
The Influence and Function of Corporate Culture on Corporate Social Responsibility

Zhao Bo and Fuangfa Amponstira

*Ph.D. Candidate, School of Management, Shinawatra University, Thailand

Email: zb0107@126.com

Received August 8, 2021 & Revise August 9, 2021 & Accepted June 30, 2023

Abstract

According to the existing research, the competitive value framework model and its corresponding scale are used to classify and measure the cultural characteristics of the sample Corporates. On the basis of classifying stakeholders, the dimensions of corporate social responsibility are defined and divided, and the theoretical model and related assumptions of this research are proposed based on existing research. Through theoretical combing, field research, model construction and statistical verification, the statistical data of SPSS was used to analyze the sample corporate data, and the hypothesis relationship between variables and the correctness of the theoretical model are tested. Furthermore, it analyzes the mechanism of corporate culture's role in the role of corporate social responsibility. The comparison of the model results also shows that there are differences in the impact of different corporate cultures on corporate social responsibility and corporate performance, and the differences in the impact of corporate social responsibility dimensions on firm performance, which is consistent with the conclusions of relevant research.

Keywords: corporate culture; stakeholder; corporate responsibility; positive correlation

Introduction

After 40 years of rapid development since the reform and opening up, China's economy has become deeply internationalized and occupied an important position in the international division of labor and the world economic structure. It has become a common phenomenon for Chinese Corporates to "go global". In particular, in recent years, "the Belt and Road Initiatives" construction and the continuous upgrading of the new situation of reform and opening up have provided a rare historical opportunity for "going out". With a global vision and adopting international management, it has become an important development strategy for more and more Chinese Corporates. Due to the serious lack of social responsibility of some transnational corporations, the crisis of trust against Chinese transnational corporations has arisen in some countries. The implementation of the "production code" of multinational corporations challenged the international trade and internationalization of Chinese Corporates. (Bowen H. R. (1953). The only choice to adapt to the challenges is to rebuild the ethics of multinational Corporates, improve corporate culture and improve corporate social responsibility. (Li Jiansheng, Li Wei. (2012). To analyze the relationship of corporate culture and corporate social responsibility can guide multinational Corporates to integrate corporate social responsibility ideas into corporate culture, to implement corporate culture construction, and to adapt multinational Corporates to the requirements of the development of host countries and their own development needs. (Buckley, Peter J. (2007).

Research Objective

1. To study analyzes the mechanism of corporate culture's role in the role of corporate social responsibility of multinational corporations in Suzhou, China.
2. To study the comparison of the model there are differences in the impact of different corporate cultures on corporate social responsibility and corporate performance, of multinational corporations in Suzhou, China.
3. To study the differences in the impact of corporate social responsibility dimensions on firm performance of multinational corporations in Suzhou, China.

Literature Review

1. Corporate Culture

Corporate Culture is also called organizational culture. It refers to the values and behaviors that contribute to the unique social and psychological environment of an organization. Organizational culture includes an organization's expectations, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid.

Different corporate culture characteristics emphasize different priorities. Different requirements for employees will have different effects on the behavior of companies and employees. Corporate culture not only affects the behavior of employees, but also affects the understanding and behavior of external stakeholders. Corporate social responsibility is the responsibility of the company in dealing with the relationship between the company and its internal and external stakeholders. According to the needs of this research, the selected corporate culture feature classification method must involve stakeholders inside and outside the Corporate, while paying attention to internal management and external adaptability. This study will use the competitive value framework model proposed by the competitive value framework model as the basis for the division of corporate culture characteristics, and use the relevant OCALI scale as a measurement tool for cultural characteristics.

2. Corporate Social Responsibility

R. Edward Freeman (1984) conducted the stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract theory. (John R. Boatright. (2014). Stakeholders are classified into three dimensions: ownership, economic dependence, and social

benefits: stakeholders with ownership of the company are all those who hold the company's stock and those who are dependent on the economics are managers. People, creditors, customers, suppliers, potential competitors, subordinate employees, communities, etc., the media, the government, etc., have social interests in the Corporate. Stakeholder view of strategy integrates both a resource-based view and a market-based view, and adds a socio-political level.

There are three main definitions for the definition of corporate social responsibility (Lu Daifu, 2002). The first is an extensional approach that categorizes corporate social responsibility as a series of actions or tasks that the company is responsible for. The second is to define "corporate social responsibility" under the concept of "corporate responsibility". The third is to incorporate the various responsibilities of the company into the connotation of corporate social responsibility. This study suggests that the third method should be combined with the first method. The third method defines the type of corporate social responsibility. The first method specifically clarifies the specific behavior of corporate social responsibility, so as to explain the connotation of corporate social responsibility from both macro and micro perspectives.

Long-term systematic CSR behavior can effectively promote corporate performance. Corporate culture has a long-term and comprehensive impact on corporate social responsibility behavior. Rouse Margaret. (2015). As a factor influencing corporate social responsibility, this research corporate culture analyzes the relationship between corporate culture, social responsibility and performance, and discusses the ways to realize corporate social responsibility from the perspective of corporate values and corporate culture.

Different stakeholders have different links and interaction processes with multinational Corporates. Therefore, the impact of corporate social responsibility behaviors on different stakeholders is also different. Corporate social responsibility

mainly includes market stakeholder responsibility, organizational stakeholder responsibility, investment stakeholder responsibility, environmental stakeholder responsibility and social welfare responsibility. The first three social responsibilities reflect the direct relationship between stakeholders and Corporates, while the latter two social responsibilities show more indirect relationships between stakeholders and Corporates. These five kinds of social responsibilities have a relatively important influence and significance for Corporates and for multinational stakeholders and host countries. (WANG Chuanli, DONG Gang. (2007).

Corporate behavior affects the interests of multiple stakeholder groups and is influenced by the behavior of multiple stakeholder groups. Shareholders are just one type of corporate stakeholder. Companies should be accountable to multiple stakeholders. But companies cannot be accountable to all groups, and companies should not treat all stakeholders equally. Therefore, it is necessary to properly define and classify the scope of stakeholders when conducting relevant research. Defining corporate social responsibility from the perspective of stakeholders is a relatively useful and widely recognized perspective.

Research Model and Hypothesis

To answer to the research questions and to response to the research objectives, this current research is a quantitative research design using survey questionnaire to collect data from managers of multinational corporations in Suzhou, China.

1 Research Model

Based on the competitive value framework model proposed by Quinn and Cameron (1998), this study divides corporate culture into four types in order to measure the corporate culture of multinational corporations and empirically analyze its relationship with social responsibility and corporate performance. The classification of corporate social responsibility is divided into corresponding categories according to the classification of stakeholders. According to the internal and external relationship of

Corporates and the relationship between Corporates and stakeholders, stakeholders are divided into four categories, and social responsibility is also divided into four corresponding categories. Therefore, this study will study variables such as four types of corporate culture characteristics: family, flexible, market, and grade; determine the relevant social responsibilities of the company (shareholders, employees, consumers, government) according to the perspective of stakeholders. On the basis of the above research and analysis, this study constructs a research model.

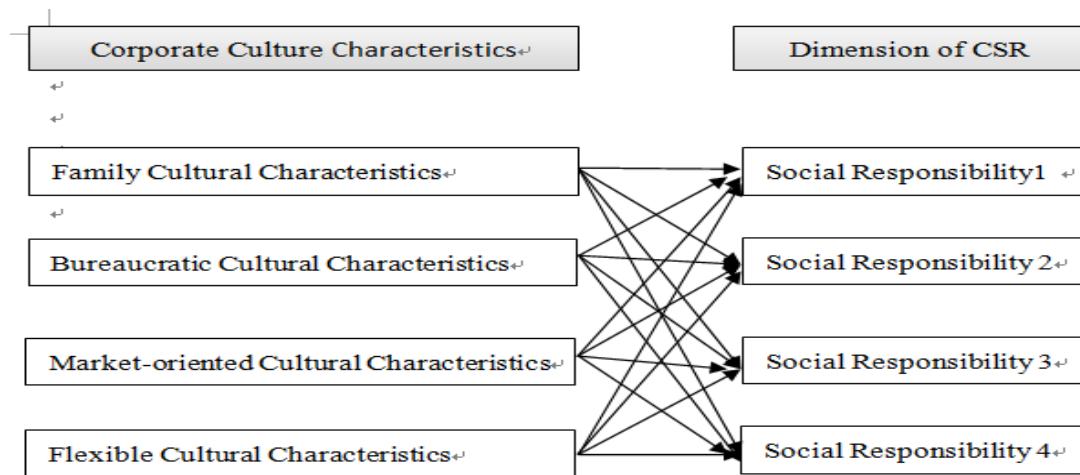


Figure 1: Theoretical model of the relationship among corporate culture and social responsibility

Hypothesis: Corporate culture is positively correlated with corporate social responsibility.

1 The family-oriented organizational culture to corporate social responsibility

The humanistic values of the clan-based culture encourage members of organizations to strengthen the relationship between enterprises and stakeholders in an organized manner to meet the needs of stakeholders in economic, legal, theoretical and voluntary aspects.

2 The flexible organizational culture to corporate social responsibility

The main task of flexible organization management is to cultivate the creativity and resilience of the organization, so it is inevitable for the enterprise to assume the social responsibility to the employees.

3 The market-based organizational culture to corporate social responsibility

Market-oriented culture is a kind of corporate culture derived from marketing. This culture takes market demand as the core and pays attention to the actual and potential needs of customers. In order to obtain an ideal level of profit, companies must pay attention to transactions with customers, suppliers and other market actors in order to gain a larger market share. These market entities include suppliers, customers, contractors, professionals, associations, market managers, etc.

4 The bureaucratic organizational culture to corporate social responsibility

In the early 20th century, Weber put forward the famous theory of bureaucratic organization. The "ideal" bureaucracy is a well-constructed, technically effective administrative tool in the sense of an ideal type. These characteristics are very effective in the process of achieving organizational goals.

Research results

1 Index selection

In this research, the questionnaire was used as a data collection tool, and the corporate culture characteristic measurement table and the corporate social responsibility characteristic measurement table were compiled as research tools. Ma Qingguo. (2002). The SPSS23.0 statistical software was used to collate and count the data collected for empirical analysis. (Wu Minglong. (2003).

Cameron & Quinn (1998) find that the following six elements are the basis of the work of the competitive value framework model 1) Dominant Characteristics,2) Organizational Leadership,3) Management of Employee,4)Organizational Glue,5)Strategic Emphases, 6)Criteria of Success. Based on the framework of

competitive value and the above six aspects of judging organizational culture types, Cameron and Quinn constructed a questionnaire for measuring organizational culture characteristics (OCAL), and used a 100-point evaluation method. In this study, OCAL used the Richter 5-point scoring method. This study is mainly measured from the six aspects mentioned above. Each aspect has four statements of A, B, C and D, which correspond to the four cultural feature types. In this study, while taking the Rickett scoring method, the statements related to the cultural characteristics of various enterprises are also put together in the questionnaire.

2 Data sources

This study can select any firm as a sample of research. However, if we consider it from the perspective of corporate social responsibility, we must make a certain screening of the research sample, because the social responsibility difference between enterprises may be affected by the industry and the region, and also consider the possibility of data acquisition. This study selects samples based on three aspects:

First, select companies in the same industry as target samples. If companies from different industries are put together, the data obtained from the survey will be very different in structure, which is very unfavorable for the verification of research hypotheses and models.

Second, select manufacturing companies in the same region as research samples. Putting together companies from different levels of development will have large deviations in empirical analysis.

Third, select sample companies based on the feasibility of data acquisition. Because the company is worried about the leakage of corporate information and related information, it is still difficult for individuals to obtain relevant data from the enterprise research. Therefore, the sample acquisition in this study did not use random sampling method, but selected multinational enterprises in Suzhou as samples which based on manufacturing friends and other resources.

The researcher will use survey questionnaire to collect data from 400 representatives from the managers of manufacturing enterprise in Suzhou. The survey is mainly conducted in the way of business friend survey. 400 questionnaires were distributed through three channels, recycling 400. The recovery rate is 100 percent.

Discussion

1. Exploratory Factor Analysis

There are 400 valid samples were obtained in this study. The study also obtained 302 valid questionnaires. 121 of them were taken as exploratory factor analysis. Data from 182 questionnaires were used as data for confirmatory factor analysis and structural equation analysis. Prior to exploratory factor analysis, it was often judged whether the data was suitable for exploratory factor analysis based on the KMO value and the significance of the Bartlett spherical test.

1.1 Analysis of corporate culture characteristics

The KMO value of the corporate culture feature measurement item is 0.908, which is greater than the standard of 0.9. The Bartlett spherical test has a chi-square value of 2529.289 (degree of freedom $df = 267$), reaching a significant level. This means that there are common factors among the matrices of the maternal group, indicating that the measured variables of corporate culture characteristics are very suitable for exploratory factor analysis.

Table 1: Exploratory factor analysis of corporate culture characteristics

Measurement item	Factor		
	1	2	3
Ca1	0.861		
Ca5	0.849		
Ca2	0.844		
Ca3	0.819		
Ca4	0.806		
Ca6	0.793		

Cc5		0.865	
Cc3		0.848	
Cc1		0.790	
Cb4		0.768	
Cb6		0.627	
Cb5		0.607	
Cd6		0.822	
Cd5		0.773	
Cd2		0.759	
Cd4		0.714	
Cd1		0.713	
Initial Eigenvalues	7.778	30.229	30.229
percent of Variance	3.081	21.052	51.281
Cumulative percent	1.422	20.964	72.244

1.2 Analysis of Corporate Dimensional Factors

In the measurement item of corporate social responsibility dimension, there is a direction item that the Corporate has a direction to score the employee's social responsibility commitment, that is, "*the ratio of the employee's monthly overtime to the total working time*". For the rest of the items, the higher score means the higher the degree of social responsibility of the company. The higher the score of this item, the less social responsibility the company assumes. Therefore, the SPSS software was used to perform reverse scoring before the following analysis. The corporate social responsibility dimension measurement item has a KMO value of 0.933, which is greater than the standard of 0.9. The Bartlett spherical test has a chi-square value of 2788.322 (degree of freedom df=325), reaching a significant level, which means that there is a common factor between the matrices of the maternal population. This shows that the measurement items of the corporate social responsibility dimension are very suitable for exploratory factor analysis.

Table 2 : Factor Analysis of Corporate Social Responsibility Dimension

Measurement item	Factor		
	1	2	3
Rc3	0.775		
Rc6	0.741		
Rc4	0.683		
Rc5	0.670		
Rb5	0.632		
Rb2	0.623		
Rb3	0.611		
Rd6		0.866	
Rd5		0.844	
Rd4		0.823	
Rd2		0.802	
Rd7		0.794	
Rd1		0.652	
Ra1			0.821
Ra3			0.725
Ra5			0.701
Ra2			0.640
Initial Eigenvalues	12.614	2.061	1.165
percent of Variance	28.053	26.670	17.274
Cumulative percent	28.053	54.723	71.998

Pearson Correlation

This study analyzed the correlation of corporate culture characteristics and corporate social responsibility by Pearson Correlation Coefficient. The correlation between factors reflects the possibility of interaction between variables. Through Pearson's analysis, the rationality of model setting or hypothesis can be preliminarily judged.

The data in Table 5 show that the correlation coefficient between corporate culture characteristics and corporate social responsibility is 0.394-0.735. All the data are significant at the level of 0.01.

Table 3 : Correlation matrix between variables

	Mean	S.D	Ca	Cbc	Cd	Ra	Rbc	Rd
Ca	4.392	1.321	1					
Cbc	4.956	1.102	0.554 (**)	1				
Cd	4.964	1.073	0.660 (**)	0.576 (**)	1			
Ra	4.437	1.056	0.735 (**)	0.563 (**)	0.662 (**)	1		
Rbc	4.877	1.093	0.676 (**)	0.524 (**)	0.682 (**)	0.723 (**)	1	
Rd	4.118	1.286	0.581 (**)	0.394 (**)	0.486 (**)	0.611 (**)	0.694 (**)	1

Note: ** significantly correlated at the level of 0.01

The results of the correlation analysis show that there is a significant correlation between corporate culture characteristics. This shows that the possibility of corporate culture characteristics on the impact of corporate social responsibility dimension initially and proved the rationality of this research hypothesis.

Conclusion

Through the analysis of the model and the comparison of the results, the theoretical model and hypothesis proposed above are validly tested. Overall, most of the hypothetical relationships among variables proposed in this study are supported or partially supported by empirical results. This proves the idea of this research, that is, corporate culture has an important impact on corporate social responsibility and corporate performance, the significant impact of corporate social responsibility on corporate performance and its important intermediary role in corporate culture's role in corporate performance. It also fully proves that corporate culture promotes the interests of stakeholders by influencing corporate social responsibility behavior, and then enables stakeholders to make decisions and behaviors that are beneficial to the company,

and ultimately promote the process of corporate performance. The comparison of the model results also shows that there are differences in the impact of different corporate cultures on corporate social responsibility and corporate performance, and the differences in the impact of corporate social responsibility dimensions on firm performance, which is consistent with the conclusions of relevant research.

For Corporates, not only must they realize that corporate social responsibility has an impact on corporate performance, but also recognize the different impacts of various social responsibilities on corporate performance. Recognizing that corporate social responsibility plays a role in the complexity and long-term nature of corporate performance, companies can better assume social responsibility from a strategic perspective. The differences in the process and conditions of different corporate social responsibility dimensions also indicate that in order to promote corporate social responsibility, the external environment of the corporate needs to provide corresponding supporting conditions, the perfection and effective implementation of the legal system, and the public's attention and contribution to social interests. It is essential to achieve a double bottom situation. Corporations should pay attention to the impact of corporate culture on the corporate social responsibility behavior of the host country when constructing corporate culture.

References

Bowen H. R. (1953). *Social Responsibility of the Businessman*. New York: Harper & Brothers.

Buckley, Peter J. (2007). *The strategy of multinational Corporate in the light of the rise of China*. Scandinavian Journal of Management, 23(2):107-126

John R. Boatright. (2014). *Ethics and Conduct of Business*. Edinburgh: Pearson Education Limited. Retrieved from: <http://www.doc88.com/p-4854834271958.html>

Kim S. Cameron, & Robert E. Quinn. (1998). *Diagnosing and Changing Organizational Culture: Based on the competing values framework*. New York: Addison-Wesley.

Li Jiansheng, Li Wei. (2012). *Study on the Relationship between Corporate Culture and Business Performance from the Perspective of Corporate Social Responsibility*. Beijing: Economy & Management Publishing House.

Lu Daifu. (2012). *Economic and Legal Analysis of Corporate Social Responsibility*. Beijing: Law Press, 137-144.

Ma Qingguo. (2002). *Management Statistics: Data Acquisition, Statistical Principles, SPSS Tools and Application Research*. Beijing: Science Press.

R. E. Freeman. (1984). *Strategic Management: A stakeholder Approach*. Boston: Pitman/Ballinger.

Rouse Margaret. (2015). *Corporate Performance*. Retrieved from: <https://whatis.techtarget.com/definition/corporate-performance>

Wu Minglong. (2003). *SPSS statistical application practice*. Beijing: China Railway Press.

WANG Chuanli, DONG Gang. (2007). *Social responsibilities of transnational corporations*. *Frontiers of Law in China* 2(3): 378–402.