

Radboud University



**The influence of national culture on corporate social
responsibility reporting**

Master thesis

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Abstract

This thesis looks at the relationship between national culture and CSR reporting and the relationship between national culture and companies signing the UN Global Compact. The hypotheses that are developed are based on the five cultural dimensions of Hofstede. Per cultural dimensions is looked at the relationship with CSR reporting and the relationship with companies signing the UN Global Compact. This makes ten hypotheses in total. The data used for this thesis is from the Refinitiv Eikon database and the Hofstede cultural dimension indexes. To evaluate the hypotheses, a binary logistic regression is conducted. The dimension power distance has a negative relationship with CSR reporting, while the dimensions individualism and uncertainty avoidance have a positive relation with CSR reporting. The relationship between masculinity and CSR reporting turned out to be nonsignificant. The relationship between national culture and companies signing the UN Global Compact turned out to be nonsignificant and could not be proven with this thesis.

Keywords: Hofstede dimensions, CSR reporting, UN Global Compact, quantitative research

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Chapter 1: Introduction

1.1 introduction

CSR has gained increased awareness and the business environment has become more international where multinational corporations (MNCs) are encountering many different national cultures (Nilsson & Tsai, 2016). A company cannot deny the importance of CSR practices and most companies have different strategies in action regarding CSR. All of the world's top multinationals engage in CSR in some form and there is almost no country in which companies have not taken up the challenge of CSR in some way. CSR is one of the key challenges for today's business leaders globally (Matten, 2006). CSR exists because the market and the people demand for it (Scalet & Kelly, 2009). Aguinis (2011: 855) defines CSR as follow: "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance."

Nowadays, almost 16,000 companies from 165 countries participate in the UN global compact. The UN Global Compact is a framework which is adopted by the UN in 2005. Their mission is to call to companies to align strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and take actions that advance societal goals (United Nations Global Compact, n.d. a). Joining the UN Global Compact is a statement about the values of the company, and it can benefit both society and the company's long-term success. When a company joins the UN Global Compact, they must oblige to their reporting framework.

A company joining the UN Global Compact would like to share this statement, including their CSR activities. This could be done via the CSR-report or the annual report with a CSR section. CSR reporting is a key tool for communication with stakeholders about a company's CSR activities. It is the way in which the company express to the stakeholders and the public, which CSR-activities they are engaged in and have performed (Golob & Bartlett, 2007). Besides communicating the company's statement about CSR with CSR-reporting, it also improves the legitimacy of the company. CSR reporting gives insight in how to measure the impacts of corporate activities, to identify best practices and to promote continuous improvement in firm's performances (Chaarlas, 2012). It is common understanding that the evolution of CSR reporting has been driven by external pressures. With hundreds of corporations now producing reports on their CSR practices, there are staggering variations as to what is reported in what form and for whom (Chaarlas, 2012).

Comparing CSR reporting of companies from different countries also involves the country-of-origin effect. Many studies on CSR and environmental and sustainability reporting find remarkably strong ‘country-of-origin effects,’ which reflects how the debate on corporate accountability has had divergent effects in different countries, in line with the specific domestic constellation of legislative and societal standards (Adams, Hill & Roberts, 1998; Kolk, 2005, 2010; Lee and Hutchison, 2005). Each country of origin has its own culture and cultural heritage. Nikolaeva & Bicho (2010) researched the role of the firm’s institutional environment and identified communicators as drivers of the adoption of the Global Reporting Initiative principles as a reputational management tool. They found that reports are dependent on a country’s institutional setting. The national institutional setting depends on the national culture (Scott, 1985). This makes me assume that culture has an influence on CSR reporting.

Hofstede (1980, P21) describes culture as: “the collective programming of the mind that distinguishes the members of one group or category of people from others”. Hofstede, Hofstede & Minkov (2010) performed a study that revealed how different nationalities act, behave, and perform due to their different cultural background. The result of their study is presented in their book. The cultural dimensions of Hofstede, which will be used during this thesis, are also explained in the book from Hofstede, Hofstede & Minkov (2010).

1.2 Academic and practical relevance

UN Global Compact is an internationally agreed on guideline for CSR reporting. The attention from the UN shows the improving need for CSR and guidelines for CSR reporting. For companies it is a way of communicating with their stakeholders. Most of the literature has focused on the connection between CSR and financial performance (Margolis & Walsh, 2003). The literature on the influence of the culture from the country of origin on CSR reporting is however less developed. Different country comparison studies have been done, like the study of Fifka and Drabble (2012) which focused on sustainability reporting in the United Kingdom and Finland, or the study performed by Golobb and Barrett (2007) about reporting differences between Australia and Slovenia. This research will add another cross-country comparison to the existing literature. However, this time multiple countries will be compared to look at the overall influence of culture. Earlier research has concluded that the country of a company can condition the level, components, and motives of its social behavior (Sotorrío & Sánchez, 2008). After this research, it will be clear if what Sotorrío & Sánchez concluded is also applicable on CSR reporting.

1.3 Purpose of this study

With this research, I use the data of five countries, namely Great Britain, the Netherlands, France, Germany, and Switzerland. The study of Vollero, Yin and Siano (2022) highlights the relevance of understanding different institutional and cultural contexts of CSR communication as decisive for research and practice of public relations at a global level. They looked at leading firms in Asia, Europe, and North America. This study shows again that there are differences in CSR because of cultural differences between countries, but it did not look at the influence of culture on CSR reporting. That is why I am conducting this research. Earlier research has stated that cultural differences influence CSR, but does it also influence CSR reporting. The goal of the research is to investigate how national culture influences CSR reporting of companies within the West-European region. Another point to consider is if culture also is of influence on companies, when deciding to sign the UN Global Compact or not. This objective leads to the following research question: “What effect does national culture have on CSR reporting and companies signing the UN Global Compact?”

To answer the research question, a cross country comparison will be conducted. The Thomas Reuters Eikon database will be used. The cultural dimensions of Hofstede will be used as independent variables. These dimensions have indexes that are also visible in a database. Two binary logistic regressions will be conducted to look at the two different dependent variables. The first dependent variable is CSR Reporting, and the second dependent variable is UN Global Compact.

1.4 Outline of thesis

Following this chapter, extensive research is conducted on CSR, CSR reporting and the concept culture through a literature review. Based on existing literature, a conceptual framework with hypotheses is formulated. Chapter three elaborates on the research methodology, which include the research design, data collection, the data analysis procedure, and the limitations of the research project. Chapter four will show the results of the study. Lastly, the closing chapter will include the conclusion, and a discussion.

Chapter 2: Theoretical framework

This chapter starts with discussing the existing literature on the important concepts of CSR, CSR reporting, The cultural dimensions of Hofstede will be explained as well in this chapter. After this, the theoretical framework and the hypotheses will be formulated.

2.1 Defining CSR

CSR does not have a clear and unbiased definition within the literature. Despite numerous efforts to form a unanimous definition, there is still some confusion (Dahlsrud, 2008).

McWilliams and Siegel (2001) define CSR as actions that appear to further some social good, beyond the interests of the firm and that which is required by law. So, according to them CSR means going beyond obeying the law. In this definition, the emphasis is on doing more as a company than just obeying the law. Jones (1980, p.60) produced the following definition: “CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership.” Jones also emphasizes going further than being prescribed by law or union contract. Marsden (2001) integrates a profitable business in his definition. His definition is namely, “CSR is about the core behavior of companies and the responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social, and economic effects it has on society.” Carroll (1979, p. 500) has the definition that is most cited in the literature. He defines CSR as the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time. Whetten, Rands and Godfrey (2001, p. 374) define CSR in a narrower definition, they describe CSR as societal expectations of corporate behavior: a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of business.

Some definitions are more extended than other definitions, but mostly they are saying the same. It is important that CSR is not required by law, so it is something a company does voluntarily. Another important aspect is that it consists of different dimensions. So, it is not only about the environment, but it contains also social aspects. The definition that I will use during this research is based on the definitions mentioned above and is as follow: “CSR are actions that appear beyond obeying the law and it is the social responsibility of a company to

take into account the environmental, social and economic effects it has on society while doing business.”

2.2 CSR reporting

Golob and Bartlett (2007) combined the definitions of Carroll and Whetten et al. to come to an understanding of CSR reporting. Carroll's (1979) definition very clearly determines the scope of the responsibilities and thus frames the themes of a CSR report, whereas the definition of Whetten et al. (2001) accentuates the societal or stakeholder expectations which are the rationale for assessing the interactions of different publics and engaging in the reporting practice. Golob and Bartlett (2007) eventually describe CSR reporting as a way for companies to provide information for different stakeholders regarding social and environmental issues. Tenuta (2010) described a sustainability report as a report that provides the medium through which companies can communicate their activities to shareholders, stakeholders, and society in general. Through the CSR-report they express the values of the company. The report is a way for the company to show the stakeholders and the interested public in what aspects of social commitment and engagement on which the company focuses (Berthelot, S., Cormier, D., & Magnan, 2003).

As discussed in the introduction, the UN Global compact produced a framework for CSR reporting. Because of the importance of this organization in relationship with CSR reporting, and the interest in the UN Global Compact for further research, the UN will be briefly discussed in the following paragraph.

2.2.1. The United Nations Global Compact

The UN Global Compact governance framework was adopted by the UN Secretary-General in 2005. Their mission is: “to mobilize a global movement of sustainable companies and stakeholders to create the world we want.” They provide a principle-based framework, best practices, resources, and networking events that have revolutionized how companies do business responsibly and keep commitments to society (United Nations Global Compact, n.d. a).

A company thinking about CSR should at the minimum meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption. The UN Global Compact formulated ten principles that companies should incorporate into strategies, policies, and procedures. The ten principles are based on the four fundamental

responsibilities. An elaborative overview of the principles is placed in appendix 1. The first two principles are based on human rights and are saying that companies should support and respect human rights and make sure that they are not complicit in human rights abuses. Principle three until 6 are based on labor. The basics of those principles are that companies eliminate all forms of forced labor, child labor and discrimination in respect to employment and occupation. Principles 7,8 and 9 are based on environment. Companies should support precautionary regarding the environment. They should promote greater environmental responsibility and encourage development of environmentally friendly technology. The last principle is based on anti-corruption, and it states that companies should work against corruption in all its forms. The ten principles of the UN Global Compact are derived from various sources, like the Universal declaration of human rights and the international labor organization's declaration on fundamental principles and rights at work (United Nations Global Compact, n.d. b).

2.3 Culture

Culture is a difficult concept to describe. More than 150 definitions of culture have been identified by Kroeber and Kluckhohn (1952). In the literature, the dimensions of Hofstede are mostly used to describe culture. Hofstede analyzed a large database of employee value scores collected by IBM covering more than 70 countries, from which he used the first 50 countries (Ringov and Zollo (2007). Hofstede (1980) describes culture as: "the collective programming of the mind that distinguishes the members of one group or category of people from others". He produced six dimensions which will be elaborated on more in the next paragraphs (Hofstede, 1980).

2.3.1. Hofstede's cultural dimensions

Hofstede's research with IBM ended up being a globally accepted study of cultural differences and in explaining business behaviors. After his first study, he came up with four dimensions, namely power distance, individualism vs. collectivism, masculinity vs. femininity and uncertainty avoidance. Later, the dimensions long-term vs. short-term orientation and indulgence vs. restraint were added to his work. The definition that Hofstede et al. (2010, p.282) proposed for the dimension indulgence vs. restraint is as follows: "Indulgence stands for a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun. Its opposite pole, restraint, reflects a conviction that such gratification needs to be curbed and regulated by strict social norms." Most research, like that

of Ringov and Zollo (2007) do not use the dimensions long term vs. short term and indulgence vs. restraint. This is mostly because Hofstede (2011) has mentioned that the data for long term and indulgence is of limited availability since it does not have the same numerous country cultural scores at the initial four dimensions. However, the dimension long term orientation, as explained later, is assumed to influence CSR reporting. Indulgence is of less importance, because it mostly measures the effect of human desires related to enjoying life. So, the dimension of indulgence is not relevant for this study and will not be used.

Managers and leaders, as well as the people they work with, are part of national societies. This also include the people making the CSR report. If we want to understand their behavior, we have to understand the culture of the societies (Hofstede et al. 2010). The dimensions developed by Hofstede et al. (2010) will be explained in the upcoming paragraphs. In this thesis, it is assumed that the national culture of the country has influence on the CSR reporting of the companies in that country. That is why the cultural dimensions of Hofstede will be used to establish hypothesis. Information about the dimensions is mostly gathered from the book *Culture and Organizations*, which was republished in 2010 and is written by Hofstede, Hofstede, and Minkov.

2.3.1.1 Power distance

Power distance is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. Institutions are the basic elements of society, such as the family, the school, and the community; organizations are the places where people work. In a small-power-distance countries there is limited dependence of subordinates on bosses, and there is a preference for consultation (that is, interdependence among boss and subordinate). The emotional distance between them is relatively small: subordinates will rather easily approach and contradict their bosses. In large-power-distance countries, there is considerable dependence of subordinates on bosses. Subordinates respond by either preferring such dependence or rejecting it entirely. In these cases, the emotional distance between subordinates and their bosses is large: subordinates are unlikely to approach and contradict their bosses directly (Hofstede et al. 2010).

Ringov and Zollo (2007) found a negative relationship between power distance and CSR. Peng, Dashdeleg and Chih (2012) looked at the relationship between power distance

and CSR engagement. This was also a negative relationship at significance level $P < .001$. Ho, Wang, and Vitell (2011) performed similar research, but their predicted negative direction of power distance was not supported, it was significant at $p < .05$ in the opposite direction. So, prior research on the influence of national culture on CSR shows mix results. Research that has been done on the influence of national culture on CSR disclosure analyzed with the GDP per capita shows that power distance has a negative influence on CSR disclosure (Gallén & Peraita, 2017). Vachon (2010) considers that companies in countries with less power distance will be less concerned about relations with shareholders and will feel more responsible for the welfare of the community at large and for publicizing their environmental practices.

Earlier research on the influence of national culture on CSR, CSR engagement and CSR disclosure show a negative relationship regarding the dimension power distance. I assume that power distance also has a negative relationship on CSR reporting. Based on this, the first hypothesis is as follows:

H1a: The level of power distance in a country is negatively related to CSR reporting

The influence of power distance on signing the UN global Compact has not yet been researched. However, there is earlier research related to the influence of power distance on following standards or guidelines. Chan, Lin and Mo (2003) suppose that in societies characterized by strong power distance, interpersonal confidence would be weaker and the need for organizational control mechanism would be more significant. Chaieb (2021) researched the effect of the Hofstede dimensions on the degree of conformity with IFRS Standards. He proposed that there is a positive relation between power distance and the degree of conformity with IFRS Standards. Following earlier research, thesis H1b will be as follow:

H1b: There is a positive relation between power distance and a company signing the UN Global Compact

2.3.1.2. Individualism vs. collectivism

Extreme collectivism and extreme individualism can be considered the opposite poles of the second dimension. Hofstede et al. (2010, p.92) define this dimension as follows:

“Individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after him or herself and his or her immediate family. Collectivism as its

opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty." The degrees of individualism obviously vary within countries as well as among them. The individualistic society was strongly associated with work goals like personal time, freedom, and challenge. While the collectivist was more associated with work goals like training, physical conditions, and use of skills (Hofstede et al. 2010).

Research on CSR predicts a negative association between CSR disclosure and individualism because it is expected that collectivist cultures will be more sensitive to the impact of business on society and to the stakeholder's interest (Ho, et al., 2012). There are also studies that predict a positive correlation between CSR disclosure and individualism because it is expected that collectivist cultures will favor some groups and disadvantage others, giving rise to corruption and ethical insensitivity (Disli, Ng & Askari, 2016; Vachon, 2010). Ringov and Zollo (2007) did not find a significant effect, so according to their research individualism does not have an impact on sustainability.

The research of Gallén and Peraita (2017) found a negative significant effect on the influence of individualism in a country on CSR disclosure, however it does not have a significant effect on GRI in the sample with all countries. Their research, together with earlier research from Ho et al. (2012) makes it assumable that individualism in a country has a negative effect on CSR reporting. This leads to the following hypothesis:

H2a: The level of individualism in a country is negatively related to CSR reporting

The relationship between individualism and signing the UN Global Compact is also considered during this research. Gray (1988) found that the judgement of professionals and professional organizations is more meaningful in cultural contexts where individualism is high. Chaieb (2021) also found that individualism has a positive and statistically significant effect on the degree of compliance with IFRS. Therefore, hypothesis H2b is as follow:

H2b: There is a positive relation between individualism and a company signing the UN Global Compact

2.3.1.3. Masculinity vs. femininity

During the research, the work goals in this dimension were the only one on which the men and the women among the IBM employees scored consistently differently. Work goals associated with the masculine pole were earnings, recognition, advancement, and challenge. And the work goals associated with the opposite, feminine pole were manager, cooperation, living area and employment security. This dimension is not only social, but also emotional. Social roles can be imposed by external factors, but what people feel while playing them comes from the inside. The definition of the third dimension is: A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life. A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life (Hofstede et al., 2010).

Williams (1999) found that firms that were operating in countries with a higher degree of masculinity provided lower levels of environmental and social information. Earlier research also shows that the country with the highest degree of masculinity have lower levels of social and environmental performance (Disli et al., 2016; Peng et al., 2014; Ringov & Zollo, 2007). Gallego-Àlvarez and Ortas (2017) found a negative association between masculinity and sustainability disclosure.

All the earlier research mentioned above show a negative relation between masculinity and CSR. This leads to the following hypothesis:

H3a: The level of masculinity in a country is negatively related to CSR reporting

The relationship between masculinity and signing or following guidelines is also researched by Chaieb (2021) in the context of compliance with IFRS standards. He hypothesized that there would be a positive relationship between masculinity and compliance with IFRS.

Following his research, the next hypothesis is:

H3b: There is a positive relation between masculinity and a company signing the UN Global Compact

2.3.1.4. Uncertainty avoidance

The essence of uncertainty is that it is a subjective experience, a feeling. Feelings of uncertainty may also be partly shared with other members of one's society. As with the values discussed in the past three chapters, feelings of uncertainty are acquired and learned. Those feelings and the ways of coping with them belong to the cultural heritage of societies.

Uncertainty avoidance can be defined as the extent to which the members of a culture feel threatened by ambiguous or unknown situations. This feeling is, among other manifestations, expressed through nervous stress and in a need for predictability: a need for written and unwritten rules (Hofstede et al., 2010).

Research about the influence of uncertainty avoidance on CSR is a bit contradictory. Williams (1999) found that uncertainty avoidance had a negative influence on CSR disclosure, but his research only focused on companies in the Asia-Pacific region. He argued that management might be more inclined to limiting the voluntary information in situations where uncertainty is high since the cost may exceed the benefit. However, Disli et al. (2016) argues that the cultures that avoid uncertainty tend to maintain or even improve environmental quality. The studies of Ho et al. (2012) and Peng et al. (2014) also show evidence of a positive impact of uncertainty avoidance on CSR and CSR disclosure.

Most of the research that has been done on the influence of uncertainty avoidance on CSR and CSR disclosure show a positive effect. This makes me believe that uncertainty avoidance also has a positive effect on CSR reporting. For this reason, the next hypothesis is:

H4a: The level of uncertainty avoidance in a country is positively related to CSR reporting

As well as for the earlier dimensions, the relationship between the level of uncertainty avoidance and signing the UN Global Compact is interesting for this research. Gray (1988) shows that in societies with low uncertainty avoidance, people have confidence in themselves and tolerate the judgment and practices of professionals, which entails that there is no need for detailed rules set by the state. Chaieb (2021) noted that countries with a high level of uncertainty avoidance do not prefer consistency and will thus be less likely to be compliant with IFRS. This leads to the following hypothesis:

H4b: There is a negative relation between uncertainty avoidance and a company signing the UN Global Compact

2.3.1.5 Long-term vs. short-term orientation

This dimension is added later than the first four dimensions. In the IBM research, the relevant questions had not been asked, so this dimension had not yet been found. Hofstede considered this dimension as an essential addition for a global instrument. The definition of the fifth dimension is as follow: long-term orientation stands for the fostering of virtues oriented toward future rewards— in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present— in particular, respect for tradition, preservation of “face,” and fulfilling social obligations (Hofstede et al., 2010).

Long-term-oriented cultures give more weigh to the future effects of their decisions and prefer to make sacrifices now for future benefits (Disli et al., 2016). Their research shows a positive relationship between long-term orientation and CSR. A study from Garcia-Sanchez, Cuadrado-Ballesteros and Frias-Aceituno (2016) confirmed the results from Disli et al. They also found a positive relationship between long-term orientation and CSR.

Long-term orientation is also relevant for CSR-reporting, because most reports consist of a section in which long term goals are explained. This together with earlier research gives the following hypothesis:

H5a: The level of long-term orientation in a country is positively related to CSR reporting

With the last dimension, I am also interested in the relationship between long-term orientation and signing the UN Global compact. However, this had not yet been researched. Hofstede and Minkov (2010) found that with short-term-oriented cultures, the focus is on this years or this quarter’s profits. With long-term orientation the focus is on market position. The UN Global Compact is something that managers sign over a longer period. That leads to the last hypothesis.

H5b: There is a positive relation between long-term orientation and a company signing the UN Global Compact

2.3.1.6 Scores of the different countries on Hofstede's dimensions

The countries that are included in this research are France, Netherlands, Germany, Switzerland, and the United Kingdom. These countries are placed in Western-Europe. Their cultural dimension scores are, apart from some outliers, comparable. These countries were also represented well in the Eikon database. Table 1 show the scores of the countries on the dimensions of Hofstede (Hofstede Insights, 2022a). These scores will be used later in the research.

	Power Distance	Individualism	Masculinity	Uncertainty avoidance	Long-term
France	68	71	43	86	63
Netherlands	38	80	14	53	67
Germany	35	67	66	65	83
Switzerland	34	68	70	58	74
United Kingdom	35	89	66	35	51

Table 1: Hofstede dimensions scores for Western Europe (Hofstede Insights, 2022a)

2.3.2 Critiques on Hofstede's studies

Hofstede and his cultural dimensions are challenged by researchers. They challenged his findings by criticizing both the assumptions based on which his claims are made and the research methods he used in those studies (Ning, 2006). It is important to point out some critique because of the use of Hofstede's cultural dimensions during this research

All respondents of Hofstede's sample were from one organization, namely IBM. According to McSweeney (2002), the narrowness of the sample is believed not nationally representative and not appropriate for cross-culture comparison.

McSweeney (2002) also pointed out that all five cultural dimensions are defined by Hofstede as bi-polar dimensions, which means that each dimension is composed of contrasting positions. Triandis and Gelfand (1998) suggested that individuals might reflect different individualism or collectivism in different situations or contexts, and one individual might carry both individualist and collectivist attitudes depends on different situations and emphases.

2.4 Conceptual model

Two conceptual models are developed based on the hypotheses. They are visible in figure 1 and 2. On the left are the independent variables shown and, on the right, the dependent variable CSR reporting, and UN Global Compact. The arrows show the relationship between the independence variables to the dependent variable. And the plus or minus sign shows if the relationship is negative or positive.

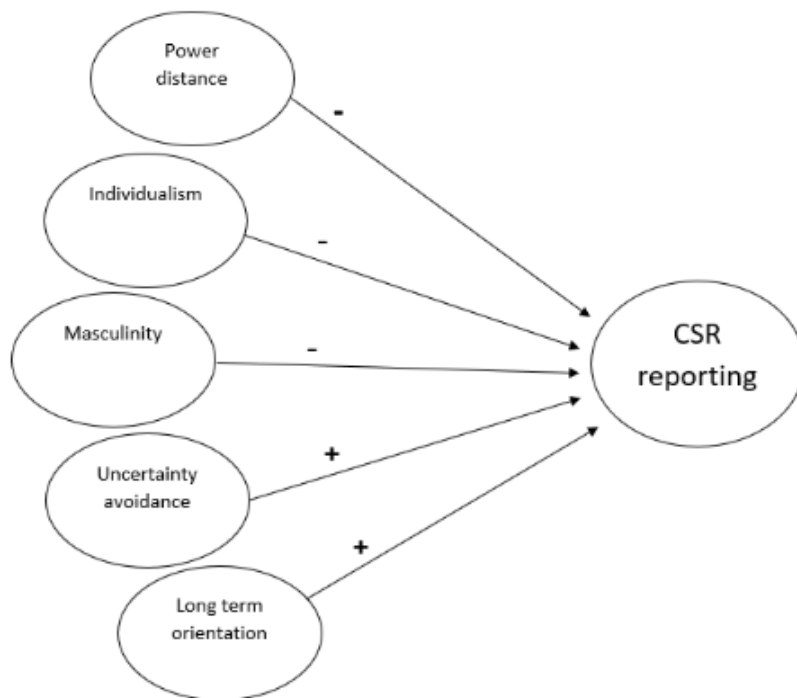


Figure 1: Conceptual model CSR Reporting

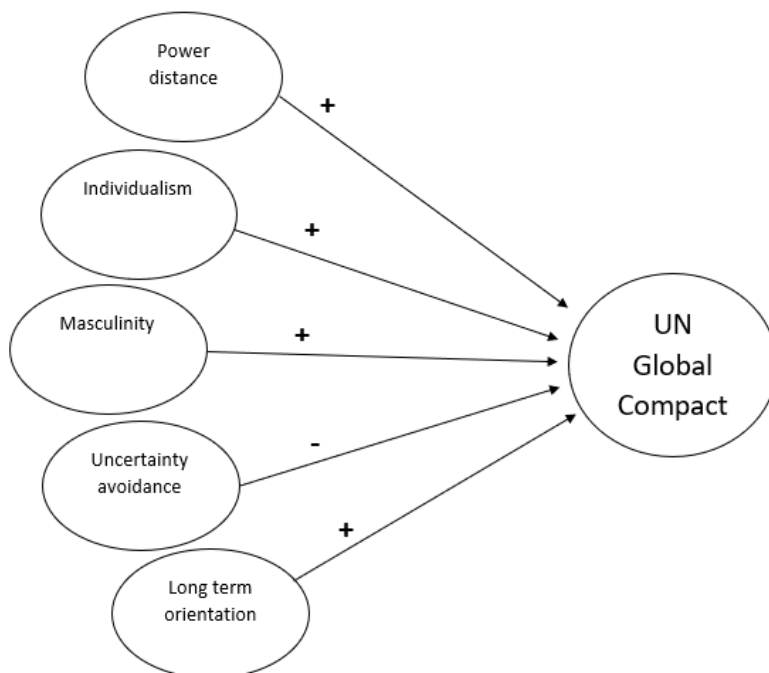


Figure 2: Conceptual model UN Global Compact

Chapter 3: Research design

This chapter will elaborate on the research design. It provides an explanation and a justification on the research methods used. The limitations and the ethics of the research will be discussed as well.

3.1 Research method

The objective of this research is to investigate how culture influences CSR reporting in companies and companies signing the UN Global Compact. This thesis is a cross country comparison with will be analyzed with quantitative research methods. Cross country comparison is used because it explicitly examines the differences or similarities between national (sub-) systems and policies. In contrast to other types of social policy research, cross-country comparison is a particularly diverse field that faces a distinctive set of challenges because of its focus on “large macro-social units”

3.2 Database and sample

Secondary data collected from different databases will be used to answer the research question. Data for the dependent variables CSR reporting and UN Global Compact is retrieved from the Thomas Reuters Eikon (Eikon) database for 2020. Eikon is one of the most comprehensive databases and provides company fundamentals (financial information and management commentary publicized in quarterly and annual reports) covering 99% of worldwide market capitalization. Its reach extends over 150 countries and 72.000+ public companies (Koseoglu, Uyar, Kilic, Kuzey, Karaman, 2021). Earlier scholars used this database for studies on CSR (Yekini and Jallow, 2012; Dell’Atti, Trotta, Jannuzzi & Demaria 2017; Helfaya and Moussa, 2017). More than 150 content research analysts are trained to collect the ESG data. Their data is divided into 10 categories, which reformulate three pillar scores. The three pillar scores are environmental, social and governance. Environmental consist of resource use, emission, and innovation. Social consist of workforce, human rights, community, and product responsibility. The last pillar, governance, is the one interesting for this research. This pillar consists of management, shareholders, and CSR strategy (Refinitiv, 2021).

The other database that is used, is that of Hofstede. This database is open for the public and published on the Hofstede website. This database contains the index of the five

dimensions used in the research. The index of the five dimensions remains constant over time (Gallén & Peraita, 2018). Each of the dimensions has an index that has been expressed on a scale that runs roughly from 0 to 100. The higher the score is, the more the cultural dimension is presented in that country (Geert Hofstede, n.d.).

I filtered the necessarily countries from the Eikon database and merged this together with the Hofstede dimensions. By doing this, I created my own SPSS file in which the companies from the different countries are visible. The answers on the two questions CSR reporting and signing the UN Global Compact are added as variables. Per country I also added the scores on the Hofstede dimensions.

3.3 Variables used

This research contains two dependent variables, namely CSR reporting and UN Global Compact. The dimensions of Hofstede form the five independent variables.

3.3.1 Dependent variables

As mentioned above the dependent variables are CSR reporting and UN Global compact signatory. This information will be gathered from the Thomas Reuters Eikon database.

3.3.1.1: CSR reporting

The name of the variable in the database is “CSR sustainability reporting.” The question that is asked to measure the variable is as follows: “Does the company publish a separate CSR/Sustainability report or publish a section in its annual report on CSR/Sustainability?” The important characteristics of this question are summarized by Refinitiv (2021) in the following bullet points:

- Any separate extra-financial report in which the company reports on the environmental and social impact of its operations
- When the company publishes an extra financial report in a foreign language (other language than their home country language) we answer as ‘True’ with a comment
- Web-based non-financial reports are also considered if data is updated yearly
- Integrated annual report with sustainability data is qualified information

- CSR section from the annual report must consist of substantial data exceptionally, if company report quantitative data exclusively in less than 5 pages can also be considered
- CSR reports published bi-annually, current year when there is no report then data measure is answered 'False'
- Data only on community-focused report with community-related activities of the company, answer is 'False'

3.3.1.2: UN Global compact signatory

The name of the variable in the database is "Global compact signatory." The measured this variable with the following question: "Has the company signed the UN Global Compact." The explanation for the variable is as follow: "has the company signed the 'United Nations Global Compact' which is a non-binding united nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

3.3.2 Independent variables

The independent variables are the five cultural dimensions of Hofstede, namely power distance, individualism, masculinity, uncertainty avoidance and long-term orientation.

3.3.2.1 Power distance index

This dimension concerns national values with respect to power inequality in the workplace and society at large. It reflects the degree to which an unequal distribution of power and authority in institutions is viewed as legitimate. We measure this cultural dimension using countries' scores on the Hofstede power distance scales (Ringov & Zollo, 2007).

3.3.2.2. Individualism versus collectivism

This dimension of national culture describes prevailing beliefs about the relationship between the individual and the collectivity in a given society. It reflects the relative importance ascribed to individual freedom, individual achievement, and personal time as compared to collective effort, collective achievement, cohesiveness, and loyalty to organizations and families. This dimension is measured using the corresponding Hofstede country individualism indexes (Ringov & Zollo, 2007).

3.3.2.3. Masculinity versus femininity

This dimension concerns the social implications of gender-associated cultural values and beliefs. More “masculine” cultures value achievement, heroism, assertiveness, and material success. More “feminine” cultures tend to emphasize social relationships, modesty, caring for the weak, and interpersonal harmony. This dimension is measured using the corresponding Hofstede masculinity country scores (Ringov & Zollo, 2007).

3.3.2.4. Uncertainty avoidance index

This dimension concerns cultural preferences for dealing with uncertainty. The more threatening uncertainty is perceived to be, the more highly valued are beliefs and institutions that provide certainty. Thus, societies scoring high on this dimension strive to avoid uncertainty by relying on stable social norms, highly structured bureaucracies, and rules promoting employment security. Our measures for this cultural dimension are the corresponding uncertainty avoidance country indexes as in the Hofstede studies (Ringov & Zollo, 2007).

3.3.2.5. Long term orientation versus short term orientation

This dimension concerns the cultural preferences to link with its own past while dealing with the challenges of the present and future. Societies prioritize these two existential goals differently. Countries who score low on this dimension prefer to maintain time-honored traditions and norms while viewing societal change with suspicion. On the other hand, cultures who score high take a more pragmatic approach they encourage thrift and efforts in modern education to prepare for the future (Hofstede insights, 2022b). The measures for this dimension are corresponding with the long term orientation index from Hofstede.

3.4 Data analysis

To test the hypotheses, IBM SPSS Statistics version 27 is used. This thesis consists of multiple independent variables that are explaining two different dependent variables. The dependent variables that are being explained are categorial variables with only two answers, namely yes or no. A binary logistic regression is best applicable when a dependent variable is a categorial variable and the independent variables are metric variables (Hair et al., 2014). Because this research consists of two dependent variables, the binary logistic regression will be conducted twice, for both dependent variables.

The assumptions of logistic regressions that have to be met are that the observations are independent and that there is linearity of the independent variables. The assumptions of homoscedasticity and normality, which are normal for multi regression analysis, are not required for a binary logistic regression (Hair et al., 2014). The sample size should be at least 400 observations. With a sample size of 1378 this is not a problem for this thesis.

3.5 Research ethics

While conducting the research, multiple ethical considerations were taking into account. The Netherlands Code of Conduct for Research Integrity (2018) came up with different ethical considerations. Their considerations stimulate ethical correct research. The guiding principles are honestly, scrupulousness, transparency, independence, and responsibility. As a researcher, I take all these principles into account when conducting research, this to ensure the quality and trustworthiness of my research.

I will use the data as given in the database and will not make changes to the data. The research process will be transparent process. The steps of the research process will be explained while conducting them in the analysis.

The data used in this data is secondary data. Which means that the research ethics concerning the data were beyond my control. Eikon values data quality very much. That is why they use a combination of both algorithmic and human processes to make sure they achieve as close to 100% data quality as possible. Refinitiv (2021) used the following methods:

- Data entry/pre-product
 - o Around 400 built-in error check logics in the collection tool for various data points
 - o Error checks can be tailor-made for specific requirements
- Post production
 - o Around 300 automated quality check screeners run on the ESG collection tool
- Independent audits
 - o Sample audits on a daily basis
 - o Weekly reporting and root cause analysis
- Management reviews
 - o Monthly quality deep dives

- Heatmap analysis with top areas for concern
- Measures to address problematic topics and data points
- New system validation checks and screeners are constantly created based on new learning, insights and feedback to continuously improve the data quality

3.6 Validity and reliability

Hair et al. (2014) describe validity as the extent to which a measure or set of measures correctly represents the concept of the study. So, how well the concept is defined by the measures. Reliability is described as the extent to which a variable or set of variables is consistent in what it is intended to measure (Hair et al., 2014). The selection of the variables and the hypotheses is done based on existing theory. A binary logistic regression has proven to be a valid measurement regarding a binary dependent variable. This all will ensure the validity. The research is reproducible, which will ensure the reliability of the research.

Chapter 4: Results

The analysis and the results of the logistic regression are elaborated in this chapter. The first paragraph will present the descriptive statistics. Second the missing values analysis is conducted and discussed. The third paragraph present the assumption of the logistic regression analysis. The results of the analysis and the proposed hypothesis are presented in paragraph 4. The last paragraph will show the robustness checks that are conducted.

4.1 Descriptive statistics

The Thomas Reuters Eikon (Eikon) database consist of respondents from countries all over the world. For this thesis, I filtered the answers for the following countries, Great Britain, Netherlands, Germany, France, and Switzerland. This leads to 1378 respondents, as visible in appendix 2. The percentage of respondents are divided equally compared to the size of the countries. Only Switzerland is relatively more present compared to the other countries. This does not have consequences for the research, because the countries are not compared between themselves. The other frequency tables are also visible in appendix 2.

The skewness and kurtosis for the dependent variables are within the range of -2 and 2, which means that these values are normally distributed. The scores of the independent variables individualism, uncertainty avoidance and long term orientation are also within the range of -2 and 2. The kurtosis and skewness of power distance is just above 2. This could be explained by looking at the scores of power distance. Four of the five countries have an index around 35 and France had an index score of 68. So, most scores are left of center point. The score of 68 is also an outlier in comparison to the other scores. This explains the kurtosis of 2.65. The skewness of masculinity is just above -2. This is because of the differences that the countries score on the masculinity index. Most scores are around 70 but the smaller countries scores 14 and 43. The scores are mostly right of the center point. The kurtosis is higher, because there is a big outlier of 14 in comparison to the other scores.

4.2 Missing value analysis

The independent variables from Hofstede have no missing values. This are known indexes for countries, so there could not be any missing values. The two dependent variables “CSR reporting” and “UN Global Compact” have missing values, but it is less than 10%. Little’s MCAR test is conducted to check if the missing values are completely at random. The results

are shown in appendix 3. The output of Little's MCAR test is chi-square = .619, DF =1, Sig. = .431. From this output it can be concluded that the missing values are completely at random.

4.3 Assumptions binarily regression analysis

The advantages of logistic regression compared to other analysis and the multiple regression stem in large degree to the general lack of assumptions required in a logistic regression analysis (Hair et al., 2014). Logistic regression does require independence of observations, which means that the observations should not come from matched data or repeated measurements (Hair et al., 2014). The data used for this research is from independent observations, so this assumption is met.

There is also one implicit assumption underlying logistic regression that deserves attention, which is the linearity of the logit. The transformed logistic model assumes a linear relationship between the logit and the independent variables, especially those of a continuous nature (Hair et al., 2014). Because this research does not have independent continuous variables the Box Tidwell test could not be executed. The linearity of the logit and continuous variables is not relevant, because of the lack of continuous variables in this research.

The last assumptions to look at is the multicollinearity. High levels of multicollinearity reduce the unique impact of the independent variables involved and thus their estimated coefficients and standards error. While not a problem for purposes of model fit, it does potentially confound interpretation (Hair et al., 2014). Multicollinearity can be checked with the Variance Inflation Factor (VIF). The VIF of the independent variables should be below 10, otherwise there is multicollinearity. First, I checked the multicollinearity with the VIF method. The table is visible in appendix 3. The VIF scores are very high and uncertainty avoidance is excluded from the VIF analysis. Because of this high correlation, I checked the Pearson correlation to see which variables correlate which each other. The first thing that comes to notice are the high correlations between the independent variables. Individualism correlates the most with the different variables. The high correlation between the variables is explainable if we look at the literature. The variables are the cultural dimensions from Hofstede and a cultural dimension is an aspect of a culture that can be measured relative to other cultures. One aspect of culture could also be correlated with different dimensions. The

influence of national wealth, for example, is correlated with individualism and power distance (Hofstede, 2011).

4.4 logistic regression analysis

For each of the dependent variables a binary logistic regression is conducted. The first paragraph discuss the dependent variable CSR Reporting and the hypothesis connected with this variable. The second paragraph discuss the analysis of the dependent variable UN Global Compact and the hypothesis connected with this variable.

4.4.1 CSR reporting

In the paragraph the binarily logistic regression for the dependent variable CSR reporting will be discussed. The analysis performed in SPSS is visible in appendix 4. A binarily logistic regression consist of a null model and a one model. The null model only consists of the dependent variable and the constant. In model 1 are the independent variables added. The research starts with looking at the classification table. The classification table does not include the independent variables. The classification table measure how well group membership is predicted as well as the misclassifications (Hair et al., 2014). The classification table has an overall percentage of 78,1% correct predicted cases.

Next up is the Omnibus test of model coefficients. This test is an overall test of model fit. A chi-square is conducted for the model. If the Omnibus test is significant, then the full model is a significant better fit relative to the previous null model. So, the Omnibus test indicate that the analysis has a good model fit.

The 2 Log Likelihood refers to the model deviance. A change in the Log-Likelihood shows how much variance has been explained by the model relative to the null-model (Fields, 2003). Because this analysis only has one model, there is nothing the model could be compared to.

Cox & Snell R square and Nagelkerke R square are pseudo-R squares, and they can be interpreted as reflecting the amount of variation in the dependent variable account for by the logistic model. The value of 1.0 shows a perfect model fit (Hair et al., 2014). Cox & Snell R square cannot reach the absolute value of 1, that is why Nagelkerke R square is also used. Cox & Snell R square has a score of .039 and Nagelkerke R square a score of .59. The model

explains a medium part of the variance, but there are also other factors influencing CSR reporting that are not in the model.

The Hosmer and Lemeshow test shows if the model is a good predictive model. When the p value is non-significant the model is a good predictor. In the analysis, the p value is 1.00, which means that the model is a good predictive model.

Lastly, I will look at the regression coefficients B and the significance, shown in the table variables in the equation. The first thing that is important to mention is that the analysis gives the warning that the degrees of freedom have been reduced for one or more variables. This is because of the high correlation between some of the independent variables. Long-term orientation is not included in the model because of the high correlation. This will have consequences for the hypothesis, which will be discussed further on in this paragraph. The regression coefficient B are slopes that predict the change in logit per unit on the predictor variable. A positive value means that if the predictor moves from low to high, the predicted probability of a company that does CSR reporting is increasing. A negative value means that if the predictor moves from low to high the predicted probability of a company that does CSR reporting is decreasing.

The regression coefficient of power distance is $-.103$ with a significance of $.007$. This means that hypothesis 1a is supported and there is a negative relationship between power distance and CSR reporting. The relationship between individualism and CSR reporting is according to the B coefficient a positive relationship, which is significant with $P < .001$. Hypothesis 2a is significant, however the relationship between individualism and CSR reporting is a positive relationship and not as predicted, a negative one. The B coefficient of masculinity is with a score of $-.008$ a negative relationship. This relationship is however not significant since $P = .455$. Hypothesis 3a is not supported. The predictor uncertainty avoidance has a B coefficient of $.161$ and $P = .001$. This means that there is a positive relationship and hypothesis 4a is supported. Hypothesis 5a could not be analyzed, because of the high correlation of the predictor long-term orientation on the other predictors.

4.4.2 UN Global Compact

In the paragraph the binarily logistic regression for the dependent variable UN Global Compact will be discussed. The analysis performed in SPSS is visible in appendix 5. The research starts with looking at the classification table. The classification table does not include

the independent variables. The classification table measure how well group membership is predicted as well as the misclassifications (Hair et al., 2014). The classification table has an overall percentage of 81.3% correct predicted cases.

Next up is the Omnibus test of model coefficients. This test is an overall test of model fit. A chi-square is conducted for the model. If the Omnibus test is significant, then the full model is a significant better fit relative to the previous null model. So, the Omnibus test indicate that the analysis has a good model fit.

The 2 Log Likelihood refers to the model deviance. A change in the Log-Likelihood shows how much variance has been explained by the model relative to the null-model (Fields, 2003). Because this analysis only has one model, there is nothing the model could be compared to.

Cox & Snell R square and Nagelkerke R square are pseudo-R squares, and they can be interpreted as reflecting the amount of variation in the dependent variable account for by the logistic model. The value of 1.0 shows a perfect model fit (Hair et al., 2014). Cox & Snell R square cannot reach the absolute value of 1, that is why Nagelkerke R square is also used. Cox & Snell R square has a score of .072 and Nagelkerke R square a score of .117. These low scores show us that the model explains a low part of the variance. This means that there are also other factors influencing signing the UN Global Compact, which are not considered in this model.

The Hosmer and Lemeshow test shows if the model is a good predictive model. When the p value is non-significant the model is a good predictor. In the analysis, the p value is 1.00, which means that the model is a good predictive model.

Lastly, I will look at the regression coefficients B and the significance, shown in the table variables in the equation. Also with this analysis is long-term orientation as predictor not included. This is because of the high correlation between some of the independent variables. The regression coefficient B are slopes that predict the change in logit per unit on the predictor variable. A positive value means that if the predictor moves from low to high, the predicted probability of a company signing the UN Global Compact is increasing. A negative value means that if the predictor moves from low to high the predicted probability of a company signing the UN Global Compact is decreasing.

The regression coefficient of Power distance is .001 with a significance of .978. This means that hypothesis 1b is not supported. The B coefficient indicates a positive relationship, but the hypothesis should be rejected. The relationship between individualism and CSR reporting is according to the B coefficient a negative relationship, but this relationship is also not significant with a P = .965. The B coefficient of masculinity is with a score of -.015 a negative relationship. This relationship is however not significant since P = -.066. Hypothesis 3b is not supported. The predictor uncertainty avoidance has a B coefficient of .029 and P = .585. This means that hypothesis 4b is also not supported. Hypothesis 5b could not be analyzed, because of the high correlation of the predictor long-term orientation on the other predictors.

After conducting two binary logistic regressions with the two dependent variables it is possible to give an overview of the hypotheses. This is visible in table 2

Hypothesis	Sig.	B (negative or positive)	Supported/ rejected
Power distance:			
H1a: influence on CSR reporting	.007	-.103	Supported
H1b: influence on UN Global Compact	.978	.001	Rejected
Individualism:			
H1a: influence on CSR reporting	.000	.213	Supported
H1b: influence on UN Global Compact	.965	-.003	Rejected
Masculinity			
H1a: influence on CSR reporting	.455	-.008	Rejected
H1b: influence on UN Global Compact	.066	-.015	Rejected
Uncertainty avoidance:			
H1a: influence on CSR reporting	.001	.161	Supported
H1b: influence on UN Global Compact	.585	.029	Rejected

Table 2: Overview of the hypotheses

Chapter 5: Discussion and conclusion

In this master thesis, I have examined the influence of national culture on CSR reporting and signing the UN Global Compact. Based on the theoretical framework and the five cultural dimensions of Hofstede, ten hypotheses were developed. This chapter will discuss upon the empirical outcomes for the hypotheses, which will lead to the conclusion. The theoretical and practical implications will be discussed in paragraph 3. Lastly, the limitations of this research and suggestions for future research are discussed.

5.1 Discussion

The results of the binary logistic regression analysis will be discussed in this paragraph. The research is based on the five cultural dimensions of Hofstede. The paragraphs are based on the dimensions of Hofstede and the corresponding hypothesis. As we have seen in the chapter 4, the dimension of long term orientation is not included in the analysis.

5.1.1 Power distance

The first hypotheses are related to the influence of the cultural dimensions power distance. Hypothesis 1a looks at the relationship between power distance on CSR reporting, and hypothesis 1b looks at the influence of power distance and signing the UN Global Compact. Earlier research found that power distance has a negative influence on CSR, CSR engagement and CSR disclosure (Gallén & Peraita, 2017; Peng, Dashdeleg & Chih, 2012; Ringov & Zollo, 2007). Like the earlier research predicted, this analysis shows that power distance has a negative significant influence on CSR reporting. This indicates that how higher the power distance is in a country, the lower is the change that companies do CSR reporting. This negative relation could be explained with the research of Vachon (2010), who considers that companies in countries with less power distance will be less concerned about relations with shareholders and will feel more responsible for the welfare of the community at large and for publicizing their environmental practices.

Hypothesis 1b looked at the relationship between power distance and a company signing the UN Global Compact. The result for this hypothesis was non-significant. Earlier research looked mostly at the relationship between power distance and following standards or guidelines. That led to the research of Chaieb (2021) who proposed that there is a positive relation between power distance and the degree of conformity with IRFS Standards. In

accordance with that research, I hypothesized that power distance would have a positive influence on signing the UN Global Compact. The analysis shows that the B coefficient is indeed positive. However, the relationship turns out to be not significant. So, power distance does not have influence on signing the UN Global Compact.

5.1.2 Individualism

Individualism is related to hypothesis 2a and 2b. Individualism turns out to have a significant positive relation with CSR reporting. This in contrast with the proposed hypothesis, which suggested a negative relation. The outcome is in line with studies from Disli, Ng & Askari (2016) and Vachon (2010) who predicted a positive correlation between CSR disclosure and individualism because they expected that collectivist cultures will favor some groups and disadvantage others, giving rise to corruption and ethical insensitivity. So, when a country scores higher on the individualism index, the chance that companies in those countries report about their CSR activities is also higher.

Hypothesis 2b predicted a positive relation between individualism and a company signing the UN Global Compact. After the analysis, it turns out that this relation is negative, but nonsignificant. This contrasts with earlier research, which found that the judgement of professionals and professional organizations is more meaningful in cultural contexts where individualism is high (Gray, 1988). After the analysis it becomes clear that there is no relation between a company signing the UN Global Compact and the culture of the country in which the company is located.

5.1.3 Masculinity

Hypotheses 3a and 3b are based on the cultural dimension masculinity. Research done by other researchers has proven a negative relation between masculinity and CSR performance and CSR disclosure performance (Disli et al., 2016; Gallego-Àlvarez and Ortas, 2017; Peng et al., 2014; Ringov & Zollo, 2007). Like earlier research, hypothesis 2a proposed a negative relation between masculinity and CSR reporting. The B coefficient from our research supports this negative relation, however, it turns out to be nonsignificant. The hypothesis must be rejected. It is interesting for further research to look at why masculinity has no significant influence on CSR reporting, while earlier research has shown that it does have influence on CSR performance.

Hypothesis 3b turned out to be nonsignificant. The hypothesized relation was also not correct. Based on earlier research, I proposed a positive relation. The B coefficient, however, shows a negative relation. Earlier research was focused on how masculinity influences following guidelines like being compliant with IFRS (Chaieb, 2021). However, in Chaieb's research this hypothesis was also rejected. The cultural dimension masculinity does not have a significant relation with companies signing the UN Global Compact.

5.1.4 Uncertainty avoidance

The last hypotheses to look at are hypothesis 4a and 4b which are related to the cultural dimension uncertainty avoidance. Earlier research was a bit contradictory. Williams (1999) found a negative relation between uncertainty avoidance and CSR disclosure. Ho et al. (2012) and Peng et al. (2014) found that uncertainty has a positive influence on CSR and CSR disclosure. The analysis of this thesis supports the results from Ho et al. and Peng et al. Uncertainty avoidance has a significant positive relation with CSR reporting.

Like the other hypotheses about the UN Global Compact, hypothesis 4b should also be rejected. The relationship between uncertainty avoidance and companies signing the UN Global Compacts turns out to be nonsignificant.

5.2 Conclusion

CSR has gained increased awareness and the business environment has become more international where multinational corporations (MNCs) are encountering many different national cultures (Nilsson & Tsai, 2016). Nowadays, almost 16,000 companies from 165 countries participate in the UN global compact. The UN Global Compact is a framework which is adopted by the UN in 2005 (United Nations Global Compact, n.d.a). The research question that was tried to answer during this thesis is as follow:

“What effect does national culture have on CSR reporting and joining the UN Global Compact?”

After the analysis it can be concluded that the dimensions power distance, individualism and uncertainty avoidance have a significant influence on CSR reporting. For power distance and individualism is this a negative relationship, while for uncertainty

avoidance this is positive relationship. Masculinity turned to be negative, but nonsignificant. The long term dimension could not be concluded in the research.

The relationship between culture and companies signing the UN Global Compact, was not yet research. During the analysis, all hypotheses connected with this dependent variable turned out to be nonsignificant. Unfortunately, there could not be said much about the relationship between national culture and companies signing the UN Global Compact.

5.3 Theoretical and practical implications

CSR has gained increased awareness and the business environment has become more international where MNCs are encountering many different national cultures (Nilsson & Tsai, 2016). The interest of scholars in the areas of CSR and CSR disclosure have been growing over the past years (Dorobantu et al., 2018). Especially, the literature about the relationship between culture and the UN Global Compact was extremely limited. This thesis adds to the existing research by looking at the relationship between the cultural dimensions of Hofstede and CSR reporting and companies signing the UN Global Compact. The influence of culture on CSR engagement or CSR performance is researched but looking at CSR reporting is a new addition to the existing literature. Nikolaeva & Bicho (2010) researched the role of the firm's institutional environment and identified communicators as drivers of the adoption of the Global Reporting Initiative principles as a reputational management tool and they found that reports are depending on a country's institutional setting. However, from this thesis it could be concluded that the cultural dimensions do not have an influence on signing the UN Global Compact. While earlier research has shown that national institutional setting depends on the national culture (Scott, 1985). Altogether, adds this research to the existing literature and is it also an interesting starting point for follow-up research.

This thesis is practical relevant because it could contribute to increasing CSR reporting and companies signing the UN Global Compact. CSR reporting is a key tool for communication with stakeholders about a company's CSR activities. It is the way in which the company express to the stakeholders and the public, which CSR-activities they are engaged in and have performed (Golob & Bartlett, 2007). Having insights in what drives a company to CSR reporting could help stimulate CSR reporting. This research provides insights in what cultural dimensions have a positive or negative influence on CSR reporting. Governments could use these insights to for example enforce CSR reporting, because the

culture within that specific country does not promote CSR reporting. The insights about the UN Global Compact are mostly interesting for the UN itself. The fact that nowadays almost 16,000 companies from 165 countries participate in the UN Global Compact (United Nations Global Compact, n.d. a), shows the importance of this Global Compact. The lack of relationship between cultural dimensions and signing the UN Global Compact is something the UN could use when corresponding with different countries.

5.4 Limitations and suggestions for future research

Unfortunately, this research also contains several limitations which will be briefly discussed in this paragraph. The biggest limitation for this research is that this thesis is based on secondary data. It limited the research to the variables available in the dataset. The variables were binary code and not as specific as they could be. It limits the insights that we gained from this research, because the thesis misses some broader information about CSR reporting and what belongs to CSR reporting. Future research could look at the different forms of CSR reporting between countries. Besides looking at a database, the reports itself could be used to get an insight into the variety of CSR reports. And, to see if the cultural dimensions have influence on that variety.

Another limitation is that the database mostly consisted of MNCs divided over the world. It would be interesting to see the effect of national culture on smaller or medium-sized companies. This includes signing the UN Global Compact, which is mostly known by the bigger MNCs. Future scholars could research if the relationship between culture and CSR reporting also holds when only looking at SMEs.

The lack of literature available about the relationship between national culture and signing the UN Global Compact is also a limitation for this research. While drafting the hypotheses, I mostly looked at research about the relationship between national culture and following guidelines, or obeying rules. After doing the analysis, it became clear that this was not representative for my research. The hypotheses all had to be rejected and the relationship between national culture and companies signing the UN Global Compact turned out to be nonsignificant. Follow-up research can look at what does influence signing the UN Global Compact. Earlier research has shown that national culture influences a country's institutional settings (Scott, 1985), maybe this is something that researchers could use while looking at companies that are signing the UN Global Compact.

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Appendix 1: Ten principles of the UN Global Compact

Human Rights

[Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and

[Principle 2](#): make sure that they are not complicit in human rights abuses.

Labor

[Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

[Principle 4](#): the elimination of all forms of forced and compulsory labor;

[Principle 5](#): the effective abolition of child labor; and

[Principle 6](#): the elimination of discrimination in respect of employment and occupation.

Environment

[Principle 7](#): Businesses should support a precautionary approach to environmental challenges;

[Principle 8](#): undertake initiatives to promote greater environmental responsibility; and

[Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

[Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

Source: United Nations Global Compact (n.d.b).

Appendix 2: Frequency tables

Statistics

	Country of company	CSR sustainability reporting	Global Reporting UN	Power distance	Individualism	Masculinity	Uncertainty avoidance	Long term orientation
N	Valid	1378	1329	1284	1378	1378	1378	1378
	Missing	0	49	94	0	0	0	0
Skewness			-1,361	1,608	2,150	-,094	-2,454	,598
Std. Error of Skewness			,067	,068	,066	,066	,066	,066
Kurtosis			-,149	,587	2,655	-1,909	5,611	-,941
Std. Error of Kurtosis			,134	,136	,132	,132	,132	,132

Country of company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Switzerland	189	13,7	13,7	13,7
	Germany	276	20,0	20,0	33,7
	France	183	13,3	13,3	47,0
	Great Britain	675	49,0	49,0	96,0
	Netherlands	55	4,0	4,0	100,0
	Total	1378	100,0	100,0	

CSR sustainability reporting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	291	21,1	21,9	21,9
	Yes	1038	75,3	78,1	100,0
	Total	1329	96,4	100,0	
Missing	System	49	3,6		
Total		1378	100,0		

UN Global Compact

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	1044	75,8	81,3	81,3
	Yes	240	17,4	18,7	100,0
	Total	1284	93,2	100,0	
Missing	System	94	6,8		
Total		1378	100,0		

Appendix 3: Little's MCAR test and assumptions

EM Means^a

CSR Reporting	UN Global Compact
1,78	1,19

a. Little's MCAR test: Chi-Square = ,619, DF = 1, Sig. = ,431

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Power distance	,148	6,750
	Masculinity	,463	2,161
	Long term orientation	,028	35,249
	Individualism	,026	38,772

a. Dependent Variable : UN Global Compact

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Power distance	,150	6,659
	Individualism	,026	37,992
	Masculinity	,469	2,134
	Long term orientation	,029	34,760

a. Dependent Variable: CSR sustainability reporting

Correlations

		Power distance	Individualism	Masculinity	Uncertainty avoidance	Long term orientation
Power distance	Pearson Correlation	1	-,293**	-,618**	,731**	,000
	Sig. (2-tailed)		,000	,000	,000	,992
	N	1378	1378	1378	1378	1378
Individualism	Pearson Correlation	-,293**	1	,127**	-,861**	-,938**
	Sig. (2-tailed)	,000		,000	,000	,000
	N	1378	1378	1378	1378	1378
Masculinity	Pearson Correlation	-,618**	,127**	1	-,452**	-,020
	Sig. (2-tailed)	,000	,000		,000	,453
	N	1378	1378	1378	1378	1378
Uncertainty avoidance	Pearson Correlation	,731**	-,861**	-,452**	1	,681**
	Sig. (2-tailed)	,000	,000	,000		,000
	N	1378	1378	1378	1378	1378
Long term orientation	Pearson Correlation	,000	-,938**	-,020	,681**	1
	Sig. (2-tailed)	,992	,000	,453	,000	
	N	1378	1378	1378	1378	1378

** . Correlation is significant at the 0.01 level (2-tailed).

Appendix 4: logistic regression CSR sustainability reporting

Warnings

Due to redundancies, degrees of freedom have been reduced for one or more variables.

Case Processing Summary

Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	1329	96,4
	Missing Cases	49	3,6
	Total	1378	100,0
Unselected Cases		0	,0
Total		1378	100,0

a. If weight is in effect, see classification table for the total number of cases.

Block 0: Beginning Block

Classification Table^{a,b}

Observed		Predicted		Percentage Correct
		No	Yes	
Step 0	CSR sustainability reporting	No	0	291,0
		Yes	0	1038,0
Overall Percentage				78,1

a. Constant is included in the model.

b. The cut value is ,500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	
Step 0	Constant	1,272	,066	367,582	1	,000	3,567

Variables not in the Equation^a

	Score	df	Sig.
Step 0	Variables		
	Power distance	23,890	1,000
	Individualism	,015	1,904
	Masculinity	28,230	1,000
	Uncertainty avoidance	8,449	1,004
	Long term orientation	,408	1,523

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	52,266	4	,000
	Block	52,266	4	,000
	Model	52,266	4	,000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	1344,753 ^a	,039	,059

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	,000	3	1,000

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	Power distance	-,103	,038	7,257	1	,007	,902	,836	,972
	Individualism	,213	,060	12,771	1	,000	1,238	1,101	1,391
	Masculinity	-,008	,011	,557	1	,455	,992	,972	1,013
	Uncertainty avoidance	,161	,047	11,869	1	,001	1,175	1,072	1,288
	Constant	-19,259	6,073	10,055	1	,002	,000		

a. Variable(s) entered on step 1: Power distance, Individualism, Masculinity, Uncertainty avoidance.

Appendix 5: logistic regression UN Global Compact

Warnings

Due to redundancies, degrees of freedom have been reduced for one or more variables.

Case Processing Summary

Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	1284	93,2
	Missing Cases	94	6,8
	Total	1378	100,0
Unselected Cases		0	,0
Total		1378	100,0

a. If weight is in effect, see classification table for the total number of cases.

Block 0: Beginning Block

Classification Table^{a,b}

Step 0	UN Global Compact				
		No	1044	0	100,0
		Yes	240	0	,0
Overall Percentage					81,3

a. Constant is included in the model.

b. The cut value is ,500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-1,470	,072	421,779	1	,000	,230

Variables not in the Equation^a

		Score	df	Sig.	
Step 0	Variables	Power distance	79,553	1	,000
		Individualism	47,791	1	,000
		Masculinity	50,190	1	,000
		Uncertainty avoidance	94,293	1	,000
		Long term orientation	22,666	1	,000

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	96,314	4	,000
	Block	96,314	4	,000
	Model	96,314	4	,000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	1140,743 ^a	,072	,117

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	,000	3	1,000

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	Power distance	,001	,043	,001	1	,978	1,001	,921	1,089
	Individualism	-,003	,070	,002	1	,965	,997	,869	1,144
	Masculinity	-,015	,008	3,379	1	,066	,986	,970	1,001
	Uncertainty avoidance	,029	,054	,298	1	,585	1,030	,927	1,145
	Constant	-2,026	6,970	,085	1	,771	,132		

a. Variable(s) entered on step 1: Power distance, Individualism, Masculinity, Uncertainty avoidance.