates social resentment. In 1974 during the revision of the Commercial Code, the Japanese government introduced CSR as one of the tools for resolving social resentment. In addition, the Japan Federation of Economic Organizations proposed guidelines to regulate corporate behaviour, suggesting that companies should create special departments to deal with problems such as pollution and to define strategies that return part of the company's profits to the society.

In the 1980s, Japan experienced another period of great expansion, boosted by the advent of globalization. In this period, Japan has been overwhelmed by globalization, a phenomenon that has forced several Japanese companies to enter in the US market, to face with a very different corporate culture and lifestyle.

At the same time, this further economic boom raised other social issues that directly involved companies and employees. Japan's low standard of living, inequalities in the treatment of men and women and long hours of work were the cornerstones of the social struggles of this

period. Several associations and non-governmental organizations mobilized to sensitize the business environment.

The event that conditioned the 90s in Japan is the so-called "bubble era" that led to another price increment as well as the failure of several companies and banks. It created a real distrust of Japanese companies that spread all over the world. At the same time global warming and the destruction of rainforests became serious business problems. Regarding pollution there were two major initiatives that allowed Japan to take a big step forward: participation in the U.N. Conference on Environment and Development (UNCED) in 1992 and issuance of the ISO 1001 standard for environmental management system in 1996.

In the 2000s many Western scholars began to take an interest in the sustainability performance of Japanese companies. This growing interest from the West has considerably influenced the capital markets and consequently a strong economic interest in the CSR started in Japan. As a result, socially responsible investment slowly spread even among Japanese companies, concentrating the investments primarily on environmental issues and slowly expanding those investments also on social topics. Further corporate scandals erupted, thus brought the attention of the CSR also to corporate ethics, responsibility, conformation and disclosure issues.

All these events that have occurred over time have shown how Japan has failed to implement a Western system under certain aspects of view, Japan has always taken inspiration from the American reality trying to emulate its business system. On the other hand, all these events brought to a series of problems that have forced Japan to develop the theme of corporate social responsibility. Paradoxically, the development of these themes has led Japan to a rapprochement with what have always been the Japanese values deriving from Shinto, Buddhism and Confucianism, whose key pivot is "no personal advancement but group welfare".

The definition of CSR, that is given by CSR Asia, a social enterprise, explains the concept of social responsibility as "company's commitment to operating in an economically, socially and environmentally sustainable manner while balancing the interests of diverse stakeholders" (www.csr-asia.com cited in Crane et al., 2008). This concept can also be found in the Japanese term used to refer to the society *keiei* which means "to do business requires to govern the world in harmony with people and the environment".

For example, in the principles of Confucianism we recognize the characterizing aspects of the Japanese organizations: the hierarchical structure, the idea of pursuing a common goal by pursuing their own personal objective, the clear definition of roles, the perseverance and

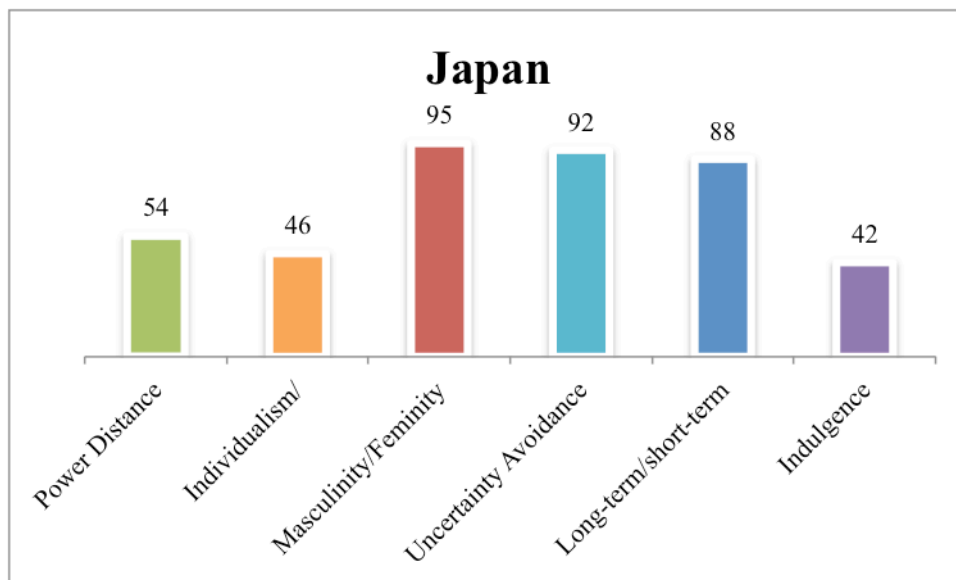
parsimony. The typical values of Buddhism are the values that characterize the human behaviour within the companies and in business, such as trust, simplicity and self-understanding.

Other terms that help us understand Japanese culture are *shogai koyo* which literally can be translated as "life-time employment" represents the importance that permanent work has always represented in Japan. In reality due to the various economic crises that have occurred in Japan, this value has been redefined for purely economic reasons. However, Japan has tried to compensate this loss by advancing in other social issues related to employees. Last term is "keiretsu" which represents the importance of relationships, close and supportive. This reflects the cornerstones in business relationship: respect and trust that are at the centre of every discussion.

We can affirm that despite the innumerable improvements and the profuse commitment from the Japanese companies in the disclosure of the CSR topics, Japan see at the CSR as a "necessary sacrifice" rather than an instrument of growth. This in fact, is evident, for example, from the wide disclosure in favour of the environment. In fact, on this subject there are a series of laws that impose certain limits to combat air pollution imposed by the government itself. Also with regard to employees, various measures have been launched by the government to protect workers only after the different scandal that erupted in those years and that the media revealed.

Notwithstanding the reason that bring the Japanese company to disclose and accomplish with the CSR topics, the result shown by this country are impressive and important. The Japan as Europe, remains one of the developed country that better fit with the CRS requirements (Bustamante e Groznaya, 2014).

Japan through Hofstede's dimensions



Japan scores of cultural dimensions by Hofstede

Japan has a ranking of 54 in power distance dimension, it is therefore at the limit of the hierarchical structure. Under certain points it presents the characteristics of a hierarchically organized society, however it appears to be extremely different compared to other Asian cultures. For example, in Japanese work and business the procedures usually require confirmation or approval from above, but rarely there is just an individual who makes the decisions. In addition, in Japan there is a great meritocratic sense and there is the strong belief that if you commit yourself, whatever is the context you come from, you can do whatever you want.

Regarding the dimension of individualism, it presents a score of 46. Although it is not a collectivist society, in its value there are several collectivistic concepts (for example the concept of harmony of the group more relevant than the expression of the individual). Historically, in fact, Japan has always been a paternalistic society, they are much more reserved than the other Asian cultures and present a higher fidelity to the company in which they work.

With a score of 95 it can be defined a masculine society. Despite the very high score, this dimension must be weighed with the collectivist nature of Japanese culture. In fact, despite being an extremely competitive culture it is not characterized by individualistic competition as is typical in masculine cultures. In fact, competition between groups is very strong. At work, for example, employees are much more motivated when they are part of the winning team and try in any way to become a part of the winning team. Other characteristics associated with Japan that are typical of a masculine society are the tendency to excellence

and perfection in work. The Japanese are workaholics and this, according to their convictions, is not suited to women and their lifestyle.

Japan has a score of 92 in the uncertainty avoidance. The Japanese are always ready to face any uncertain situation. Probably the frequency of natural disasters has facilitated the spreading of this tendency in every aspect of the society. Ritual and habits are therefore fundamental in Japanese society. They tend to establish every single detail in the way they should behave and even dress in any situation. Working time management is extremely rigid and repetitive. The Japanese are reluctant to do unprecedented things. In corporate Japan, a lot of time and effort is devoted to feasibility studies and all risk factors must be worked out before starting any project. The managers ask for all the facts and detailed figures before making any decision. This high need to avoid uncertainty is one of the reasons why the changes barely take place in Japan.

Japan is one of the most long-term oriented countries in the world. It has a score of 88. The Japanese see their lives as a very short piece in the history of humanity. This rather fatal conception leads them to do their best in life as the only possible choice. Everything is guided by virtue and good example. In the economic field, being long-term oriented is recognizable in the tendency to give priority to a constant growth of market shares rather than to revenue in the short term, to a continuous investment in r & d and a predilection for the protection of company durability. The basic idea is in fact that a company should not be projected to revenue in the short term but to serve stakeholders and society in general for future generations.

Achieving a score of 42 in the dimension of indulgence, Japan has a restraint culture. He tends to cynicism and pessimism and perceives self-indulgence as negative and harmful. Therefore, they do not emphasize leisure and personal gratification.

2.2.4 China

China context

When we talk about China and CSR it is inevitably identify and differentiate two different and opposing aspects that characterizes China. There is the Confucian China and the China

“industry of the world”.

Confucianism has profoundly influenced Chinese business culture and practices for more than two millennia, which is why Chinese society is still influenced by the values of this philosophical and religious current. The principles of Confucianism as already mentioned for Japan's analysis, are based on five essential cardinal virtues that are the *Ren* (benevolence), *Yi* (justice), *Li* (correctness), *Zhi* (knowledge) and *Xin* (integrity). In addition to these other important virtues are the *Zhong* (loyalty) and the *Shu* (altruism). As is immediately clear, all these virtues perfectly fit with the corporate social responsibility. In particular the interpretation that is given to the virtues *li* and *ren* are those that best recall the social practices. In fact, *li* is the harmonization of man with the general order of the world and *ren* is the benevolence that a man must show towards other men. Indeed the expectation is that people and companies do well by doing good; historically such virtues have always had implications in the business world leading to a “culture of diligence, honesty and charity among businessmen” (Lin, 2010). This suggests that if you are economically stable and are in a privileged position you have to share your fortune and direct your business according to the benefit of Chinese society, for example through charity. In fact, the concept of charity in Chinese corporate social responsibility is strongly rooted and is one of the favourite topics of Chinese CSR.

In addition to these principles one of the founding pivots of Eastern cultures is social harmony, meant in a broad sense and extensible to various sectors, and implies the devaluation of the individual in favour of the community. According to oriental culture, in fact, the individual has no value by himself; the foundation of existence is in the group, groups of individuals held together by a sense of duty and respect for social roles.

Another distinctive element of Chinese culture is *guanxi* as a network of relationships. The Chinese culture gives great importance to the relationships and to the maintenance of the same as they believe that the “rule of man” is much more important than the “rule of law” which, according to their point of view, can be subject to interpretation and manipulations (Pitta et al., 1999).

This lack of trust in law is in a consequence of the historical abuse of legislations. During the various dynasties that have taken place in China, a lot of laws were emanated to favour the upper class to the detriment of the lower one. This limited the Chinese trust given to law and related obligation. China is in fact characterized by a great corruption problem that is considered as a normal instrument in shaping relationships. Executives and entrepreneurs

constantly work to maintain and expand their *guanxi* network. The importance of human relationships also derives from the fact that China was historically an agricultural state formed by small and closed communities that cooperated to achieve a common goal. This historical feature highlights the profound difference with western cultures almost totally focused on the individual, his rights and his duties.

Despite the Chinese culture makes this country particularly close to the practices of the CSR, today China appears to be still far behind the other industrialized countries. A possible reason could be the departure from Confucian philosophy in 1949 imposed by the People's Republic of China set up by the Communist Party which considered Confucian principles linked to an old idea of China and for this reason supposed to be abandoned.

China today is associated with cases of corporate malpractices, low quality products, pollution and exploitation of workers.

The CSR concept was introduced in China in the middle of the 900s, a period in which China was closed to the rest of the world and most of the companies passed under state ownership. As a result, in that period every form of sustainability activity was promoted, established and propagated by the state. So, those were imposed from above and not undertaken voluntarily by the companies. However in this period the SOE's, State Owned Enterprises, were born, which were created to stimulate the Chinese economy, to make China a world power and to guarantee work for families. Actually this initiative could be considered a real measure in favour of welfare, employees and their families perfectly in line with the CSR objectives.

When the gate to China were opened to the rest of the world in 1978 the process of industrialization of China started bringing a period of constant growth. The opening to the world has involved the beginning of commercial relations between China and the West, which has begun to request commitment in CSR activities, placing this request as a fundamental requirement to be part of the global supply chain. Obviously this led to a totally passive approach to CSR from China (Wang & Juslin, 2009).

China considers the CSR less important in comparison with the importance attributed by the Western multinationals. In fact, the importance of the typical CSR topics, such as labour rights and environment, are usually topics that are stressed by governmental forces and by the public sector. Starting for example from the NGOs that have much more importance in the West rather than in the East. These organizations are pushing and campaigning to make certain industry-standard rights influencing public opinion. Example, the final consumer in

the West does not buy from a firm if he is aware that the production process of the latter implies the mistreatment of labour forces. This pressure in China is completely absent if it does not derive from western pressures (Tsoi, 2010). The Chinese final consumer is in fact aware of the production practices but does not consider them so serious as to consider them decisive for his final commercial choice. In addition it must be said that the "maltreatment" is so widespread that it does not create shock among society but nevertheless likely to represent normality. Since it is therefore normal, it cannot be a fundamental element for consumer choice. Another missing element that does not help the implementation process of CSR topics is the absence of media pressure. In fact, most of the Chinese industries that have implemented the CSR have done so, as already mentioned, as requested by the western consumer. For example, more a company earns in terms of brand value, greater the media interest becomes and therefore it is translated in more interest in implementing the CSR. If the brand is not well known, there is no interest in making this effort. This is the reason why the Chinese multinationals are perfectly in line with the West disclosure practices - especially those that have more to do with the final consumer, therefore airlines rather than iron and steel.

According to research conducted by Joyce Tsoi about CSR Chinese approach, when were asked to Chinese companies what was the main driver or what to give importance to being a responsible company, they gave great importance to governmental constraints. However, this does not give some guarantees as the regulation on human rights and on the environment in this country is considerably more backward than Western standards. In addition, it must be emphasized that this country is still reluctant to sign international treaties for the protection of human rights and environment.

In the interview conducted by Tsoi, where were interviewed only Chinese companies, almost no company has indicated as relevant to an excellent approach to CSR fair pay, personal development of workers and employees, respecting consumers and protecting the livelihood.

On the contrary, most Chinese companies think that Chinese legislation is sufficient to guarantee adequate standards of sustainability. In addition to not being sufficient from Western perspective, we can also say that there is not much control to guarantee that at least the standards imposed by law are respected. Multinationals, in fact, on the other hand believe that it is not sufficient. They argue that governments and legislations seek to simplify legislation as much as possible and to reduce constraints to attract investments. The logic is that foreign investors already have the regulation of their country to follow, so the goal is to make the country more attractive for investors.

Many think that for an improvement we must focus on communication with stakeholders,

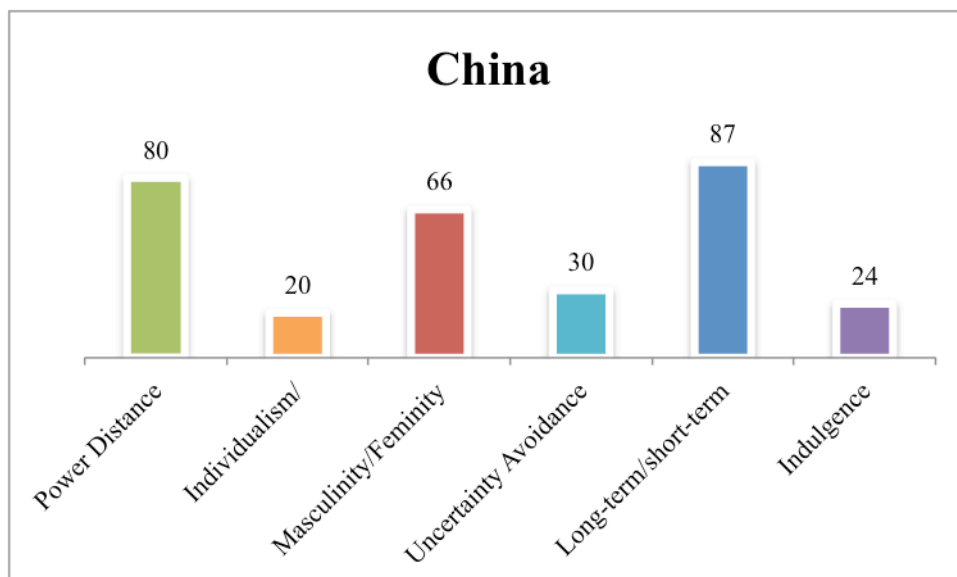
but others argue that this communication is quite intense in China. The problem is lack of concreteness in the communication, in fact usually the discussion remains theoretical and they rarely end up in practical solutions.

We must also consider how market demands do not help or incentivize the implementation of sustainability practices. The market in fact requires low-cost products of good quality. Except for some sectors, such as luxury, the final consumer does not make his choice based, for example, on the working conditions of the factory in which they are produced. The reason for which China is defined as "industry of the world" is that they are able to produce large quantity of product to a reasonable cost and medium quality.

However, it is expected that this perspective, as is already happening for multinationals and companies that relate very much with the West, and companies belonging to certain sectors, will change. The arrival and improvement of China in disclosure practices is in fact inevitable. Thanks above all to globalization and the arrival in China of Western companies for more than twenty years now, the spread of CSR seems inevitable.

Several western companies in fact already promote a series of internal welfare measures to keep skilled professionals within the company. Thanks to the great economic expansion, in fact, China is characterized by a high turnover which implies huge costs in training for companies.

China through Hofstede's dimensions



China scores of cultural dimensions by Hofstede

China has a ranking of 80 in the power distance, thus positioning itself in the highest ranking. This means that in Chinese culture inequalities and injustices between people are considered

acceptable. The relationship between subordinate and superior tends to be accentuated and often there is no protection against abuse by superiors. Indeed, there is a rather optimistic view of the leadership skills attributed to the people in charge and the individuals are controlled by formal authority and sanctions. The cultural and religious set-up also states that people should not aspire above their rank.

For what concerns the Individualism / Collectivism dimension, China has a score of 20, so we can, according to the ranks of Hofstede, define it as a collectivist society. Individuals act in the interest of the group and not necessarily in their own. Group dynamics are strongly taken into consideration for promotions and career advancements. As a result, in-group relationships are extremely collaborative, while out-group relationships appear to be hostile. Personal relationships in fact prevail over responsibility, tasks and, more generally, the company's interest.

China can undoubtedly be defined a masculine society with a score of 66. It is strongly success oriented. The success aspiration often leads many Chinese people to sacrifice their free time and their family for work. Free time is never a priority and people are willing to move away from their family place for work reasons.

China has a score of 30 for the dimension of uncertainty avoidance. Ambiguity is a significant feature of Chinese society both in terms of interpretation and vocabulary. For example, Chinese people care a lot about the concept of truth and respect for the rules, but this is not always about the law. Compliance with laws and rules is rather flexible and depends on the circumstances.

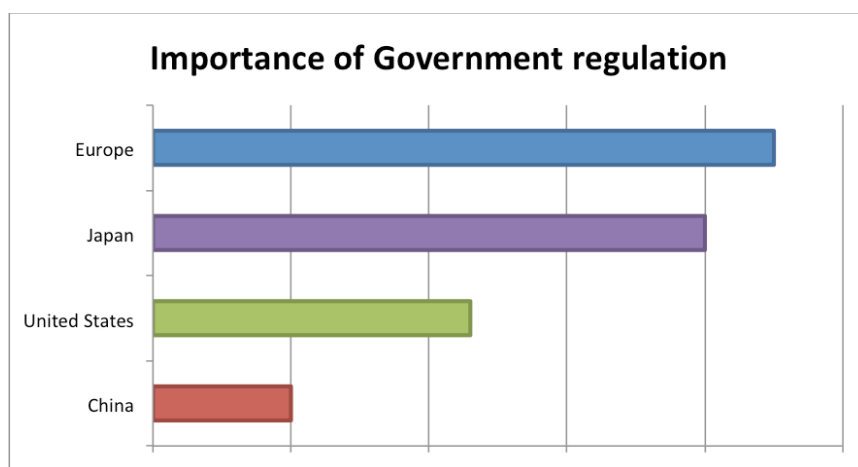
Regarding the long-term orientation, China has a score of 87 which means that it is an extremely pragmatic culture. People believe that the truth depends heavily on the situation, context, and time. They easily adapt themselves to changes and have a strong propensity in investing.

Given the low score, 24, in Indulgence dimension, China can be considered a Restrained society. The Chinese people tend to be pessimistic and do not give emphasis and importance to leisure and to the gratification of their needs. They, according to Hofstede perspective, perceive indulgence as a negative aspect.

2.3 Conclusion, previous researches and my research's question

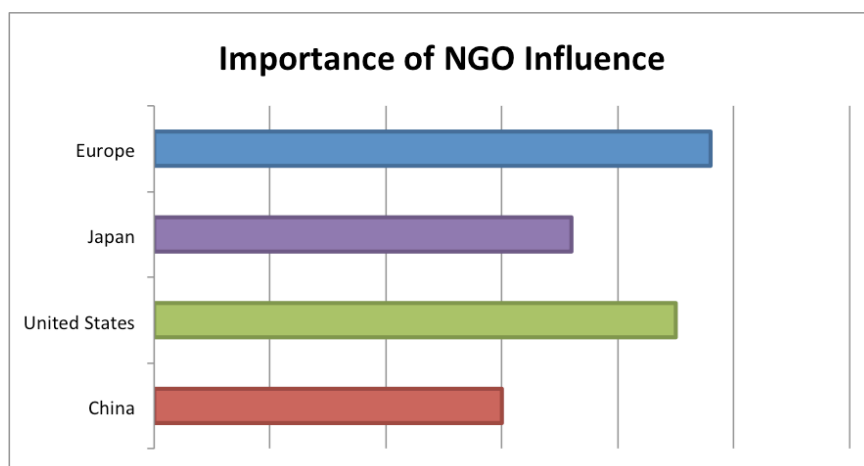
We can therefore say that Europe is strictly influenced by the external pressures of the social environment, external forces that have great power to influence European companies as well as great collaboration through initiatives and directives by Europe. This interest and power to influence is more scarce in the United States where companies being freer. The government is interested as Europe in ratification of laws that aim to protect the environment and has by its nature less welfare mentality and, is less responsive. On the other hand Japan and China usually complied with CSR topics for Western pressure.

A Chart on Government impact:



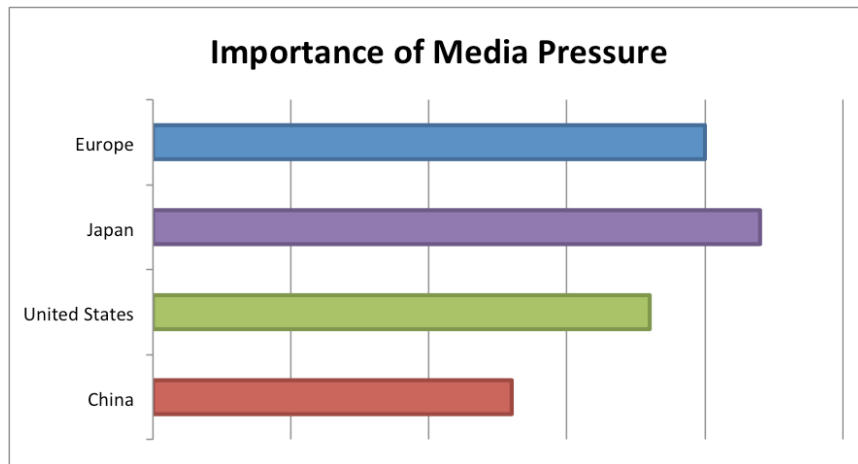
Importance of Government influence on CSR by country, personal elaboration

And another on NGOs one:



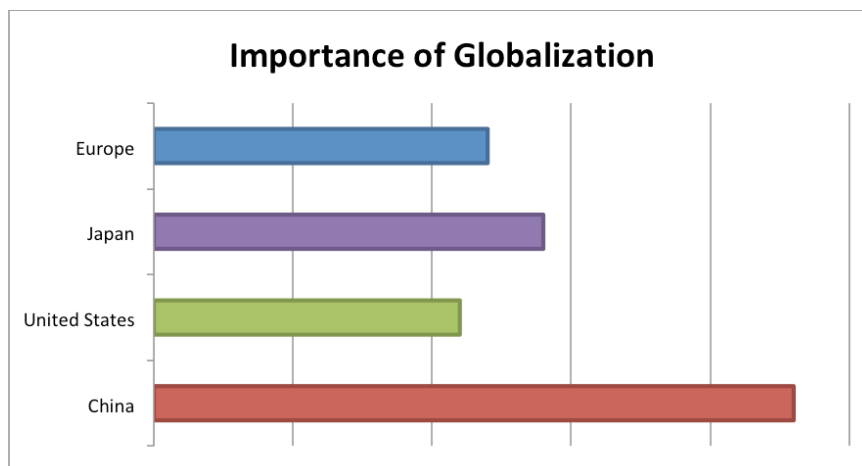
Importance of NGOs influence on CSR by country, personal elaboration

However, Japan compared to China, thanks to several local scandals, present greater compliance. The media and society pressure, as mentioned, is quite relevant in Japan.



Importance of Media Pressure influence on CSR by country, personal elaboration

This together with the strong interest in the environment, given the high level of pollution in the country, has led the government itself to implement various policies that have positively influenced companies. Undoubtedly, thanks to the strong western influence that has favoured this result, Japan overcome the West in disclosure practices. China is, above all with regard to social policies, still lagging behind other analysed countries and it still implement CSR only con globalization pressure. In the last few years there have been several improvements that can only improve further. Until when it will derive economic benefits from its economy system, it will continue to have no incentive to promote policies to protect the environment, workers, etc.



Importance of Globalization influence on CSR by country, personal elaboration

According to me, globalization and the increasing exchanges between Continents will lead to a convergence in disclosure practices. However I think that the approach and values behind it will continue to be an element of distinction and differentiation between countries.

Given these differences across country and national culture, the objective of my research, as said in the previous chapter is to understand if a difference exist in the disclosure practices according to the belonging to a specific country instead to another one.

Several scholars have faced this issue trying to understand if there is a correlation between these two aspects.

For example, **Vanstraelen et al. (2003)** examined both forward-looking and historical non-financial disclosures for three continental European countries (Belgium, Germany, and the Netherlands). They focus on six categories: the environment around the company, strategy and management, company trends, the environment within the company, production, and customers. Their results show that the Dutch companies were the ones that communicated their goals in the above mentioned items in a more punctual and detailed ways. Belgium and the Netherlands had a similar level of communication, followed by Germany. The study highlighted a positive correlation between accuracy in disclosure and company performance. Vanstraeln et al. faced this issue analysing under a formal point of view the disclosure practices across different country.

A different prespective was given by other authors, such as **Vitell and Paolillo (2004)**, **Waldman (2006)** and **(Aguilera, 2008)**, that have empirically addressed the topic, focusing their analysis on the influence of individual cultural aspects on CSR performance. At the center of their elaborations, there is the conviction that "individual and organizational values, regardless of country-level factors, are significant predictors of CSR managerial behaviour" and that managerial behaviours "differently across countries because they are highly influenced by the national cultural norms of work and culture" (Aguilera, 2008).

Ho et al. (2012) have analysed 49 country from Asia, Europe and United States deduced that differences in CSP were surely linked to culture, but also to the geographic position and economic development of countries, where companies are located. In particular, the authors found that CSP is positively correlated with the dimensions of power distance, of collectivism, of masculinity, of uncertainty avoidance. Ho et al. adduced the reasons for this inconsistency to problems of endogeneity of statistical analysis. Between the geographic areas object of analysis, the authors found evidence that companies from Europe exceed American firms in terms of average corporate social performance (CSP) ratings, while in Asian and developing countries companies register lower CSP ratings - countries with higher power distance level, higher level of collectivism, which are more masculine and with a more

uncertainty avoidance level, have higher CSP.

Also **Thanetsunthorn (2014)** studied CSR application on a three-dimensional perspective – employee, community and environment - in Asian companies demonstrating how the best performance is recorded in southern Asia. He also highlighted a negative correlation between individualism, masculinity and CSR performance. Its sample was formed by 2129 companies and the data were extracted from CSRHub.

Katz et al. (2001) suggested some characteristics of CSR with respect to the different cultural contexts of United States, Mexico, Japan and China. In particular, the authors found that Japan and U.S had different characteristics as regards their social and environmental inclinations depending on the cultural characteristics.

Taking the cue from Katz et al., **Ho and Taylor (2007)** compared Japan and US in the field of triple bottom line (TBL) reporting. What emerged from their analysis was that Japan usually discloses using TBL, more than American companies do, and focusing in particular on environmental aspect.

A lot of other scholars have faced this issue, but despite this, there is still no empirical evidence that has traced a defined path towards a clear understanding of the relationship between national culture and CSR. So far, the literature has focused on how the managers of a given sector or from a particular country can influence the results of the companies with their sustainability choices. Other studies have focused more on the differences arising from formal and informal institutions, paying attention to the presence of a stringent regulation or not and its effect on sustainability and disclosure.

It is therefore clear how, although there is an ever-deeper interest in understanding this correlation, the literature has not yet arrived at clear conclusions about it. The results and the same analysis carried out, up to now, are quite different from one another. As we have seen from the few studies described above, a widely accepted method used to study the cultural influence on CSR has not yet been found.

For all these reasons I decided to face this issue in return. My research take a special look at the study conducted by **Ho et al.** especially for the analysis method used by them. More specifically, I decided to base my research question on two concepts that I have structured by myself: Disclosure practices "EFFORT" and "INTENSITY".

By *effort* I mean the commitment made by a company in qualitative terms. I will analyze

the activities supported by the companies. So, for example, if a particular company promotes philanthropic initiatives, or if it supports employees with tools for professional growth or work-life balance, gender equality promotions and activities that aim to defend and protect the environment.

For *Intensity* I mean the commitment made by a company, in quantitative terms, that is to say, number of topics covered by each individual company in the corporate social responsibility. Intensity will therefore be a merely observational indicator, which will analyze the number of information that is declared.

So if we match these two concepts, four different possible scenarios are outlined, which I summarize in the following matrix:

	High	Effort	Low
Intensity	High Effort High Intensity	High Effort High Intensity	High Effort High Intensity
Low	High Effort High Intensity	High Effort High Intensity	High Effort High Intensity

In the first quadrant at the top left are the most virtuous companies, according to my interpretation. In fact, these companies have high levels of Intensity and Effort in disclosure. This means that the companies in this quadrant present an exhaustive, clear and effective Sustainability Report, which largely address the typical CSR topics by demonstrating and declaring the supported activities in favor of their promotion.

In the following chapter I will define more concretely my research's question and the method used for the comparison. In fact, I will indicate how the concepts of effort and intensity are computed and subsequently compared between the different cultural contexts. The analysis is divided into two distinct parts, the first that is focused on the analysis of the intensity that I will study through descriptive analysis and I have structure a regression model that includes dummies about country belongs and, the second part on the effort that I will analyze mainly through indicators structured by myself compared thought qualitative statistics and the ANOVA analysis.

3. Hypotheses and Empirical Analysis

As we have seen, the objective of the first chapter was to outline a theoretical profile on the stakeholder approach, the sustainable approach, the CSR tool and on the widespread guidelines available on how to deal with sustainability issues. In the second chapter, instead, I tried to outline the profiles of the countries analysed in my research. In doing this I have also used Hofstede's research to outline the cultural characteristics of these countries in addition to the analysis of economic and legal context. The complexity of these issues is in giving a uniform and globally accepted definition of CSR. The global context, in rapid evolution and continuous change, does not make this objective simple. Several researches have in fact shown how CSR and its characteristics need to be contextualized according to different societal, cultural, normative and political background, as changing the scenario, the perspective and meaning of CSR could change considerably (Aguilera et al., in Crane, Matten and Spence, 2008). At the same time, the approach to CSR has inevitably been influenced by external pressures, especially the mass media and NGOs, but also by the advent of disclosure frameworks (GRI, UN Global compact, ISO 26000, SA8000). In fact, the goal of global standards has always been to fill the regulatory gap on CSR issue, guiding companies in the application of responsible practices and in the disclosure of business sustainable results. In recent years, the various organizations promoting these standards have started to work together to standardize the various framework - see the collaboration between GRI and UN Global Compact. After that, the question is whether, despite progressive homogenization and globalization, the cultural factors, the values linked to the country and the cultural characteristics of a society, still influence disclosure practices, intensity and approach to CSR.

3.1 Research objective

The objective of the analysis, as already said, is to understand if there is a difference in the degree, intensity and effort of disclosure between one country and another. Further intent is to understand if the normative and political cultural context influences the quantity of typical topics of the CSR that are disclosed. Now I want to give consistency, through the definition of specific questions, to my research objective disclosing the intent through two different topics:

Topics 2: *Is there a difference in the **effort** of disclosing and in the intensity of activities put in*

place for sustainable development?

This topic aims to assess whether the mere disclosure of the various countries is accompanied by concrete activities promoted by single companies and if once again this trend presents differences between countries. I will also check whether there is consistency between the results of the two analyzes if these demonstrate a substantial difference between countries. And then to understand if there is a correlation between the number of information and the type of effort shown by individual companies.

Another objective is instead to try to investigate intensity on certain topics of the different countries compared and therefore to understand whether, also in this case, the cultural influence determines differences in the number of information disclosed by the companies in sustainability report.

Topics 1: *Is there a divergence in the disclosure **intensity** among the different countries?*

As already mentioned in the previous chapter when I speak of "intensity" I intend to analyze and compare my sample based on the number of information declared in the CSR in different countries. So the goal is to understand if the national culture, combined with other variables, somehow influences companies in the disclosure and makes them more or less inclined, compared to another country, in declaring a large number of information.

3.2 Sample selection

My intent is therefore to understand if there are still differences between one culture and another in the sustainable approach and more particularly in the intensity of disclosure. To do this, I selected a sample of 52 companies and decided to structure my sample in a more or less homogeneous way: the selected companies are listed in their country of origin and come from Europe, US, China and Japan. I decided to select these continents first of all to have a good representation of both Western and Eastern world (US and Europe on one hand and China and Japan on the other hand). The choice for both the West and the East was not accidental. These countries, in fact, although belonging to the same geographical area and for some extent having similar cultural background, implicit values and approach to business, have several

characteristics among them which delineate the differences. An example is the diversity between China and Japan which share the values of Confucianism but which nevertheless are extremely different.

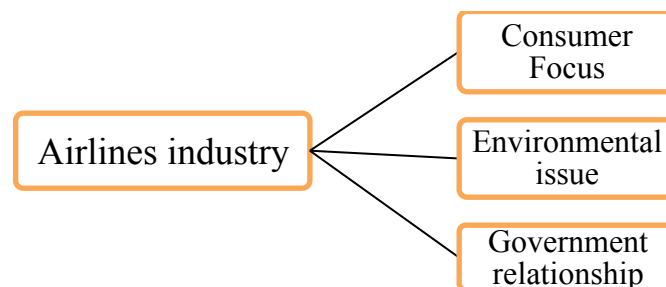
The data was extracted from the CSRs of the selected companies and from the GRI tables developed and certified by the GRI organization, in doing this I take inspiration from the study of Ho et al. (2013) that use the GRI table as source of the data. All data refer to the fiscal year 2017. As mentioned, all the companies are listed on the stock exchange of its own country. Also this choice is not accidental. In fact, the selection of companies originating from the place presupposes that the hypothetical cultural influence has been inherent in the company values since its origin. Being listed in its own country, subjects them to regulatory constraints in the country itself. In addition, I selected the sample based on adherence to the GRI initiative as the GRI table is a fundamental element for my analysis. This undoubtedly must be considered as a non-irrelevant element for the analysis. In fact, joining the GRI initiative and deciding to disclose the results, already demonstrates a level of adherence and sensitivity to sustainability reporting that is relevant. The components of the sample are in fact already considered "best" subjects in sustainability disclosure practices.

Within the selection of companies for each individual country, I decided to select the sample from different industries: Chemicals, Airlines, Iron and Steel, Consumer electronics and Energy. In fact, even if this limits a more direct comparison, it gives the possibility to understand if the approach and the differences between one country and another are somehow reduced by the constraints and particularities of different industries. The justification behind the choice of the various industries is above all in having evidence of both B2B and B2C market, as the approach and social interest can, in my opinion, change a lot based on the proximity to the final consumer in the supply chain. In the same way, the companies that operate in sectors that trade and produce raw materials, historically, are those less attentive to social issues given, for example, the strong restrictive laws imposed on the protection of the environment.

Below is a brief description of the most relevant CSR issues for the industries considered in my research:

Airline sector: the Airline industry exists in an intimate competitive market. In the last

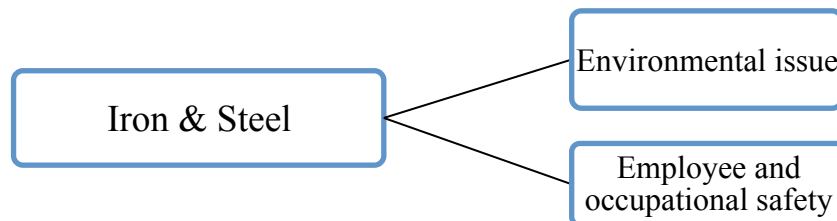
decade, this sector has experienced strong growth thanks to the development and increase of international and domestic flights. Historically this sector has always been almost totally owned. In recent years, however, this trend, especially in the West, is reversing with the continuous birth of private companies. In the East instead, such as China, most companies are still state owned. The airline industry can be divided into four different categories based on the regions it serves. This can be divided into international, national, regional and cargo. This distinction is not at all trivial, as business strategies can change considerably as the needs of the final consumer are different, but also the stakeholders can change between an international company, which will face a wider class of stakeholders, and a domestic company. This sector is characterized by very high costs and presents a great sensitivity both to the cost of fuel - an indispensable element - and to the workforce. At the same time, the growing competition due to the increasingly frequent birth of airlines companies and the high degree of competition in the world, leads to an ever increasing interest and attention to the needs - prices, benefits, different element - of the final consumer. We therefore expect that great attention in the CSR of this industry will be given to the environment - especially with regard to the consumption of fuel -, and to the social disclosure relating to the consumer and the various governments with which the individual company comes into contact.



Airlines industry principal CSR's focus

Iron and Steel Industry: This industry is one of the most important industries in the world, given the high existing market demand. In the twentieth century, in fact, it recorded an impressive growth passing from a production of 28 million tons to the current production of around 1.689 million tons worldwide. The average growth rate of steel consumption was in fact equal to 3.3% per year. The production of iron and steel has always led to a strong environmental discussion due to the high pollution caused by the industry itself. I considered interesting to include this industry in my reaserch as it touches on several sensitive topics related to sustainability reporting. As said, the environment is the most affected topic by this

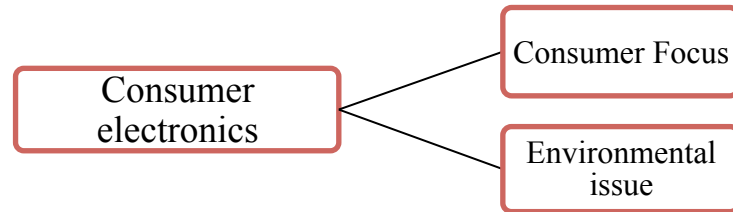
industry, the level of carbon dioxide (CO₂) emissions is in fact quite significant given the high production volumes. Moreover, another environmental issue is linked to the disposal of waste. Employees and occupational safety are another element. Despite the evolution of this industry over time, which has led to significant improvements, the accident rate at work is still alarming.



Iron & Steel industry principal CSR's focus

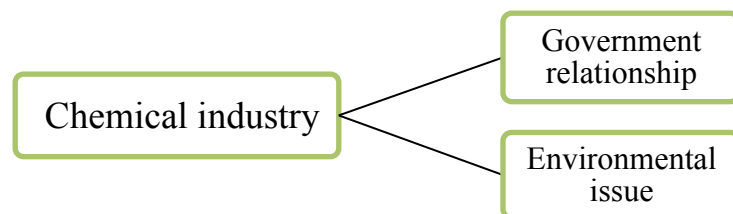
Consumer electronics: this sector represents more than a fifth of the exports of the major world powers, a feature of this industry is the ever-increasing strong demand and the downward trend in prices which encourages companies in this industry to make their operations more efficient and to structure less expensive production processes. The competition in this sector is extremely high given the high offer of comparable and similar products of various competing companies. A phenomenon that characterizes this market is the tendency to consider these class of goods as “disposable products” to continuously access newer and more innovative models. This determines the problem of "electronic waste". This according to various studies, including that of Greenpeace (Green Gadgets: Designing the future), has repercussions on the planet and therefore various organizations are fighting for proning this industry to become greener and more environmentally friendly. The Greenpeace report shows that in 2018, as many as 2.5 billion mobile phones, computers and tablets were purchased and discarded. The environmental problem linked to this industry is first of all associated with the enormous quantity of fossil energy used for production - especially from East Asia. In fact, production implies the use and consequent disposal of toxic RAEE. The recycling of this waste is rather problematic especially in the less developed countries. Several leading brands are striving to eliminate the most toxic substances from their production processes, despite this, many companies still show that they are still far from good environmental performance. For this reason I decided to include this industry in the sample of

my analysis.



Consumer electronics industry principal CSR's focus

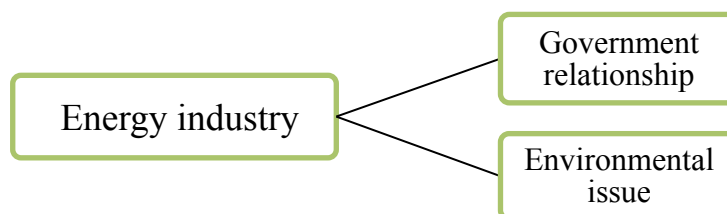
Chemical industry: the chemical industry is the industrial sector that bases its business on the transformation of raw materials into final products that have different chemical-physical properties compared to the raw materials used. This industry was born with the industrial revolution in the nineteenth century. This sector worldwide achieves a production value of € 3.475 billion (International Council of Chemical Associations, 2017) and contributes about 7% of world GDP. This industry is an extremely dynamic sector worldwide. Despite the crisis of 2008-2009, world chemical consumption increased by 41% in volume and 82% in value compared to 2007. In fact, this industry continues to evolve and grow thanks to the contribution of technological contents that they are promoting transformation. Other phenomena of different nature that contribute to its change are the development of the global market and the rise of emerging countries on the one hand and the affirmation of the principles of sustainable development on the other. Precisely for this last reason I decided to include this industry in my sample. The affirmation of the principles of sustainable development, in fact, are affirmed and are declined in very uneven ways in the different countries and with sometimes distortive effects on competition.



Chemical industry principal CSR's focus

Energy industry: In the past this industry was considered a stronghold, especially for small

investors. Even this industry is experiencing a period of strong growth. In fact, the Energy Information Administration projects that 355 gig watts of new electric generating capacity, or more than 40% more than the industry currently supplies, will be needed by 2020 to meet growing demand. Historically it has always been managed by large regional monopolies that managed the entire process. Today, on the other hand, the process is divided into different subjects: generators, energy network operators, energy traders and marketers, energy service providers and retailers. My sample is mostly made up of the first ones mentioned. I have mainly chosen this category which in recent years has seen the emergence of so-called “commercial generators” that produce energy on a speculative basis and that market their production at competitive prices in unregulated markets. Power generation has always been subject to environmental regulation. In fact, this industry has two contrasting souls: "classic" energy production and renewable energy. The former is still extremely polluting and considered dangerous. At the centre of the discussion is coal consumption and nuclear power plants: natural gas burns cleaner than coal, but still creates emissions. Nuclear power plants, which supply around 20% of US electricity, still operate in the shadow of the Three Mile Island and Chernobyl accidents. On the other hand, there is the drive towards cleaner energy that incentivise interest in renewable sources such as hydropower, but also in solar, wind and biomass energy. Regulation and environmental issues will probably remain at the top of the list of public service programs. Given this duality it seemed appropriate to include this industry in my sample.



Energy industry principal CSR's focus

As already said, the sample is composed by 52 company set in four different Countries – China, Japan, United States and Europe – belonging to different industries.

Shown below a re-capitulatory table about the sample distribution:

<i>Industry / Country</i>	China		Japan		United States		Europe	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Airlines	3	25	1	8	3	23	3	21
Iron & Steel	2	17	3	23	1	8	3	21
Consumer electronics	3	25	3	23	3	23	3	21
Chemicals	1	8	3	23	3	23	2	14
Energy	3	25	3	23	3	23	3	21
<i>TOT</i>	12	100%	13	100%	13	100%	14	100%

Industry classification of Sample firms

3.3 Methodology

Topics 1:

To answer the question about the disclosure extent I decided to construct appropriate indicators to evaluate, in a different aspect, the economic, environment and social interest of the different country. For each of these categories I have defined an evaluation scale or an index that I have structured that could in some way represent the company effort.

I decided to conduct the ANOVA analysis on the results collected for the various indexes comparing the variance between the groups and within the groups to understand if the level of effort shown by the different countries in the analyzed topics depends on belonging to a particular country. The comparison of the indexes I built is based on the idea that the internal variability in the values of companies belonging to a country is relatively high compared to the variability between companies in different countries. This kind of result would show that the difference between countries is only the result of internal variance.

The intent is to understand if the null hypothesis is accepted or refused. In the case in which the hypothesis will be accepted it would mean that the results are not affected by the belonging to a specific country. Refusing the null hypothesis, being at least one of the mean different from the others would mean that the result are affected by the belonging to a specific country.

The results of the analysis were evaluated considering the significance levels of $\alpha = 0.05$ and 0.01 .

Having independently built the indexes for the various companies, you need to keep in mind that the analysis presents different limits. Certainly in future studies, these indexes can be improved and deepened.

Below the hypothesis description:

$$\begin{cases} H_0: \mu_{china} = \mu_{usa} = \mu_{japan} = \mu_{europe} \\ H_1: \mu_{china} \neq \mu_{usa} \neq \mu_{japan} \neq \mu_{europe} \end{cases}$$

Economic index:

For the economic indicator I used the definition of the first GRI aspect related to the economic performance. This topic refers to direct economic value generated and distributed. I therefore wanted to create an indicator that showed the share of value distributed to society by each company. I have done it to check if there was a similar trend by country.

Below is the index formula:

$$\frac{\text{EconomicValueDistributed}}{\text{Directeconomicvaluegenerated}}$$

The denominator DEVG corresponds to the total revenues of the fiscal year (2017). Instead, the numerator includes the following elements:

- Operating costs
- Employee wages and benefits
- Payments to providers of capital
- Payments to government (by country)
- Community investments

The index is therefore expressed as a percentage in order to make the results uniform and easily comparable. The comparison will be based on the average of the various countries and

the overall average obtained from the calculation of this indicator.

Environmental effort evaluation:

as regards the environmental dimension, I focused my attention on the type of disclosure present in the various sustainability reports. This choice was also conditioned by the difficulty of finding all the necessary information relating to each company to build an index that could represent this aspect and be uniform and comparable.

Therefore I built an evaluation scale on the basis of which to each company can be assigned a score from 0 to 3. Each point is assigned based on a specification that I have identified.

Shown below is a table that describes how the scoring is assigned:

	Environmental effort evaluation
First point	0 - No environmental information
	1 - Environmental disclosure
Second point	0 - No environmental information or less than a page
	0,25 - One or two pages dedicated to environmental disclosure
	0,5 - Three or four pages dedicated to environmental disclosure
	0,75 - Five pages dedicated to environmental disclosure
	1 - More than five pages dedicated to environmental disclosure
Third point	0 - No quantitative data disclosed
	0,5 - Quantitative data only in discursive section
	1 - Table with more than 10 environmental data

Environmental effort scoring, personal elaboration

Regarding the first point, every company can obtain a score of 0 if does not disclose information on environmental issue at all. It can obtain a score of 1 if it disclose also some few information about environmental issues.

Regarding the second point, the score is assigned according to the number of pages dedicated to environmental issues. Every company can obtain a score of 0 if it does not disclose information on environmental issues or if it dedicates less than a page of its sustainability

report to environmental issues. The company can obtain a score of 0,25 or 0,5 or 0,75 or 1 if it dedicates respectively one or two pages, three or four pages, five pages or more than five pages to environmental issues.

Regarding the third point, the score is assigned depending on the presence or absence of quantitative data on company's environmental impact. The company can obtain a score of 0 if does not present quantitative data on its own environmental impact, a score of 0,5 if presents quantitative data in scarce form or a score of 1 if presents abundant quantitative data – usually a score of 1 is assigned to companies that present a table with more than 10 ration on environmental impact.

Every company can obtain an overall score on a maximum of three points. The final scores is compared with the total average and the countries' average.

Labour issue effort valuation:

For the Labour indicator I have structured an index following the definition of one aspect of the GRI table, as I have done for the economic effort valuation.

The aspect that I have used is LA12 that is about the composition of the workforce per gender, age group, minority group membership, and other indicators of diversity within an organization. More precisely I concentrated my attention on the gender distribution of the workforce. The index is defined as:

$$\frac{FamaleEmployees}{TotalEmployees}$$

The ratio is expressed in percentage and compared with the total average and countries' average.

Social effort evaluation:

For what concerns the Social dimension, I focused my attention on the disclosure intensity in the companies' sustainability report, as I have done for environmental valuation.

I built an evaluation scale based on which to each company it can be assigned a score from 0 to 3 points. Each point is assigned based on specification I have identified. Below is a summary table on scoring:

Social effort evaluation	
First point	0-1 Number of pages / maximum number of pages
Second point	0-1 No social information or less than a page
Third point	0 No project endorsed by the company 1 Projects endorsed by the company

Social effort scoring, personal elaboration

Regarding the first obtainable point, my intent is to investigate the effort on social dimension according to the number of pages dedicated to this issue. Each company can obtain a score between 0 and 1 that is computed as the number of pages dedicated on the maximum number of pages dedicated by the companies included in the sample.

Regarding the second point, the score is assigned according to the number of arguments debated by the company on social issue in its own sustainability report. Each company can obtain a score between 0 and 1 that is computed as the number of arguments debated on the maximum number of arguments debated by the companies included in the sample.

Regarding the third point, the score is assigned if a company brings some example of project that sustain social inclusion, or more in general, social issue in its own sustainability report. A company obtains a score equal to 0 if it does not bring any example and a score equal to 1 if it talks about at least two projects endorsed.

Every company can obtain an overall score on a maximum of three points. The final scores are compared with the total average and the countries' average.

Topics 2:

As regards the analysis of the disclosure intensity, I decided to use the GRI table. This table in fact, as already mentioned in the first chapter, contains a series of extremely specific and detailed aspects by topic classes. Each company participating to the GRI initiative is free to decide how much to declare without any limit, except for the topics considered "core" for which a justification is required for the omission. However, unlike the actual financial statement, there is no regulation or control over disclosure in the CSR, this determines a

substantial freedom in subscription and in extent.

To address the question regarding the extent of CSR reporting, I will analyse through descriptive statistics the score obtained by the companies. I will try to understand if, in the different categories, different countries will disclose a similar number of information included in the GRI table.

Moreover, after this comparison I will try to estimate a regression model similar to the one proposed by Ho et al., in their research. They have structured a model that highlights the influence of different variables on the level of information declared in the GRI table. The regression I'm going to structure would be a forecasting model that establishes the impact of the variables involved in disclosure in companies from different countries.

Below the multiple regression model is estimated:

$$Y = \beta_0 + \beta_1 \cdot x + \beta_2 \cdot x_{Perf} + \beta_3 \cdot x_{Electronics} + \beta_4 \cdot x_{Iron\&Steel} + \beta_5 \cdot x_{Chemicals} + \beta_6 \cdot x_{Energy} + \beta_7 \cdot x_{China} + \beta_8 \cdot x_{Japan} + \beta_9 \cdot x_{US}$$

where Y is each sample firm's GRI score. To run this regression, seven categories of disclosure are considered: General Standard disclosure, Economic disclosure, Environmental disclosure, Labour Practices disclosure, Human Rights disclosure, Society disclosure and Product Responsibility disclosure. Moreover, I decide to run the regression also with the total score obtained in the GRI table – that includes all this categories. For each category, the value of this index for each firm is computed by counting the number of disclosure items reported by the firm within that category according to GRI table.

The construction of the regression model is inspired by the analysis of **Ho et al.** In this study the researchers in fact used a very similar regression model to compare the data extrapolated from the GRI table of the companies that make up the sample in Japan and the United States as mentioned above.

For what concerns the independent variables, following Ho et al. (2007), I decide to include the variable SIZE and PERFORMANCE of the company, the COUNTRY variable that is composed by three dummy variables to proxy for a firm's overall disclosure environment, and

the INDUSTRY variable that indicates the industry membership. I have used these variables following Ho et al., that consider all these variables determinant for the computation of the intensity in disclose.

Shown below a table on variables:

Name	Measure
COUNTRY	
China	Belonging to China
Japan	Belonging to Japan
United State	Belonging to United States
Europe	Belonging to Europe
INDUSTRY	
Airlines	Belonging to Airline Industry
Iron & Steel	Belonging to Iron & Steel Industry
Consumer electronics	Belonging to Consumer electronics Industry
Chemicals	Belonging to Chemical Industry
Energy	Belonging to Energy Industry
SIZE	Market value of equity
PERFORMANCE	Ebitda on revenues

Variable definition, personal elaboration

The relevant variables for my study are the country-specific dummy variables. I included the other variables to try to find a model that can be considered predictive. Moreover, including these other variables I hope to improve the statistical goodness of the model. I choose these variables, as said, following studies that have indeed demonstrated the possible influence of these variables on disclosure in the CSR.

The PERFORMANCE ratio is calculated as *ebitda / revenues* to define performance in terms of operating performance. The influence of a company's profitability seems to positively influence the level of disclosure.

The SIZE variable, it is defined as the logarithm of market value of equity. For this variable I have taken inspiration from the study by Ho et al. (2007). I decided to include this

variable to isolate the possible positive influence of size on disclosure intensity due to the theory that larger companies on average disclose more. In fact, the disclosure costs are usually lower for larger companies, in addition the more a company is large, the greater the interest, and therefore, the attention and relative influence of stakeholders.

Belonging to the INDUSTRY is studied with dummy variables, which will all score 0 if the company belongs to the Airline industry, or 1 - the other dummy according to industry belonging - if they belong to the Electronic industry, Iron & Steel industry, Chemical industry or Energy industry. The influence linked to the industry can be linked, as mentioned before, to a greater interest in certain topics that could speak the disclosure to different directions.

3.4 Expectations on results

3.4.1 First Analysis

As for this analysis, as I said earlier, I decided to use the Anova analysis to understand if the effort level shown by the various countries in the analyzed topics depends on the characteristics of belonging to a particular country. The comparison of the indexes I built is based on the idea that the internal variability in the values of companies belonging to a country is relatively high compared to the variability between companies in different countries, which would show that the difference between countries is only the result of internal variance.

Below are the considerations that, thanks to the help of Hofstede's analysis and the analysis of the cultural contexts made, led me to think that the null hypothesis will be rejected.

Economic index

As far as the economic index is concerned, I remind you that the ratio is based on the amount of resources spent by companies and that they are redistributed to the company through different forms. As the index is structured and given the composition of the economic value distributed, I expect that there will not a big difference between the various countries as the elements that make up the numerator, such as Operating costs, Employee wages and benefits, Payments to providers of capital, are common and essential for a company regardless of its geographical location. The other two values that make up the numerator are Payments to

government and Community investments. It is these latter elements that could determine a substantial differentiation by country. For example, payments to government strictly depend on belonging to a particular country being linked to local legislation.

For Japan, I expect high effort level on average. According to the definition of Hofstede, Japan is characterized by a collectivist society (46 score). This, together with the Japanese values that have a strong attachment to the well-being of society and to indulgence, make me suppose that despite being a masculine society, they will be more inclined to invest in the community that benefits a wider audience.

As far as China is concerned, my expectations are mainly based on the profit orientation that characterizes it, and the high score obtained in the rank masculinity / femininity that undoubtedly defines it as a masculine society. In fact, I expect Chinese companies to be more interested in saving rather than investing in society for the sake of society itself.

As far as the US and Europe are concerned, my assumptions are rather uncertain: In fact, both countries have high levels of individualism and masculinity (respectively 69 and 40 for Europe and 91 and 61 for United States) which suggest that societies are not inclined to invest in the community. At the same time, we must consider the strong social pressure that, in these countries, characterizes the competitive environment of companies and the tendency of the population to choose companies whose business proves to be in line with the welfare of the company itself.

Environmental index

Regarding the environment-related index, I decided to structure it to take into account the amount of information declared. The index as mentioned, assesses whether there is information on environmental protection, how much information is declared and whether it is represented through quantitative data. The index was so structured by me as I start from the assumption that if companies present a good company performance in the ecological and environmental fields they are more inclined to disclose the results obtained given the strong social pressure on this topic.

Given these considerations, my assumptions were structured taking into consideration the scores obtained by Hofstede in the categories of Uncertainty avoidance and long-term orientation.

In these categories, Japan presents 92 and 88 respectively. A high level in these categories leads to greater attention to the environmental issues. The Japanese in fact prevent any kind of difficulty and will present, in my opinion, a high environmental effort to guarantee a

better condition in the future. Certainly, the level of Japanese attention on the environment is conditioned by the history in the environmental field that this country has experienced which has led to greater sensitivity in this aspect together with the strong social pressure.

Even Europe has high scores, according to host faith, in UA and LTO, respectively 63 and 55. These scores will undoubtedly make Europe and be very similar to Japan and also influence the tendency to define the regulation of this aspect through the laws. The commitment of Europe in environmental protection is in fact to be considered undisputed. Therefore, as in the case of Japan, I expect high levels of effort.

The United States on the other side has a much lower score in the category of uncertainty avoidance and long term orientations, respectively 46 and 26. The United States and its population are in fact extremely projected to achieve the objectives in the short term rather than in the long term . This obviously involves little interest in the environment

According to the uncertainty avoidance score, this is reflected in environmental rules. I know all this aspect of the American firms will reach lower index score in comparison with other countries.at the same time this may have been offset by the influence of the NGOs and environmental associations that are constantly influencing the public opinion.

For what concerns the China perspective, as already said, the lack of importance given to the environment by that country makes me think that Chinese companies will be the ones that will reach the lowest score compared to other countries. Following the analysis of Hostfede, we see how to China for the dimension of a certainty avoidance is assigned a score equal to 30 even lower than that of America. The strong economic growth experienced by this country in recent years based almost entirely on the large production capacity of the country takes the environmental aspect into second place. In fact, there is not even a great social pressure for environmental defense, thus legitimizing the lack of interest. Probably this trend will be reversed in the coming years in line with the growing international interest in pollution caused by China itself.

Labour index

The labor index considers the percentage of women working in a company. In the analysis of the results linked to this indicator I expect a great differentiation in the results between countries. As far as Europe and the United States are concerned and the high level of individualism identified by Hostfede, respectively 69 and 91, I expect that the

percentage of working women in companies is almost equal to that of men. In fact, individualistic societies are characterized by a strong meritocracy. As mentioned above, according to Hofstede, individualist societies present the system that is extremely meritocratic and moreover, hiring and promotions are based on merit and evidence of a person does or can do.

As for Japan, my assumptions are based on the high level identified by Hofstede in the Masculinity / femininity dimension. Japan has a score of 95. In its analysis, Hofstede points out that in Japanese culture work is considered fundamental and central to everyday life and that there is a kind of breeding that this lifestyle is not suited to women and their lifestyle. This, therefore, will negatively affect the results of this index and will bring to significantly lower values for Japanese companies than for other countries.

Although presenting a score that defines it as a masculine society (66), China also has one of the lowest scores in the field of individualism (20). This score clearly defines it as a collectivist society. Given this characteristic and given the composition of the index, I expect that there will not be high degrees of discrimination in the workplace. The expectation is in fact that China presents average scores compared to other countries but certainly higher than in Japan.

Society index

As far as the index of society is concerned, my assumptions are based entirely on the relevance of social, media pressure and how the involvement with society is perceived by the consumers.

Based on the observations made in the second chapter on media pressure, as communicators of the activities conducted by companies, I expect that Europe and Japan on average get higher results than China and the USA. In Europe, in particular, there is a growing attention on the part of the consumers on the beneficial and voluntary activities carried out by the companies. The interest of the Japanese community is the consequence of numerous scandals involving several Japanese companies in the last decade. As for the United States, my expectations remain rather uncertain. On the one hand there is the strong propensity to profit that characterizes US companies, on the other hand we must consider that the so-called corporate volunteering was born in America. In fact, in America a long time before other countries, companies have started to contribute financially to beneficial actions. In line with the propensity to profit there is the possibility of access to tax relief through charity for American companies.

As for China, we can say that the pressure of the media is significantly reduced compared to other countries, but despite this there is a growing globalization that is invading China and its way of doing business. As it is increasingly confronted with Western consumers, this country is starting to devote more and more space to charitable and voluntary activities.

My expectation then, in light of the information gathered, is that the overall average of the sample scores is quite high. Undoubtedly, I expect a greater effort for Japan and Europe than the other two states.

Given these expectations in the following chapter I will give and talk about the result obtained. I will show the result of the two analysis separately and then I will compare the data all together to see if the intensity shown by the companies is in line with the founded effort.

3.4.2 Second Analysis

It seems to me appropriate to clarify that the objective of my analysis is to understand whether there is actually a cultural influence on disclosure practices and, more specifically, on the quantity of information disclosed by companies. For this reason, the expectations that I go to describe refer only to the possible evidences of the descriptive analysis, and so on the differences that I expect between one country and another in the disclosing intensity.

For this reason, for this analysis I decided to retrace the various categories that are the object of the analysis and that also constitute my dependent variable in the regression model, to identify what I think will be the trends by country for the first analysis.

my expectations on the regression model are related to the results obtained by Ho et al. which I illustrate briefly below:

- statistical validity of the environment and social disclosure estimation model;
- statistical validity of the total disclosure estimation model;
- no statistical validity of the economic disclosure estimation model.

Talking about *environmental disclosure*, I expect a distinction between Europe and Japan on one side and the United States and China on the other. In fact, I believe that the first two countries will disclose more aspects in their CSR than the other two countries. In fact, based on what was said in the second chapter, I expect that Europe, in the light of European regulation, will address a wide number of topics. As far as Japan is concerned, given the various environmental accidents, the high pollution, the considerable pressure from the

associations for the defense of the environment and the government regulation, they present a high level of disclosure, as European companies. While, on the other hand, primarily due to the failure to ratify the Kyoto protocol and the lack of pressure on the government level, I expect the intensity of disclosure by Chinese and American companies to be more limited. To this consideration, we must also add the greater profit orientation that characterizes the latter. Regarding this category, I would like to specify that, as mentioned in the analysis of the various industries in which my sample acts, the environment is a central topic for all industries. For this reason, my expectations could be offset by the influence of the industries themselves.

Hypotesis 1.1 - Environment:

Higher intensity disclosure by Japan and Europe in comparison with China and United States

For what concerns **labor practices**, I expect Europe will present higher level of disclosure - in terms of the quantity of items disclosed. The importance, as mentioned, of labor unions in the bargaining process and in the definition of protection policies for employees lead me to think that on average the faced topics by Europe will be many. An element that links Europe and the United States performance is the concern about employee retention rates leads me to think that interest in labour rights may increase and consequently increase the intensity of disclosure. At the same time, it must be borne in mind that the United States is also by definition the country that most encourages flexible work and that historically has always guaranteed limited protection to its employees.

Regarding China and Japan, I expect more limited levels of disclosure. In fact, both countries are rather backward on the subject of labor protection. An element that could mitigate the backwardness of China is the globalization phenomenon and the pressures of Western companies that require minimum standards to start a business collaboration. Regarding Japan it is important to consider that on one hand, it has always had a strong propensity to defend long-time employment given the importance of work in the lives of the Japanese and, on the other hand, it has subjects to a strong media pressure.

Hypotesis 1.2 – Labour Practices:

- a) Higher intensity disclosure by Europe in comparison with the others country;*
- b) Average intensity for Chinese, Japanese and American companies.*

In my opinion the *Humar right* category is particularly influenced by the globalization and the pressure of the stakeholders with whom the companies come into contact, whether they are western countries - in particular for what concerns China and Japan - or whether it is NGO or media pressure. I expect that Europe will continue to show on average high levels, this time due to the stringent European regulation on this topic. The several scandals, of which I spoke in the second chapter, which have seen Japan as a protagonist, lead me to think that on average Japan will deal with most of the topics in this category, but we must not forget that it is still far behind Europe. As mentioned, the Chinese society according to the definition of Hofstede can be considered a masculine society focused on work that together with the shared tolerance towards malpractices in the workplace lead me to think that most Chinese companies will not register a high intensity in disclosure. For what concerns United States I do not expect higher level of disclosure due to the ingent problem of migration that affect most of the American companies.

Hypotesis 1.3 - Human Rights:

- a) Higher intensity disclosure by Europe in comparison with the others country;*
- b) Average intensity for Japanese and American companies;*
- c) Lower level for Chinese companies.*

Also with regard to *society and product responsibility*, I expect that the proportions, expected in the other categories, remain almost unchanged. The pressure of the NGOs on these issues is relevant. The countries least affected by this influence are Japan and China. Somehow, however, this pressure is compensated in Japan by the media, expecially for what concerns the Product Responsibility I will expect slightly high level of disclosure due to the different scandal that affect Japan products in the past years.

Hypotesis 1.4 - Society:

- a) Higher intensity disclosure by Europe in comparison with the others countries;*
- b) Average intensity for Japanese and American companies;*
- c) Lower level for Chinese companies.*

Hypotesis 1.5 – Product Responsibility:

- a) Similan intensity disclosure by European and American companies;*
- b) Slightly higher intensity for Japanese companies;*
- c) Lower level for Chinese companies.*

The last category for the first analysis is the *economic* disclosure. I decide to talk about this category as the last point due to the belief that the companies do actually not perceive this aspect as a fundamental topic for their Sustainability Report. In fact unlikely the companies assign a specific section to this aspect. In fact, it is perceived more related to business aspect than sustainable one. For these reason I do not expect that great importance is given or that there is a significant impact by country on this topic.

Hypotesis 1.6 – Economic aspect:

No significant impact neither differentiation by country.

4. Empirical Analysis Result

4.1 First Analysis: Result about effort disclosed by countries

In this chapter I show the result of my analysis. As said in the previous chapter, the aim of my analysis is trying to answer to two principal questions. In doing this I have used two different methods. Let's have a look at the first question:

Topics 1: *Is there a difference in the effort of disclosing and in the intensity of activities put in place for sustainable development?*

As described in the previous chapter for this analysis I have constructed specific index to evaluate the effort of every single country.

Economic Index:

Starting with the economic index, in the table below are shown some variability measures – Mean, Standard Deviation and Coefficient of variation.

	General	China	Japan	USA	Europe
Mean	0,76	0,58	0,81	0,85	0,81
Stand. Deviation	0,23	0,30	0,09	0,11	0,25
Coefficient of variation	0,30	0,52	0,11	0,13	0,31

As shown in the table above, the general average of the sample is equal to 0.76 on a maximum obtainable score equal to 1, rather high. This means that in general the whole sample has shown a rather high effort. By analyzing and comparing the averages of the individual countries, the division into two blocks is immediately clear: on the one hand, China, and on the other, the other three countries that have a rather similar average. Therefore, in light of these results, my expectations of China are respected. China in fact compared with other countries has a much lower average (0.58 out of 1). However, the high coefficient of variation presented in the Chinese sample must be taken into consideration which suggests rather inhomogeneous results and scores. This is in fact confirmed by the coefficient of

variation obtained from China, equal to 0.52. The other countries, however, are more linear in the distribution, see the standard deviation and the coefficients of variation. Among these, in fact, the one with a higher coefficient of variation is Europe, 0.31, albeit very far from the Chinese one.

I am going to present the results obtained with the ANOVA Analysis, I remember that the null hypothesis corresponds to the equality of the averages which means that the results obtained do not depend on belonging to a country.

Below the ANOVA analysis table:

ANOVA analysis: Economic Index				
Source of variation	Degrees of freedom	Sum of Squares	Mean of squares	F-Ratio
Between	3	0,4754	0,158	3,603
Within	37	1,6271	0,044	
Total	40	2,1026		

With 3 degrees of freedom in the numerator and 37 in the denominator the tabulated value of F is 2.84 at the significance level $\alpha = 0.05$ and 4.31 at the level $\alpha = 0.01$. So only in the first case, with a significance level of 0.05, the null hypothesis is rejected. The diversity of sample averages and therefore the influence of belonging to a country with a 95% probability is considered significant. We therefore consider the influence of belonging and the relevance of the slightly significant between variance.

Environmental index:

	General	China	Japan	USA	Europe
Mean	2,13	1,88	2,14	2,08	2,39
Stand. Deviation	0,47	0,42	0,57	0,49	0,26
Coefficient of variation	0,22	0,22	0,26	0,24	0,11

Looking at the results of the table, note that the overall average of the sample is equal to 2.13. Only Europe has an average higher than the general average. In fact, Europe has an average effort level of 2.39 on a maximum score of 3, thus confirming my expectations. Europe in fact is the country that, based on my analysis presents a greater effort, in addition the coefficient of variation seems to suggest that the results obtained by the various European companies are rather concentrated around the average. Then there are Japan and the United States, with an average of 2.14 and 2.08, respectively, in line with the general average. Also in this case the coefficients of variation suggest that the scores obtained by the individual companies are rather homogeneous. Despite having a lower score than the European one, the effort of these countries is quite high. Finally there is China with an average of 1.88. As expected, this country has the lowest effort level.

Below is the table on the ANOVA analysis:

ANOVA analysis: Environment Index				
Source of variation	Degrees of freedom	Sum of Squares	Mean of squares	F-Ratio
Regression	3	1,728	0,576	2,890
Residual	48	0,806	0,017	
Total	51	2,534		

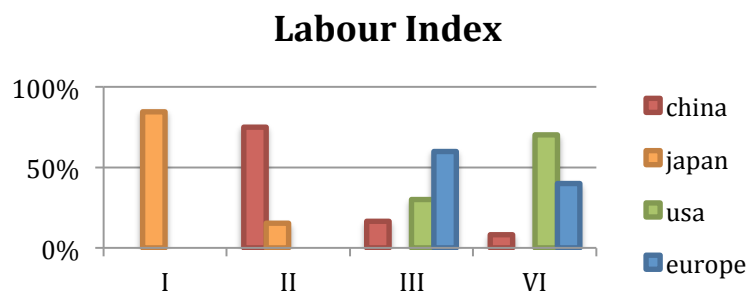
With 3 degrees of freedom in the numerator and 48 in the denominator, the tabulated value of F is 2,79 at the significance level $\alpha = 0.05$ and 4,20 at the level $\alpha = 0.01$. Therefore the null hypothesis is rejected only with a significance level equal to 0,05. The diversity of sample averages and therefore the influence of belonging to a country is considered slightly significant. This shows how culture significantly influences the activities and the approach to this topic of individual companies with a probability of 95%.

Labor index:

Below is the table with the data relating to the labor index:

	General	China	Japan	USA	Europe
Mean	0,52	0,45	0,26	0,75	0,72
Stand. Deviation	0,23	0,11	0,07	0,12	0,15
Coefficient of variation	0,45	0,24	0,28	0,16	0,21

As can be seen from the table, Western countries have a very similar average. The average of the US and European sample is respectively 0.75 and 0.72 on a maximum obtainable score of 1. The index takes into consideration the percentage of women working in the companies of my sample. As expected, these countries stand out and score well above the general average of 0.52. China, on the other hand, has an average of 0.45 and has a coefficient of variation equal to 0.24 suggesting limited variability of results. Japan is the country with the worst performance in terms of effort relating to the labor issue with an average of 0.26. Given the Japanese culture this is not surprising but rather in line with my aspektative. The distribution of the sample relative to this index is rather inhomogeneous overall and extremely homogeneous by country. The following table illustrates this distribution by quartiles.



Looking at the image, the distinction between countries is immediately clear. Also in this case the results can be divided into two distinct groups: Japan and China on one side and Europe and the United States on the other.

Anova Analysis result about Labor Index

ANOVA analysis: Labour Index				
Source of variation	Degrees of freedom	Sum of Squares	Mean of squares	F-Ratio
Regression	3	1,845	0,615	48,174
Residual	41	0,523	0,013	
Total	44	2,368		

With 3 degrees of freedom in the numerator and 48 in the denominator, the tabulated value of F is 2,84 at the significance level $\alpha = 0.05$ and 4,31 at the level $\alpha = 0.01$. Therefore the null hypothesis is rejected with both levels of significance. The diversity of sample averages and therefore the influence of belonging to a country is considered significant. We therefore consider the influence of belonging and the significance of between significant variance for the labor topic. This shows how culture significantly influences the activities and the approach to this topic of individual companies.

Social index:

	General	China	Japan	USA	Europe
Mean	1,71	1,36	1,99	1,60	1,87
Stand. Deviation	0,40	0,10	0,45	0,26	0,37
Coefficient of variation	0,23	0,07	0,23	0,16	0,20

As for the social index, we see that the country with the best performance is Japan with an average of 1.99 compared to the general average of 1.71. Then there is Europe with an average score of 1.87, the United States with an average score of 1.6 and finally China with an average score of 1.36.

Anova analysis: Society Index				
Source of variation	Degrees of freedom	Sum of Squares	Mean of squares	F-Ratio
Regression	3	3,066	1,022	9,545

Residual	48	5,140	0,107	
Total	51	8,206		

With 3 degrees of freedom in the numerator and 48 in the denominator, the tabulated value of F is 2,84 at the significance level $\alpha = 0.05$ and 4,31 at the level $\alpha = 0.01$. Therefore, the null hypothesis is rejected in both cases. The diversity of sample averages and therefore the influence of belonging to a country is considered significant. This shows how culture significantly influences the activities and the approach to this topic of individual companies.

4.2 Second Analysis: Result about Intensity disclosed by countries and regression model results

Now I show the result about the second topics:

Topics 1: *Is there a divergence in the disclosure intensity among the different countries?*

Starting with the first topics I analyze the data related to the GRI table's score extracted from the CSR of the companies of my sample. As mentioned, the data refer to the GRI table which divides the areas of disclosure of the Sustainability Report into four main categories: general information about the company, economic aspect, environmental aspect and social one. For the last category there is a division into further four sub-categories.

Below is a table that show the number of total topics a company could address for each category:

General Disclosure	Economic	Environmental	Social				Total
			Labour	Human Rights	Society	Product Responsibility	
58	9	34	16	12	11	9	149

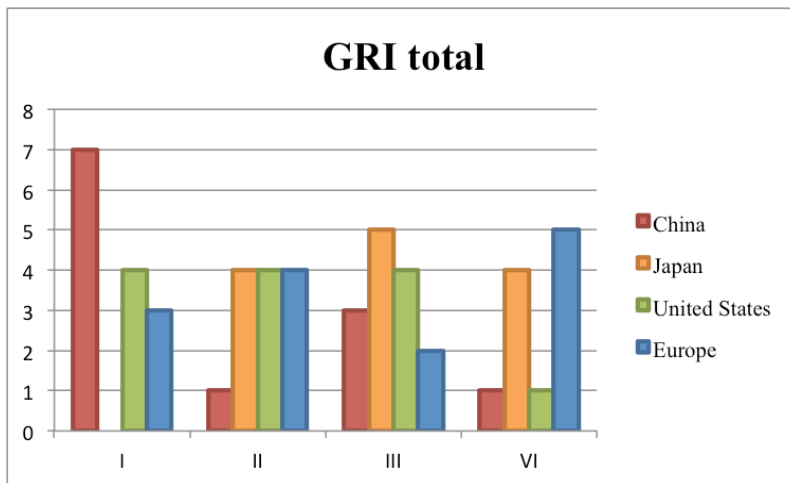
My score is in fact made up of the sum of topics addressed for each category by each company. If we consider all these elements together we get an overall score for each company out of a maximum of 149 items. The minimum value of items reached by the companies in my sample is 42 items, while the maximum is 136 items. Based on these values

it is possible to compute a division of the overall results by quartiles.

I have decided to compute the quartiles division according to the overall sample and then analyzing the division per country to understand the composition of every quartiles. The first quartile groups the companies that disclose between 42 and 69 items, the second between 70 and 85 items, the third between 86 and 103 items and the last one from 104 items up.

Now, we consider the quartiles composition per countries:

	I	II	III	VI	Tot
China	58%	8%	25%	8%	100%
Japan	0%	31%	38%	31%	100%
United States	31%	31%	31%	8%	100%
Europe	21%	29%	14%	36%	100%



The most evident data is that there is not any Japanese company that disclose less than 69 items in its CSR. The Japanese company are homogeneously located in the other three quartiles. The Chinese company, on the other hand, are mostly located

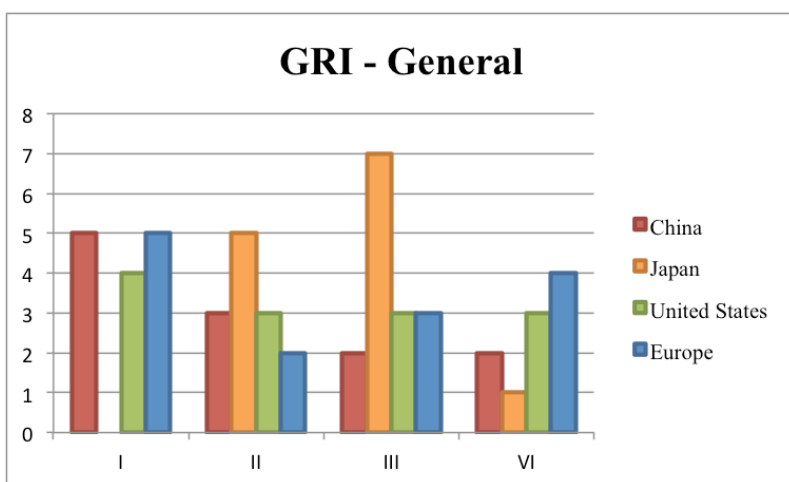
in the first quartile. More than an half of the total Chinese company in my sample disclose less than 69 items. However there is a relevant part – 25% of Chinese companies – that are located in the third quartiles that means they disclose on average 95 items. The American companies are homogeneously located in the first three quartiles and only the 8% of the companies in the sample disclose more than 103 items – as Chinese companies’ result. The most present companies in the last quartile belongs to Europe. 36% of the European companies in my sample disclose more than 103 items. Despite this, we must consider that about 50% of European companies are located in the first two quartiles.

Now if we made the same consideration per each GRI categories the situation continues to change.

We consider the General Disclosure Standard category, that include general information

about the company as for example name, address, country in which it acts, type of business conducted – more general ones – or stakeholder engagement, information about their own supply chain – more specific. For what concerns this category, the division of the overall sample by quartiles does not differ much from the division found for the total score – GRI total.

	I	II	III	VI	Tot
China	42%	25%	17%	17%	100%
Japan	0%	38%	54%	8%	100%
United States	31%	23%	23%	23%	100%
Europe	36%	14%	21%	29%	100%



China in this specific category performs better in comparison with the overall result. About 17% of the companies disclose more than 54 items on a maximum of 58. The majority of Japanese company disclose about 45-53 items. In this case, in fact, there is a

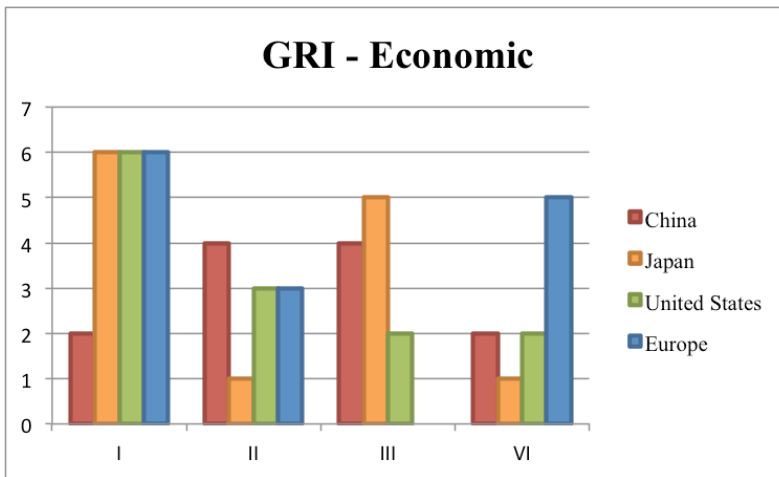
reduction in the percentage of Japanese companies in the last quartiles – about 8%. European and United States companies' distribution appear more or less homogenous among the different quartiles.

Now, moving to the most relevant categories in terms of sustainable approach – economic, environmental and social ones – we can really begin to understand the possible differences in disclosure practice between countries.

For the Economic dimension, the maximum score reachable is 9 points.

GRI - Economic

	I	II	III	VI	Tot
China	17%	33%	33%	17%	100%
Japan	46%	8%	38%	8%	100%
United States	46%	23%	15%	15%	100%
Europe	43%	21%	0%	36%	100%



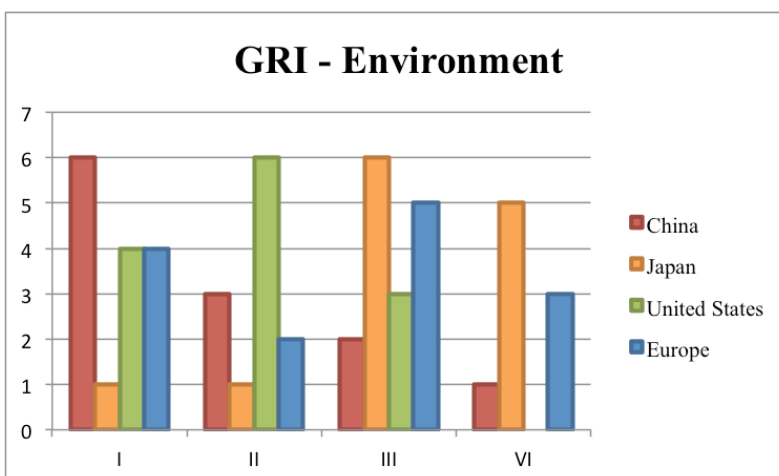
As we can see, actually in this case a perfect division per quartiles is not possible, due to the higher number of companies that disclose 3 items confirming, in this way, my expectation (*Hypothesis 1-6*). For this reason, including the first quartile the score

from 1 to 3, it's the most numerous one. Japan, United States and Europe present about the same result for what concerns the first quartiles. Only 17% of Chinese company disclose less than 4 items. Given this distribution we can sustain that apparently only United States and China present a logical trend. The United States in fact present a decreasing trend, while the results of Chinese companies is concentrated in the central quartiles.

For what concerns the Environmental category, looking at the table and the chart below, it is immediately clear that in terms of disclosure intensity the best performers is Japan, followed by Europe.

GRI - Environment

	I	II	III	VI	Tot
China	50%	25%	17%	8%	100%
Japan	8%	8%	46%	38%	100%
United States	31%	46%	23%	0%	100%
Europe	29%	14%	36%	21%	100%



Europe has an apparently non-linear distribution given the large number of European companies that in this category disclose less than 13 items out of a possible maximum equal to 34 items.

For what concerns China, half of the Chinese companies

disclose less than 13 item, moreover we see a linear trend in Chinese companies distribution. The majority of American companies are located in the first two quartiles. This

division among quartiles confirms my expectation (*Hypothesis 1*). In fact Japanese and European company on average disclose more on this category in comparison with American and Chinese companies that are more concentrated in the first two quartiles.

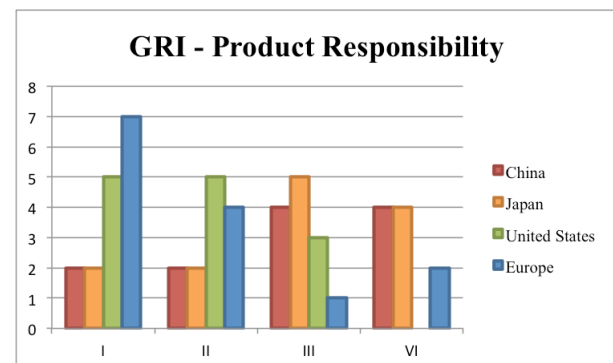
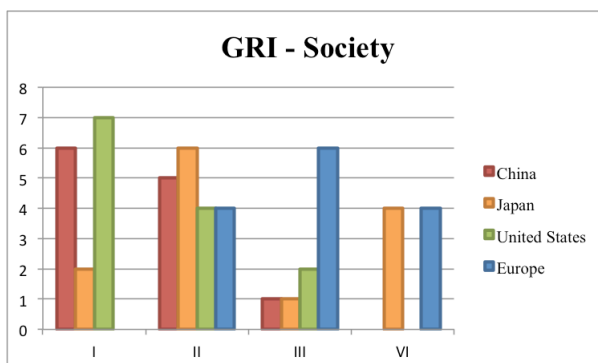
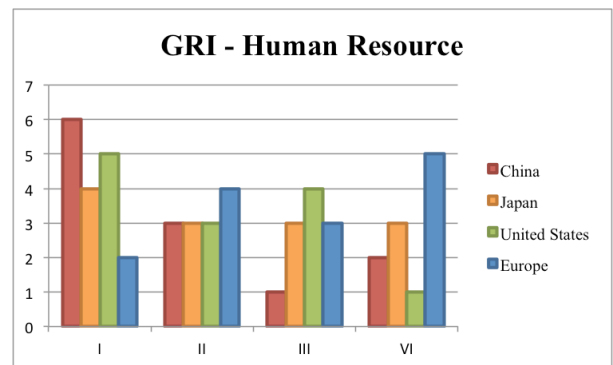
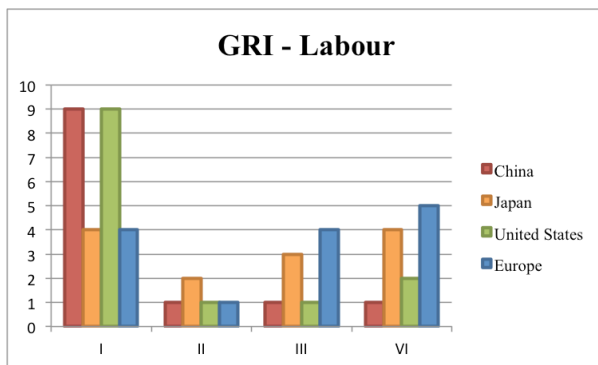
The last categories analysed is the Social one. Shown below a table about the division expressed in percentage per country on the overall result reached in the whole category. Later there are some charts that show the distribution per sub-categories – Labour, Human Resource, Society and Product Responsibility.

GRI - Social

	I	II	III	VI	Tot
China	33%	33%	25%	8%	100%
Japan	15%	31%	8%	46%	100%
United States	54%	8%	31%	8%	100%
Europe	0%	36%	29%	36%	100%

The maximum numbers of item to be disclosed in this category are 48; the higher score is 39 items and the minimum is 5 items. The best performers in this case seem to be European companies, followed by Japanese one. There are no European companies, in fact, that disclose less 15 items, while both China (33%) and United States (54%) present an elevate number of company, especially United States, in the first quartile.

Now a view on sub-categories:



Those charts show as, despite the overall result in the category, the countries' performance seem to be rather variable.

Regarding the Labour sub-category my expectation are partially confirmed (*Hypothesis 2 a-b*). The European companies are the best performer among the other countries and the Japanese companies present an overall average intensity. On the other hand United States and China are more concentrated in the first quartile, presenting a lower performance than my expectation.

All my expectation about Human Right distribution are confirmed (*Hypothesis 3 a-b-c*). The majority of European companies present higher level of disclosure, Japanese and American ones present a homogenous distribution among quartiles and the majority of Chinese companies disclose less than 2 items on a maximum of 12 items.

The *Hypothesis 4* is partially confirmed. In fact United States presents lower level of disclosure than I expect.

For what concerns the *Hypothesis 5* the European result seems to be very different from my expectation. In fact the majority of European companies are located in the first quartiles due to the lack of these topics in its Sustainability reports.

Before discussing the regression result, the last table about the mean, standard deviation and relative standard deviation:

Country	China			Japan			United States			Europe		
	Mean	Standard Deviation	Coefficient of variation	Mean	Standard Deviation	Coefficient of variation	Mean	Standard Deviation	Coefficient of variation	Mean	Standard Deviation	Coefficient of variation
GRI TOTAL	75,83	23,26	0,31	97,92	16,29	0,17	78,69	20,05	0,25	91,07	25,64	0,28
GRI - General Disclosure	39,17	11,48	0,29	48,31	6,21	0,13	43,31	11,63	0,27	44,29	11,53	0,26
GRI - Economic	5,17	2,04	0,39	4,38	1,89	0,43	3,92	2,36	0,60	4,71	2,89	0,61
GRI - Environment	15,17	5,39	0,36	22,62	5,20	0,23	16,54	4,31	0,26	18,14	8,89	0,49
GRI - Social LA	6,42	2,02	0,31	9,00	1,91	0,21	6,54	2,85	0,44	10,14	3,25	0,32
GRI - Social HR	3,00	3,25	1,08	4,08	2,75	0,68	3,08	2,72	0,88	5,29	3,52	0,67
GRI - Social SO	3,25	1,66	0,51	5,77	2,28	0,39	3,69	1,65	0,45	7,00	2,11	0,30
GRI - Social PR	3,67	2,71	0,74	3,77	2,59	0,69	1,62	1,50	0,93	1,50	2,18	1,45

As regards the total score, we see how the most homogeneous results in terms of variance are those of Japan which has a relative standard deviation of 0,17, followed by the United States 0,25. Europe and China have a relatively similar standard deviation – 0,28 and 0,31 respectively. The last two in fact have more variable scores within the sample, which means that the results are more variable for country clusters. As already mentioned, the overall result, which I called GRI-total, must be analyzed bearing in mind that we are talking about a value that encompasses all the categories of disclosure that therefore, as we have seen in quartiles analysis, present significant differences in the single categories and that are offset by the compensation of the individual results in the same categories.

Japan for example, as said, that has a coefficient of variation of 0.17, has a lower coefficient of variation only in certain individual categories: it is lower in the General, Environmental and labor categories, and higher for Human Rights and Product Responsibility. The same thing also happens for the other country clusters - see the table. In general, we can say that except for General and Labor, where more or less all countries have a relative low coefficients of variation, the situation changes from country to country for each category.

4.1.1 Regression model results

R squared analysis consideration

Contrary to my expectations, the analysis of the goodness of fit, carried out through the R squared analysis, did not lead to the results I had hoped for. The R squared obtained are in fact, in all the cases, less than 0,2. This means that the model estimates can in no way be considered a suitable model to predict the level of disclosure. As can be seen from the table showing the statistical results, there are only some variables that are significant for each regression performed, based on the calculated p value. The size and performance variables, as can be seen, never turn out to be significant. I will now make some considerations on the dummy variables of the countries.

GRI – total:

As can be seen from the table below, the significant variables which therefore have an impact on total disclosure seem to be the dummy variables relating to the industry. Particularly the belonging to the energy industry positively influences the intensity in the disclosure (33.2). Belonging to a specific country and cultural impact does not influence and is not significant

on the total score.

Only the United State dummy variable seems to have a slight tendency toward significant. Belonging to US country in comparison with European origin seems to have a slightly negative impact on overall intensity disclosure.

General disclosure:

Also, for what concerns the General Standard disclosure category there is not a significant impact of culture and country membership on intensity disclosure. Again, energy industry membership has a significant impact on intensity disclosure. There is a positive association between energy industry and intensity disclosure (+13,116). Moreover, we see from the results that there is a positive e slightly significant association between electronic industry and disclosure intensity.

Economic disclosure:

As evident from the results there is not a variable that can be considered significant. It suggests that the economic disclosure is not influenced by any of these variables. It confirms my suggestion that the economic dimension and category of disclosure is not considered relevant in terms of corporate social responsibility.

Environmental disclosure:

The variables related to belonging to an industry are quite significant, confirming my hypothesis on industry relevance on environmental aspects. As already mentioned, the environment issue is a relevant and a fundamental topic for each of the industries analyzed by my sample. In fact, for different reasons, globalization and attention to the environment is leading to focus and engage all the industries on this topic with very few exceptions. Contrary to my expectations, the country-related variables do not seem to be significant. As explained in the previous chapter, my expectations were especially centered on China and the United States which present some regulatory gaps on the subject, so I expected that belonging to these countries would negatively affect the intensity of disclosure.

Social - Labour:

For what concerns the disclosure intensity about Labour sub-category, China and United States dummy variable are significantly and negative associated to intensity disclosure. In fact, belonging to United States and China seems to impact respectively -3,34 and -3,65 the disclosure intensity in comparison with European standard - that as we know from

the descriptive analysis disclose on average 10 items on 16 maximum possible items.

Social – Human Rights:

Also for Human Rights the United States and China dummy variable are slightly significant and negatively associated to intensity disclosure. The coefficients measure respectively – 2,35 and – 2,38. It means that on average this two-country face two less aspects in this specific category in comparison with European level. We have to notice that also Electronic and Energy industries variable are significant and positively associated to intensity disclosure in comparison with Airline industry performance.

Social – Society:

For what concerns the Society sub-category we see how all the countries dummy variable are more or less significant and negatively associated to intensity disclosure in comparison with European results. The impact of Japan coefficient is lower than the Chinese and American ones. This result suggests that the Japanese performance overcome the ones of the other two countries. In fact, Japanese companies face on average 1,5 items less than European companies, while Chinese and American ones disclose on average 3,5 items less. This difference becomes even more important considering that the maximum score obtainable by a company in this category is 11 - therefore it corresponds to 32% of the total possible disclosure.

Social – Product Responsibility:

About Social responsibility sub-category, China and Japan dummy variable are the only two significant variables.

Unexpectedly the coefficients are positively associated to intensity disclosure in comparison with European performance. Actually this is due to the lower performance of European companies. In fact, according to the results on average Japan and China disclose 2 items more than European companies on product Responsibility.

	GRI total	General Disclosure	Economic	Environment	Labour Practices	Human Rights	Product Responsibility	Society
(Intercept)	89,308 *	36,251	1,403	13,894	19,409**	6,186	3,177	8,988*
Size	0,088	0,151	0,831	0,374	0,009	0,395	0,616	0,079
	-0,341	0,226	0,125	-0,031	-0,376	-0,121	-0,065	-0,099
	0,879	0,836	0,666	0,965	0,231	0,703	0,816	0,650
Performance	-44,84	-22,582	-2,702	-8,328	-5,175	-1,669	-1,893	-2,491
	0,159	0,144	0,504	0,384	0,238	0,707	0,625	0,419
Electronics	2,801	-2,632	0,601	5,579 **	-0,629	0,399	-0,043	-0,473
	0,766	0,566	0,620	0,055	0,629	0,764	0,971	0,608
Iron&Steel	27,098 ***	11,287 ***	0,586	8,431 ***	0,117	4,226***	1,366	1,086
	0,002	0,008	0,591	0,002	0,921	0,001	0,195	0,194
Chemicals	19,714 **	8,941 **	0,533	7,786 ***	0,154	1,991	-0,484	0,793
	0,034	0,047	0,646	0,007	0,902	0,124	0,664	0,372
Energy	33,361 ***	13,644 ***	2,071 *	9,613 ***	1,974	4,255***	-0,449	2,253***
	0,000	0,002	0,077	0,001	0,116	0,002	0,683	0,013
USA	-13,365 *	-2,241	-0,861	-1,601	-3,252**	-2,312**	0,243	-3,343***
	0,088	0,550	0,387	0,494	0,004	0,0381	0,797	0,000
Japan	1,537	1,602	-0,579	2,928	-1,484	-1,628*	2,189**	-1,491**
	0,838	0,662	0,552	0,205	0,160	0,132	0,023	0,048
China	-13,215	-4,451	0,642	-2,241	-3,528**	-2,326**	2,262**	-3,572***
	0,111	0,265	0,542	0,367	0,003	0,049	0,029	0,000

Regression Results

* p < .10, ** p < .05, *** p < .01

	Economic	Environment	Labour Practices	Human Rights	Product Responsibility	Society	Size	Performance	Electronics	Iron&Steel	Chemicals	Energy	USA	Japan	China
Y	1	1	1	1	1	1									
Size	0,038	0,045	-0,197 *	-0,008	-0,173	-0,068	1								
Performance	0,058	-0,185	-0,225 *	0,034	-0,120	-0,143	0,180	1							
Electronics	0,005	-0,009	-0,076	-0,263 *	0,015	-0,166	0,057	-0,238 *	1						
Iron&Steel	-0,047	0,153	-0,061	0,318 **	0,299 **	0,039	-0,025	-0,043	-0,257 *	1					
Chemicals	-0,083	0,124	-0,007	-0,064	-0,110	0,006	-0,059	-0,122	-0,214 *	-0,257 *	1				
Energy	0,272 **	0,195	0,173	0,288 **	-0,151	0,253 *	0,182	0,375 ***	-0,257 *	-0,308 **	-0,257 *	1			
USA	-0,153	-0,161	-0,319 **	-0,171	-0,231 *	-0,340 **	0,363 ***	0,078 *	-0,153	-0,006	0,083	-0,006	1		
Japan	-0,036	0,379 *	0,166	0,018	0,280 **	0,170	-0,066	-0,357 ***	0,083	-0,006	0,083	-0,006	-0,342 **	1	
China	0,147	-0,209 ***	-0,285 **	-0,120	0,242 *	-0,357 *	-0,255 *	0,349 **	0,007	0,046	-0,118	0,046	-0,307 ***	-0,307 **	1

Correlation analysis

* p < .10, ** p < .05, *** p < .01

4.3 Limits of the Analysis and future research

This research has several limitations that can be overcome in future research.

First of all, the low value of r squared: in future studies, restructuring the model will be the first priority. Using methods such as backward induction or stepwise regression will be necessary to eliminate and therefore replace the variables that are not significant (see table of the regression's results and the one related to the correlation analysis). This in fact could allow us to find variables that make the model predictive. Despite the results, the variables concerning country belongings would seem to give hope for a probable correlation between disclosure and national culture.

Another limit is the limited sample I analyzed. In fact, in a future research it is advisable to further expand the sample in order to make the analysis results more meaningful. To date, in fact, this study presents a sample of 52 companies, a number that is hardly necessary to conduct a study. In addition, a possible extension of the sample could give the possibility of analyzing more cultural contexts than those included in my study, in order to give a more adequate view of the various cultures.

Further improvement could include companies that do not apply and that do not use the guidelines provided by the Global Reporting Initiative. In fact, as illustrated in the first chapter, there are several frameworks that are implemented. Likewise, it would be interesting to include companies that do not use any of these frameworks in the sample. In fact, we must consider that companies that use these tools can be considered best performers among others. Therefore, it would be interesting to see if the results obtained are confirmed even among the companies that are less responsive to the issue of Corporate Social Responsibility.

A future analysis could also include surveys not only coming from the sustainability report but include any form of communication used by companies. In fact, my analysis uses only the sustainability report as a source and analyzes the information from a quantitative point of view, both in the case of the effort and in the case of intensity. Instead, it would be interesting to conduct a content analysis on the content of the disclosure and analyze the differences between countries.

4.4 Comparison between the two different analysis

About the qualitative second analysis, that goes to investigate the intensity of the disclosure of the sample, we have seen how my expectations have been mostly respected. Especially certain topics - those related to the social issue, Product responsibility, Human resource, and Labor rights – seems to be relevant, in terms of differentiation in mean score obtained by different countries. Also, about the first analysis that analyzes the effort in disclosure of the sample, most of my expectations are confirmed. As far as the analysis is concerned, we have seen how for all four categories, although with different degrees of significance, it has been shown that belonging to a country influences the disclosure effect.

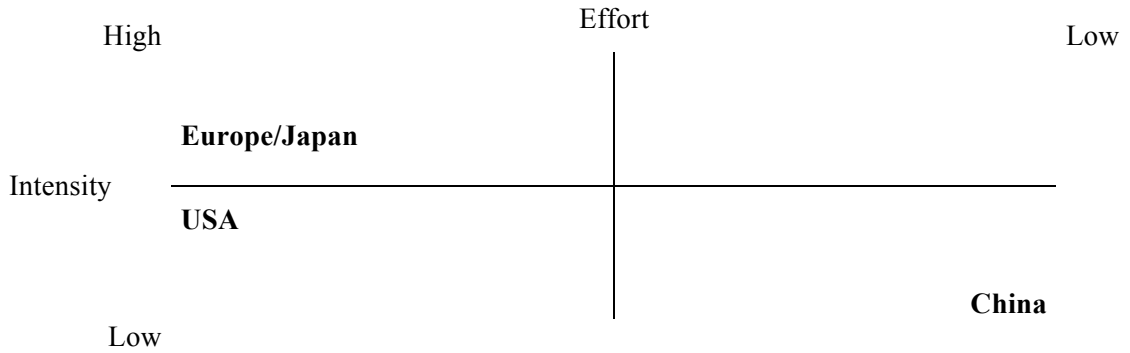
We are now going to correlate the results for the four common topics - Economic, environmental, Labor rights and Social issue, in the two analysis:

- Economic issue

Regarding the economic issue the two analysis' results do not show a similar tendency.

From the first analysis it emerged how, looking at the averages per country, these are extremely inhomogeneous. China in fact present the worst performance in the effort followed by the United States and Europe. Japan stands out from other countries by presenting the best performance. In addition, the results of the analysis also show that the null hypothesis is rejected and that therefore the variance between country is more relevant than the variance within country. On the other hand, from the second analysis no similar scores emerged for each country as according to expectations. This goes to show how the intensity demonstrated by companies, studied through the number of aspects dealt with on this topic in the CSR, does not seem to depend on belonging to a country. This discrepancy between the results of the first and second analysis seems to indicate that there may be a distinction between countries but more in the effort than intensity demonstrated, therefore the difference is in the activities put into practice by the companies to contribute to this issue, rather than in the simple disclosure on the same. In a future study it would therefore be interesting to understand and analyze in greater detail the differentiation by country on the distribution of resources to society.

In this case, the distribution of countries in the matrix I structured is the following:

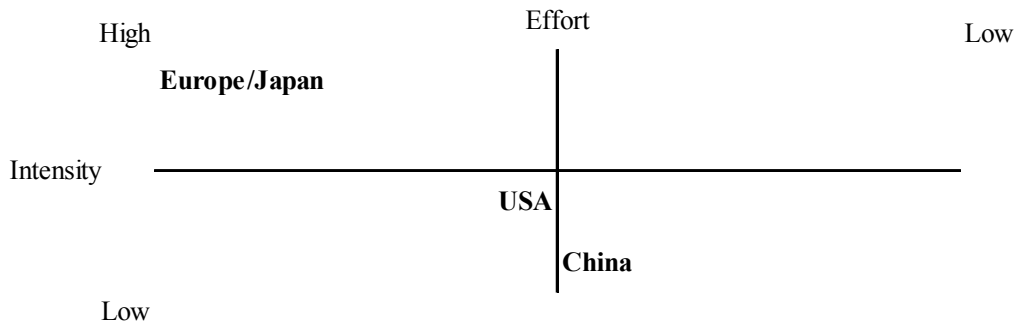


Economic index matrix

- Environmental issue

Also with regard to the environment the results of the two analyzes seem to be not in line with each other. In the first analysis, where I investigated the effort shown different performances were delineated by country. Japan and Europe have classified themselves as best performers in the initiatives implemented in the environmental protection and on the number of information actually declared about the topic. The United States shows an average performance compared to the others followed by the worst performer in China. From the ANOVA analysis it emerged how indeed the variance between groups is slightly significant, proving that belonging to a country influences the level of effort shown by companies. The second analysis instead, showed that there is a concentration by industry rather than by country. This as explained also in my expectations is justified by the environmental regulation and by the social pressure that varies and that is more or less urgent from one industry to another. This then showed that there is not a big differentiation in the intensity shown by the sample I analyzed on this topic. Also, for the environment, therefore, we can say that the differentiation is more about the activities and the way in which companies actually deal with the issue rather than the number of aspects addressed.

In this case, the distribution of countries in the matrix I structured is the following:

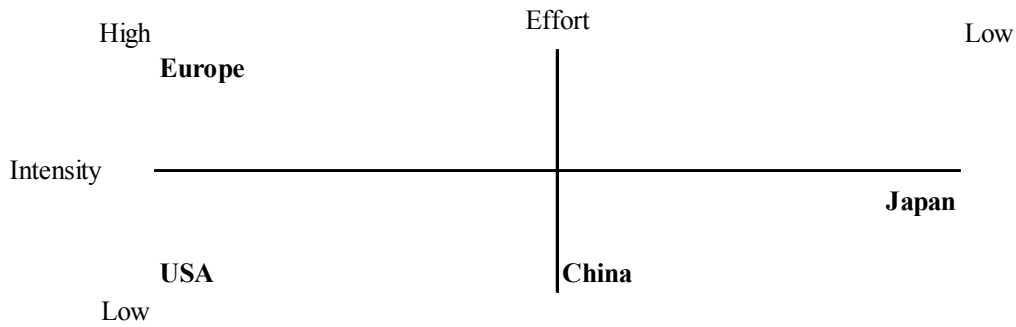


Environmental index matrix

- Labour Rights issue

As for the labor right, the results obtained seem to be in line between the two analyzes. In fact from the first analysis a differentiation emerged by country with regard to the demonstrated effort. From the second analysis it emerged how US and China show a lower performance compared to Europe as far as the intensity shown is concerned. On the other hand, this significance was not detected between Japan and Europe. This means that belonging to one country rather than another influences both the number of aspects addressed and the methods used in dealing with the same issue. However, discordant is the performance of Japan which is, according to the data collected in the first analysis, albeit different, closer to those in Europe - which ranks as the best performer – while in the second presents the lowest average performance. This is certainly due to the structure of the index I used in the first analysis which, as mentioned, analyzes the number of women in the company - a particular issue in Japanese territory that may not be indicative of the performance in general in the labor rights field.

In this case, the distribution of countries in the matrix I structured is the following:

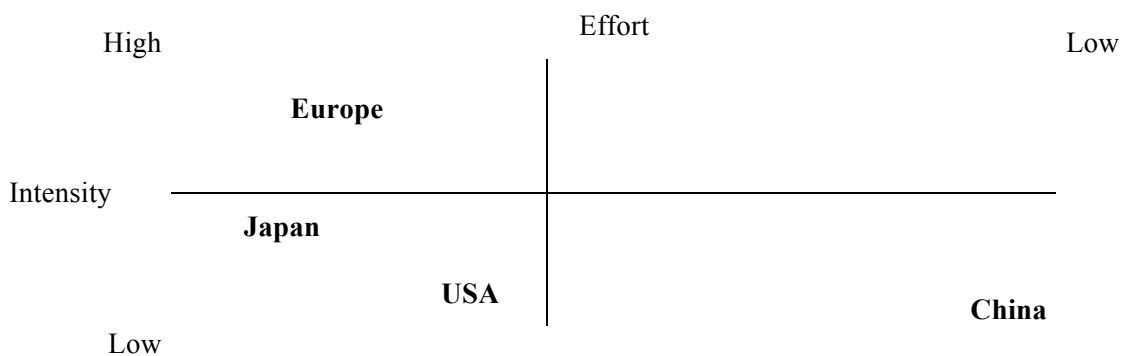


Labour index matrix

- Social issue

Also with regard to the social issue the results emerged from the two analysis seem to be more in line with each other. In fact, from the first analysis about the effort it has been shown that the variance between group is much more relevant than the one within and that, therefore, the effort shown by the companies is influenced by belonging to one country rather than another. Also from the second analysis it emerged that China and the United States differ from Europe and that therefore belonging to these countries influences the level of intensity demonstrated in the disclosure about the social issue. In this case the national culture influences both the number of aspects dealt with on the basis of the GRI table and the disclosure methods used and the activities implemented regarding the topic.

In this case, the distribution of countries in the matrix I structured is the following:



Social index matrix

We can therefore conclude by saying that belonging to one country rather than another potentially influences the corporate social responsibility approach of the various companies.

Conclusion

The intent of this study was to understand if belonging to a country and, consequently its own national culture affected disclosure practices, Intensity and Effort shown by companies.

The first chapter was devoted to studies of the past literature that analyzed the concept of stakeholder management and the importance of these actors in the strategic corporate structure. Linked to this concept, I analyzed sustainability reporting and the growing importance of Corporate Social Responsibility. As we have seen, the definitions of stakeholders and the different approaches to these figures are widespread. Given the growing interest in this field I have analyzed the popular formats that try to define guidelines for companies that approach CSR such as the Global Reporting Initiative Framework, the Global standards and others. In this chapter I briefly illustrated the most relevant studies that have tried to demonstrate the relevance of disclosure in this field to improve the company performance itself.

In the second chapter I analyzed the cultural, legal and economic contexts of the countries involved in my research: Europe, the United States, Japan and China. I gave an overview about their regulatory context governing sustainability practices but also about the purely cultural context that defines the inclinations of the population. We have seen, in fact, how the legislative context and the pressure of public opinion can considerably influence the propensity and the approach to the CSR of a country. From the analysis of competitive contexts, the first distinctions were rather clear, as for example the one between West and East for certain aspects or even another that see Europe and Japan on one side and the United States and China on the other. In this analysis I used the analysis conducted by Hofstede on national culture, also taking advantage of the scores assigned by him to the individual countries. Through this analysis and based on previous studies similar to mine I have outlined my expectations about the results obtained from the research.

I dedicated the third chapter to defining my expectations, presenting the sample and presenting the study. My sample consists of companies operating in four different countries and belonging to five different industries. I have structured my research into two distinct analyzes: one that investigates the intensity of the disclosure of the companies making up my sample and another that would investigate the effort shown. This choice is due to the

desire to investigate the diversity in disclosure from one country to another both in terms of the number of information declared and in terms of the type of activities performed.

The last chapter was dedicated to the presentation of the results of the two analyzes and the comparison of their results.

From the analysis on the disclosure effort that focused more on the communication methods used by companies, it emerged that:

- The ANOVA analysis has shown that with regard to the economic and environment indexes they are slightly significant, and this shows how, unlike the intensity, the effort shown by the companies in these topics is influenced by belonging to a specific country.
- The indexes relating to the Labor practices and Society are also significant. In this case, the analyzes have shown that belonging to a country influences both the effort and the intensity.

From the analysis of the intensity in the disclose, which aimed to evaluate the quantity of information declared, it emerged that:

- Belonging to one country rather than another seems to condition disclosure in the Human Right and Society categories. These categories are in fact strongly conditioned by the laws in force in these fields and by the strong media pressure. This influence was significant for all countries.
- The influence of belonging to a country was slightly significant about the Labor practices and Product Responsibility categories. For Labor Practice a differentiation emerged with respect to the Europe of the United States and China. For Product Responsibility the countries for which the coefficient was significant are Japan and China. These highlight confirms that belonging to one country rather than another creates differences in disclosure practices.
- The Economic and Environment categories are not influenced by national culture. However, as regards the Environment, it emerged that belonging to an industry influences the intensity of disclosure.

We have to consider that the model estimated can not be considered valid due to the bad result obtained in the goodness of fit conducted. In future research the model must be corrected.

However, the results of the other analysis seem to show that belonging to a country actually affects the disclosure method in the Sustainability Report. Without any doubt, this research is only the beginning and therefore can be considered a starting point for future better structured research to fully understand the influence and importance that national culture can have on these issues.

References

- Becker-Olsen K.L., Taylor C.R., Hill R.P., et al., *A cross-cultural examination of corporate social responsibility marketing communications in Mexico and the United States: Strategies for global brands*, Journal of International Marketing, 19, 2011.
- Berthoin Antal A., Oppen M., Sobczak A., *(Re) discovering the social responsibility of business in Germany*, Journal of Business Ethics, 89, 2009.
- Brammer S., Jackson G., Matten D., *Corporate social responsibility and institutional theory: New perspectives on private governance*, Socio-Economic Review, 10, 3-28, 2012
- Bonnafeous-Boucher M., Rendtorff J. D., *Stakeholder Theory, A Model for Strategic Management*, Springer, 2016
- Burton B.K., Farh J., Hegarty W.H. *A cross-cultural comparison of corporate social responsibility orientation: Hong Kong vs. United States students*, Teaching Business Ethics, 4, 151-167, 2000.
- Carroll A. B., *A Three-Dimensional Conceptual Model of Corporate Performance*, Academy of Management Review, vol.4, N. 4, 1979
- Carroll A. B., *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, Business Horizons, July-August, 1991
- Carroll A.B., Shabana K.M., *The business case for corporate social responsibility: A review of concepts, research and practice*, International journal of management reviews, 12, 85-105, 2010
- Donaldson T., Preston L. E., *The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications*, Academy of Management Review, vol. 20, n. 1, 1995
- Freeman R. E., *Strategic Management, A Stakeholder Approach*, Pitman, Boston, 1984

- Freeman R. E., Velamuri S. R., Moriarty B., *Company Stakeholder Responsibility: A New Approach to CSR*, Business Roundtable Institute for Corporate Ethics, 2006
- Galbreath J., *Corporate social responsibility strategy: strategic options, global considerations*, Corporate Governance, 6, 175-187, 2006
- Garriga E., Melé D., *Corporate social responsibility theories: Mapping the territory*, Journal of Business Ethics, 53, 2004
- Hofstede G., *Geert hofstede. National cultural dimensions*, 2010
- Hofstede G., *National cultures in four dimensions: A research-based theory of cultural differences among nations*. International Studies of Management & Organization, 13, 46-74, 1983
- Lee K., Herold D.M., *Cultural relevance in corporate sustainability management: a comparison between Korea and Japan*, Asian Journal of Sustainability and Social Responsibility, 2016
- Mitchell R.K., Angle B.R., Wood D.J., *Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts*, Academy of Management Review, Vol.22, n.4, 1997
- Peng Y., Dashdeleg A., Chih H.L., *Does National Culture Influence Firm's CSR Engagement: a Cross Country Study*, International Proceedings of Economics Development and Research, 58, 40, 2012
- Pitta D. A., Fung H., Isberg S., *Ethical issues across cultures: managing the differing perspectives of China and the USA*, Journal of Consumer Marketing, Vol. 16 Issue: 3, 1999
- Porter M.E., Kramer M.R., *Profiting the planet*, Fortune, 64-65, 2015
- Porter M.E., Kramer M.R., *The link between competitive advantage and corporate social responsibility*, Harvard Business Review, 2007
- Porter M.E., Kramer M.R., *The big idea: Creating shared value*, Harvard Business Review, 89, 2, 2011

Su C., Mitchell R. K., Sirgy M. J., *Enabling Guanxi Management in China: A Hierarchical Stakeholder Model of Effective Guanxi*, Journal of Business Ethics, vol. 71, 2007

Vitell S.J. e Paolillo J.G., *A cross-cultural study of the antecedents of the perceived role of ethics and social responsibility*, Business Ethics: A European Review, 13, 185-199, 2004

Yu Y., Choi Y., *Stakeholder pressure and CSR adoption: The mediating role of organizational culture for Chinese companies*, The Social Science Journal, vol 53, 2016

Wartick S.L., Cochran P.L., *The Evolution of the Corporate Social Performance Model*, Academy of Management Review, Vol. 10, n. 4, 1985

Wood D.J., *Corporate Social Performance Revisited*, Academy of Management Review, Vol. 16, 1991

Sitography

<https://www.unglobalcompact.org/>

<https://www.globalreporting.org/Pages/default.aspx>

<https://geert-hofstede.com/national-culture.html>

<https://geerthofstede.com/countries.html>

<http://database.globalreporting.org/>