ASSESSING THE IMPACT OF THE NATIONAL CULTURAL FRAMEWORK ON RESPONSIBLE CORPORATE BEHAVIOUR TOWARDS CONSUMERS: AN APPLICATION OF GEERT HOFSTEDDE’S CULTURAL MODEL

Cristina Gănescu1*, Andreea Gangone3 and Mihaela Asandei3

1) 2) 3) Constantin Brâncoveanu University of Piteşti, Romania

Abstract

This article aims to define and measure responsible corporate behaviour towards consumers in EU countries by defining an index of responsible corporate behaviour towards consumers and to establish the impact of Geert Hofstede's cultural dimensions on the responsible behaviour of organisations towards consumers. The index uses a specific measurement methodology based on three major components of responsible corporate behaviour towards customers and on content analysis of the Eurostat databases, the RAPEX 2012 Annual Report, the 2012-2013 Global Competitiveness Report and the Global Reporting Initiative database. We used the multifactorial regression and the Wald significance test to demonstrate that organisations operating in countries characterised by low power distance, individualism, femininity, tolerance of unknown and long-term orientation pay more attention to responsible corporate behaviour towards customers. The study highlights theoretical considerations that support the influence of the national cultural framework on responsible corporate behaviour towards consumers. The methodology for calculating the index of responsible corporate behaviour towards consumers can become a basis of analysis of responsible corporate behaviour towards local consumers or other stakeholders.

Keywords: responsible corporate behaviour, consumers, index of responsible corporate behaviour towards consumers (IRCBC), cultural model, Geert Hofstede, European Union.

JEL codes: C43, C52, D18, D22, M14, O52.

Introduction

Recent views on social responsibility management recognise that organisations must meet the needs of different groups of stakeholders (Francis and Mishra, 2009) and continuously monitor and address these needs in a dynamic manner (Jamali, 2008). Competitive environment requires organisations to design policies and create tools that consider the needs of consumers from various markets where these organisations operate, while fully understanding specific cultural values.

* Corresponding author, Cristina Gănescu – cristina_ganescu@yahoo.com
Lately, a number of studies have confirmed the impact of national culture on corporate social responsibility (Jamali, 2008; Ringov and Zollo, 2007; Javidan, et al., 2005) and the influence of cultural values on perceptions of corporate social responsibility (Kim and Kim, 2010). But scholarly literature lacks studies focused on determining the influence of culture on responsible corporate behaviour towards consumers.

In this context, this paper approaches an exciting topic for academia and investigates the influence of cultural dimensions on responsible corporate behaviour towards consumers. A careful analysis of responsible corporate behaviour towards consumers connected to national cultural values could provide researchers and companies with a fresh perspective on policies to optimise the relationship between corporations and consumers.

In the first section, our research describes Geert Hofstede's cultural model, indicating different studies based on it. The second section presents the content and meaning of responsible corporate behaviour towards consumers. The third section describes the methodology for assessing responsible corporate behaviour towards consumers. It continues with a description of objectives, research methodology, and data collection methods. Finally, data analysis is performed and research conclusions are drawn.

1. Geert Hofstede's cultural model and its use in specialised research

For over fifty years, researchers have shown great interest in evaluating nations and cultures. Scholarly literature contains research on the use of factor analysis to compare nations (in terms of economy, geography, demographics, history, politics, etc.), resulting in a matrix of nations (Hofstede, 2011, p.5). After the ‘70s, Geert Hofstede has explored differences in thinking and social actions that exist between members of more than 50 modern nations (Shi and Wang, 2011, p.94). Later on, Hofstede published the results of his research conducted in 74 countries and regions and based on replications and extensions of studies at IBM (Hofstede, 2001). Using initial results and later additions, Geert Hofstede developed a model that identifies four dimensions which can be used to evaluate cultures: Power Distance, Individualism/Collectivism, Masculinity/Femininity and Uncertainty Avoidance. Later on, he added a fifth dimension, based on Confucian dynamism, called Long-Term Orientation/Short-Term Orientation, and applied it to 23 countries.

Geert Hofstede's research is a good starting point in understanding the cultural dynamics of nations (Javidan, et al., 2006, p.911). Hofstede's model establishes the differences between cultures, granting each dimension and country a position on a scale from 0 to 100. Verified empirically in many studies, these differences allowed the polarisation of analysed states (Shi and Wang, 2011, p.95). Hofstede's dimensions were analysed independently or in various combinations, some being more common than others (Hofstede and Hofstede, 2005).

Scholarly literature is particularly interested in addressing the impact of cultural values from Hofstede's model on various economic phenomena. Thus, Costa and McCrae (1992) have established the link between Geert Hofstede's cultural dimensions and personality dimensions. Other research points to the potential of collectivism and power distance in establishing positive relationships with shareholders, stakeholders and community (Waldman, et al., 2006). In fact, the values and practices of each culture can influence leaders’ behaviour and corporate practices (House, et al., 2004, p.19).
There are a few studies that link national culture and corporate social responsibility. Most studies comparing the focus towards CSR on an intercultural level concentrate on assessing managers’ perceptions of corporate social responsibility actions (Pinkston and Carroll, 1994; Burton, Farh and Hegarty, 2000). The very interesting research of Ringov and Zollo (2007) shows that socially responsible corporate behaviour is influenced by each country’s cultural context: power distance and masculinity have considerable negative effects on social and environmental corporate performance, while individualism and uncertainty avoidance do not have significant impact on these performances. Later on, Ho, Wang and Vitell (2012) examined the impact of national culture and geographic environment on the social performance of companies, proving that Hofstede’s cultural dimensions are significantly linked to corporate social performance, while European companies recorded higher social performance compared to those from other regions and countries. Peng, Dashdeleg and Chih (2012) explored the relationship between national culture and CSR, establishing that all four of Hofstede’s cultural dimensions could influence commitment to corporate social responsibility: individualism and uncertainty avoidance have positive influence on this commitment, while power distance and masculinity exert negative influence.

Therefore, we can identify two opposite views on cultural differences: the absolute position, according to which cultural values and, by extension, the focus towards corporate social responsibility could be similar in different cultures, and the relative position, according to which these values and the focus towards corporate social responsibility are specific to each culture (Burton, Farh and Hegarty, 2000). The authors of this research adhere to the relative position and, as defined in this study’s hypothesis, believe that different cultural values generate different corporate behaviour in relation to consumers.

2. Consumer as stakeholders and responsible corporate behaviour towards consumers

According to stakeholder theory (Freeman, 1984), managers develop relationships based on trust with a wide array of stakeholders that are directly affected by the actions of these organisations. Stakeholders expect organisations to at least comply with legislative frameworks, to be ethical, trustworthy and responsible, to be transparent and meet their needs (Gătej, 2011; Şerban, 2012).

Clarkson (1995) places consumers in the category of primary stakeholders, along with shareholders and investors, employees, suppliers, governments and communities. Donaldson and Preston (1995) stress consumers’ right to receive benefits that are equal to those of other shareholders. For Miron, Petcu and Sobolevschi (2011), consumers are stakeholders with distinct expectations that can be even divergent from those of shareholders, employees, creditors, suppliers, state and community, as they are more connected with non-economic responsibilities (Golob, Lah and Jancic, 2008). The stakeholder analysis model proposed by Mason and Simmons (2013) identifies consumers’ expectations, which take the form of functional, emotional and social benefits arising from the purchase and consumption of goods and services. Dawkins and Lewis (2003) found that specific elements of corporate social responsibility, which are of interest to consumers, include employee management, community involvement, ethical and environmental issues. Other types of consumer expectations are those concerning the communication of corporate social responsibility actions, as the most important factor of reputation (Morsing, Schultz and Nielsen, 2008).

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Studies on consumer protection reveal consumers’ preference for responsible organisations that focus on reducing environmental impact, providing quality service and increased quality of consumers’ lives, reducing health risks (Mare, et. al., 2013). The need to adopt a responsible attitude towards consumers derived from the increasingly numerous expectations of all social partners, particularly consumers, and from the intolerance expressed by consumers and the general public against companies that fail to meet obligations (Gătej, 2011). Many consumers tend to put pressure on companies to behave responsibly through boycotts (Gătej, 2011, p.35), while others may reconsider their buying intentions (Creyer and Ross, 1997).

In the last twenty years, many researchers have used stakeholder theory to examine consumer expectations, associating them with classes of values that meet these expectations: product quality, customer safety during product use, consumer protection and transparency of consumer product information (Longo, Mura and Bonoli, 2005). Companies focused on meeting consumer expectations and concerns respect consumers’ rights, offer quality products and services, provide information that is truthful, honest and useful, products and services that are safe and fit with their intended use, avoid false and misleading advertising, disclose all substantial risks associated with products and services, avoid sales promotions that are deceptive/manipulative, avoid manipulating the availability of a product for exploitation purposes, avoid engaging in price fixing (Papasolomou-Doukakis, Krambia-Kapardis and Katsioloudes, 2005). „Numerous studies from the last decade underline the importance of responsible and sustainable corporate behaviour, which is generally perceived as the way an entity integrates social, environmental and economic concerns into its cultural values when making decision” (Hristea, 2011, p.58).

Corporate social responsibility practices that organisations implement for consumers have been analysed in numerous studies, but the concept of responsible corporate behaviour towards consumers was not individualised. This study provides the opportunity to define a particular view. Responsible corporate behaviour towards consumers is a response to increased consumerism. In this context, “consumer protection covers aspects referring to the system of relations created in the market, as a result of a direct link between consumers and services or products, producer-consumer relationships framework, supply and demand game, price liberalisation, advertising, sales staff behaviour, product quality” (Sitnikov and Bocean, 2010, p.361).

In our view, responsible corporate behaviour towards consumers (RCBC) covers three major components (Figure no.1): responsibility for the quality and safety of products and services, responsibility for environmental compliance and responsibility for the transparency of operations and relationships.

The first major component, responsibility for the quality and safety of products and services, requires organisations to market quality products and services, that are safe for consumption and do not endanger life and health. Quality certification is a desirable behaviour, appreciated by consumers, and a definite proof of an organisation’s responsible practices in developing and marketing of products and services. This component covers four manifestations: corporate interest in the ISO 9001:2008 certification of management systems, the ISO 22000:2005 certification of food safety management systems, customer orientation and focus on innovation. The ISO 9001:2008 certification of management systems enables organisations to implement a more logically structured management of
processes, to focus on customers, evaluate their satisfaction, and to monitor top management’s commitment to continuous improvement. The benefits of ISO 9001:2008 certification related to improving responsible corporate behaviour towards consumers are: consumers’ needs are met, increased credibility and consumer trust in the quality of products and services, increased customer satisfaction, greater understanding of organisational processes, a clearer definition of responsibilities and rights, improved communication with consumers, efficient and sustainable use of resources and a framework for continuous improvement. The ISO 22000:2005 certification of food safety management system guarantees food safety along the food chain and up to the final point of consumption. The benefits of ISO 22000:2005 certification related to improving responsible corporate behaviour towards consumers are: providing safe end products to consumers, assessing consumers' requirements, effective communication with consumers and other interested partners along the food chain, compliance with own food safety policies. Customer orientation is a key component of responsible corporate behaviour towards consumers as it enables organisations to identify critical factors that determine customer satisfaction (McDougall and Levesque, 1994) and build strong, long-term relationships with them. The orientation towards innovation is a fundamental component of an organisations’ success. Innovative organisations are proactive in their relationships with customers and are able to produce quality products and services and balance changes required by consumers with costs incurred by change.

Figure no. 1: Major components of responsible corporate behaviour towards consumers and their forms of manifestation

Source: created by authors

The second major component, responsibility for environmental compliance, covers three forms of manifestation: the interest of organisations in environmental certification, GRI reporting and eco-label licensing. This component derives from consumers’ right to a healthy environment. Organisations must identify resources and sustainable and eco-friendly technological solutions to ensure future generations the chance of healthy growth.
ISO 14000 certification offers practical instruments to identify and control environmental impact, “from the moment of conception and design, through raw materials and energy supply and production stages, to distribution, use and post-use, when reuse and reintegration in nature must be ensured” (Dinu, Schileru and Atanase, 2012, p.9). The benefits of ISO 14000 certification related to improving responsible behaviour towards consumers are: increased customer confidence in producers of goods and services, reduced selling prices as a result of waste minimisation. GRI reporting provides organisations with a standardised framework for assessing the economic, social and environmental impact of their activities. The benefits of GRI reporting related to improving responsible corporate behaviour towards consumers are: greater contribution to protecting the natural environment, improved quality of products and services, improved communication with consumers, benefits that contribute to a long-term increase of consumers’ confidence in the products and services being provided. Modern consumers do need guarantees in respect of purchased products regarding their “greening” (turning eco). This is why national governments and international institutions tried to manage, through regulations, the problem (Dinu, 2012, p. 5). Eco-label licensing is an indicator of the number of "EU Flower" licenses issued in the European Union for products and services with low environmental impact. The European eco-label is “a unique certification scheme with two main objectives: to provide consumers with an objective evaluation of products in terms of environmental impact and to promote the manufacturing and consumption of products with minimum environmental impact” (Dinu, Schileru and Atanase, 2012, p. 12). The benefits of eco-labelling related to improving responsible behaviour towards consumers correlate with consumers’ right to live and work in a natural environment that does not endanger the quality of life of present and future generations (Consumer International, 2013).

The third major component, responsibility for the transparency of operations and relationships, derives from consumers’ right to be correctly and accurately informed about the characteristics of complex products and services, and the right to be educated about being a consumer. This component covers two forms: corporate ethics and the ability to identify and report deviations. Corporate ethics refer to how managers apply fair and sustainable practices in relation to all stakeholders. The benefits of corporate ethics related to improving responsible behaviour towards consumers aim at “strengthening the loyalty of existing customers and attracting new customers, loyal competition and honest advertising, integrity and loyalty to business partners and customers” (Spătariu, Asalos and Grozea, 2008, p.117). Young (2006) states that organisations must be able to distinguish between what is good and what is bad for consumers, understanding that you can learn a lot from the dissatisfaction expressed by customers. Organisations that see customers as sources of vital feedback about the characteristics of their products or processes behave in a responsible manner towards consumers, by identifying non-conforming products or services on the market and reporting these issues through a European application (European Commission, 2012).

3. A methodology to assess responsible corporate behaviour towards consumers from a socio-cultural perspective

The purpose of this study is to assess responsible corporate behaviour towards consumers in EU and to determine the impact of the national cultural framework on it. The European
model is of particular interest because of its cultural, economic, social, and political diversity. In this context, organisations operating in the European Union must understand and interpret this diversity and complexity to establish fair and sustainable relationships with consumers.

We formulated the following objectives: O1. Develop a methodology to calculate the index of responsible corporate behaviour towards consumers (IRCBC); O2. Grade EU countries based on responsible corporate behaviour towards consumers; O3. Identify the impact of the national culture system, as defined by Geert Hofstede's cultural dimensions, on responsible corporate behaviour towards consumers. The hypothesis to be tested in this study is: Power distance and masculinity exert negative influence on responsible corporate behaviour towards consumers, while individualism and uncertainty avoidance have a positive influence on corporate responsible behaviour towards consumers.

The methodology used to calculate the index of responsible corporate behaviour towards consumers (IRCBC) for 2012 was based on content analysis of the Eurostat databases, the RAPEX 2012 Annual Report (European Commission, 2012), the 2012-2013 Global Competitiveness Report published by the World Economic Forum (Schwab and Sala-i-Martin, 2012) and the Global Reporting Initiative database (Global Reporting Initiative, 2012). Defining the index of responsible corporate behaviour towards consumers involved several steps. In the first stage, we identified the 28 European Union member states. Then we created a research database by documenting the values of each specific indicator used to assess responsible corporate behaviour towards consumers. We excluded Croatia from the list due to lack of 2012 data and researched the other 27 states. We aggregated and converted the values of quantitative and qualitative specific indicators using the min-max method to maintain order and relative distance between scores of different countries included in research. We used weighting coefficients to define sub-indexes: 0.25 for the Quality and safety sub-index, 0.33 for the Environment sub-index and 0.50 for the Transparency sub-index.

We calculated the arithmetic average of the three sub-indexes to determine the value of the index of responsible corporate behaviour towards consumers, by using the following formula (Chilian, Albu and Iordan, 2010):

$$I_c = \frac{I_{c1} + I_{c2} + I_{c3} + \ldots + I_{cn}}{n}$$

(1)

The index of responsible corporate behaviour towards consumers was calculated as a composite index, using the following formula:

$$IRCBC = \frac{I_1 + I_2 + I_3}{3}$$

(2)

where: IRCBC – value of the index of responsible corporate behaviour towards consumers; I1, I2, I3 – sub-indexes characterising each major component.

The results allowed a ranking of EU states based on responsible corporate behaviour towards consumers. The state with the highest index value is a state where responsible corporate behaviour towards consumers is noticeable, as measured using the index created in this research (Table no. 1).
Table no. 1: Ranking of EU member states based on responsible corporate behaviour towards consumers (Croatia excluded)

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>Country acronym</th>
<th>QSS</th>
<th>ES</th>
<th>TS</th>
<th>IRCBC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Germany</td>
<td>DE</td>
<td>56.96</td>
<td>42.87</td>
<td>67.96</td>
<td>55.93</td>
</tr>
<tr>
<td>2.</td>
<td>Italy</td>
<td>IT</td>
<td>70.74</td>
<td>79.03</td>
<td>16.26</td>
<td>55.34</td>
</tr>
<tr>
<td>3.</td>
<td>Spain</td>
<td>ES</td>
<td>33.92</td>
<td>67.31</td>
<td>54.32</td>
<td>51.85</td>
</tr>
<tr>
<td>4.</td>
<td>United Kingdom</td>
<td>UK</td>
<td>32.86</td>
<td>49.95</td>
<td>65.83</td>
<td>49.55</td>
</tr>
<tr>
<td>5.</td>
<td>France</td>
<td>FR</td>
<td>33.61</td>
<td>44.85</td>
<td>51.97</td>
<td>43.48</td>
</tr>
<tr>
<td>6.</td>
<td>Finland</td>
<td>FI</td>
<td>22.11</td>
<td>25.96</td>
<td>69.52</td>
<td>39.20</td>
</tr>
<tr>
<td>7.</td>
<td>Sweden</td>
<td>SE</td>
<td>27.76</td>
<td>31.78</td>
<td>47.47</td>
<td>35.67</td>
</tr>
<tr>
<td>8.</td>
<td>The Netherlands</td>
<td>NL</td>
<td>28.99</td>
<td>19.14</td>
<td>54.42</td>
<td>34.18</td>
</tr>
<tr>
<td>9.</td>
<td>Denmark</td>
<td>DK</td>
<td>29.90</td>
<td>10.37</td>
<td>55.89</td>
<td>32.05</td>
</tr>
<tr>
<td>10.</td>
<td>Austria</td>
<td>AT</td>
<td>29.23</td>
<td>16.07</td>
<td>38.99</td>
<td>28.10</td>
</tr>
<tr>
<td>11.</td>
<td>Hungary</td>
<td>HU</td>
<td>9.37</td>
<td>10.20</td>
<td>57.35</td>
<td>25.64</td>
</tr>
<tr>
<td>12.</td>
<td>Belgium</td>
<td>BE</td>
<td>26.10</td>
<td>9.29</td>
<td>35.71</td>
<td>23.70</td>
</tr>
<tr>
<td>13.</td>
<td>Bulgaria</td>
<td>BG</td>
<td>14.67</td>
<td>1.82</td>
<td>51.94</td>
<td>22.81</td>
</tr>
<tr>
<td>15.</td>
<td>Luxembourg</td>
<td>LU</td>
<td>15.97</td>
<td>0.95</td>
<td>44.12</td>
<td>20.35</td>
</tr>
<tr>
<td>16.</td>
<td>Portugal</td>
<td>PT</td>
<td>18.15</td>
<td>12.75</td>
<td>28.64</td>
<td>19.85</td>
</tr>
<tr>
<td>17.</td>
<td>Greece</td>
<td>EL</td>
<td>32.09</td>
<td>12.64</td>
<td>13.70</td>
<td>19.48</td>
</tr>
<tr>
<td>18.</td>
<td>Poland</td>
<td>PL</td>
<td>31.88</td>
<td>6.07</td>
<td>18.74</td>
<td>18.90</td>
</tr>
<tr>
<td>19.</td>
<td>Romania</td>
<td>RO</td>
<td>27.78</td>
<td>15.93</td>
<td>5.75</td>
<td>16.49</td>
</tr>
<tr>
<td>20.</td>
<td>Estonia</td>
<td>EE</td>
<td>15.34</td>
<td>0.93</td>
<td>30.17</td>
<td>15.48</td>
</tr>
<tr>
<td>21.</td>
<td>Cyprus</td>
<td>CY</td>
<td>7.23</td>
<td>0.44</td>
<td>30.25</td>
<td>12.64</td>
</tr>
<tr>
<td>22.</td>
<td>Lithuania</td>
<td>LT</td>
<td>17.26</td>
<td>1.19</td>
<td>18.89</td>
<td>12.44</td>
</tr>
<tr>
<td>23.</td>
<td>Czech Republic</td>
<td>CZ</td>
<td>15.16</td>
<td>8.52</td>
<td>9.89</td>
<td>11.19</td>
</tr>
<tr>
<td>24.</td>
<td>Slovenia</td>
<td>SI</td>
<td>11.50</td>
<td>1.31</td>
<td>20.11</td>
<td>10.97</td>
</tr>
<tr>
<td>25.</td>
<td>Malta</td>
<td>MT</td>
<td>6.62</td>
<td>0.10</td>
<td>24.53</td>
<td>10.42</td>
</tr>
<tr>
<td>26.</td>
<td>Latvia</td>
<td>LV</td>
<td>8.72</td>
<td>0.56</td>
<td>14.95</td>
<td>8.07</td>
</tr>
<tr>
<td>27.</td>
<td>Slovakia</td>
<td>SK</td>
<td>11.22</td>
<td>1.99</td>
<td>9.72</td>
<td>7.64</td>
</tr>
</tbody>
</table>

Source: created by authors

Distributions generated when assessing responsible corporate behaviour towards consumers indicate interesting aspects. Top ranking countries (Germany, Italy, Spain, UK) have high values of the index that highlight corporate focus in those countries on implementing and enforcing responsible policies for consumers, meeting consumer expectations, consumer values and lifestyles through responsible practices, while consumers increasingly embrace sustainable consumption. Top ranking countries are developed EU countries with a keen interest in behaving responsibly towards consumers. Countries at the end of the ranking (Czech Republic, Slovenia, Latvia, Slovakia) are far from the leaders, with low performance in terms of environmental responsibility and transparency of operations.
regarding consumers. The value of the index of responsible corporate behaviour towards consumers generated for Romania is below average and shows that corporate responsibility towards customers is not a priority. Romania has very low levels of responsibility for the transparency of operations and relationships, and this can be seen in practice (social and environmental corporate reporting is found mainly in multinational organisations and less in Romanian ones). Bulgaria's position may be surprising; results show greater transparency of practices compared to other countries in the study sample.

The relationship between the national culture system, defined by Geert Hofstede's cultural dimensions, and responsible corporate behaviour towards consumers is visible, as illustrated indirectly in other research (Vitell, Paolillo and Thomas, 2003; Garcia-Sanchez, Rodrigues-Ariza and Frias-Aceituno, 2013).

In their relations with consumers, companies operating in cultures characterised by low power distance prefer direct and participatory communication, delivering quality products and services, meeting high standards and maintaining reputation. In contrast, in cultures characterised by high power distance it's normal for some people to have more power than others and to use it in society. In their relations with consumers, organisations may find that some stakeholders can have more power than consumers: for example, shareholders can and should use their power more than consumers. In our opinion, organisations operating in cultures characterised by low power distance can act responsibly towards consumers.

Companies operating in strongly individualistic cultures establish and implement policies to increase customer loyalty, identify new technologies and offer new products or services, so that they retain their competitive advantage. In contrast, in cultures characterised by high collectivism, cooperation is stronger and competition weaker. In their relations with consumers, collectivist organisations do not seek to correctly identify consumer demands, but most often refer to their own requirements and rules. In our opinion, organisations operating in cultures characterised by can act responsibly towards consumers.

Organisations operating in masculine cultures respond promptly to consumer expectations, set ambitious objectives in terms of customer loyalty and finding new customers, because they are aware of how important consumers are to achieving success. In contrast, in cultures characterised by femininity, competition is weaker. In their relations with consumers, feminist organisations emphasise the importance of consensus, solidarity, and increased quality of life. In our opinion, organisations operating in cultures characterised by femininity can act responsibly towards consumers.

Organisations operating in cultures with high tendency to avoid uncertainty fully comply with specific laws and rules imposed not to endanger consumer health and safety. In contrast, cultures with a low preference for uncertainty avoidance quickly adapt to consumer expectations, easily implement changes to products or services, and are innovative and transparent so as to satisfy consumers. In our opinion, organisations operating in cultures characterised by low preference for uncertainty avoidance can act responsibly towards consumers.

Organisations operating in cultures characterised by strong long-term orientation adapt quickly to consumer expectations, using funds effectively and responsibly. Organisations operating in short-term oriented cultures have difficulties in identifying long-term strategies and policies to help improve communication with consumers, and rather focus on past or present results, without planning and forecasting. In our opinion organisations...
operating in cultures characterised by high levels of long-term orientation can act responsibly towards consumers.

4. Data analysis and research results

To highlight the influence of the national cultural system on responsible corporate behaviour towards consumers, we created a database to assess the five dimensions of the national cultural system, as defined by Geert Hofstede (The Hofstede Center, 2013). The evaluated dimensions that received scores from 0 to 100 are: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance (UAI) and Long-Term Orientation (LTO). We calculated the \( I_{RCBC} \) for 27 EU countries, but determined scores for Hofstede's cultural dimensions for only 24 EU countries. It was therefore necessary to exclude Lithuania, Latvia and Cyprus from research. We also excluded the LTO dimension from research because data to assess it was missing for Bulgaria, Estonia, Greece, Luxembourg, Malta, Romania and Slovenia.

We applied statistical analysis methods using Eviews 8. To test the hypothesis we had to assess the dependency of the RCBC variable to PDI, IDV, MAS, UAI explanatory variables using the multifactorial linear regression method (Table no. 2).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>8.658</td>
<td>21.175</td>
<td>0.408</td>
<td>0.687</td>
</tr>
<tr>
<td>PDI</td>
<td>-0.147</td>
<td>0.169</td>
<td>-0.871</td>
<td>0.394</td>
</tr>
<tr>
<td>IDV</td>
<td>0.397</td>
<td>0.215</td>
<td>1.849</td>
<td>0.080</td>
</tr>
<tr>
<td>MAS</td>
<td>-0.059</td>
<td>0.122</td>
<td>-0.483</td>
<td>0.634</td>
</tr>
<tr>
<td>UAI</td>
<td>0.087</td>
<td>0.153</td>
<td>0.568</td>
<td>0.576</td>
</tr>
</tbody>
</table>

R-squared 0.306 Mean dependent var 27.901
Adjusted R-squared 0.160 S.D. dependent var 14.743
S.E. of regression 13.507 Akaike info criterion 8.227
Sum squared resid 3466.724 Schwarz criterion 8.472
Log likelihood -93.729 Hannan-Quinn criter. 8.292
F-statistic 2.100
Prob (F-statistic) 0.120

The model that verifies the hypothesis is:

\[
RCBC_i = b_0 + b_1 \times PDI_i + b_2 \times IDV_i + b_3 \times MAS_i + b_4 \times UAI_i + \epsilon_i
\]  

(RCBC = responsible corporate behaviour towards consumers; PDI = Power Distance; IDV = Individualism; MAS = Masculinity; UAI = Uncertainty Avoidance; \( \epsilon_i \) = error; i = states, from 1 to 24).
The information presented in Table no. 2 leads to the following interpretations:

- The free term of the regression equation is $b_0=8.658$ and the point where all explanatory variables are 0. These coefficient has a standard value of 21.175;
- The coefficient for the PDI variable has a negative value of -0.147 and indicates an indirect link between PDI and RCBC, so that an increase of PDI by one unit causes a decrease of RCBC by 0.147 points. Because P-value=0.394>0.05, the coefficient is insignificant;
- The coefficient for the IDV variable has a positive value of 0.397 and indicates a direct link between RCBC and IDV, so that an increase of IDV by one unit increases RCBC by 0.397 points. Since P-value=0.079>0.05, the coefficient is insignificant;
- The coefficient for the MAS variable has a negative value of -0.059 and indicates an indirect link between RCBC and MAS, so that an increase of MAS by one unit causes a decrease of RCBC by 0.059 points. Because the P-value=0.634>0.05, the coefficient is insignificant;
- The coefficient for the UAI has a positive value of 0.087 and indicates a direct link between RCBC and UAI, so that an increase of UAI by one unit increases RCBC by 0.087 points. Since P-value=0.576<0.05, the coefficient is insignificant;
- The R$^2$ square determination coefficient is 0.306 and shows that 30.6% of the variance of organisations’ responsible behaviour towards consumers can be explained by variables taken into consideration, indicating that there are other factors that influence the dependent variable;
- The adjusted correlation ratio shows that 0.16 of the total variation is due to the regression line, taking into account the number of degrees of freedom.

### Table no. 3: Results of the Wald test

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Value</th>
<th>df</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
<td>22.159</td>
<td>(5, 19)</td>
<td>0.000</td>
</tr>
<tr>
<td>Chi-square</td>
<td>110.798</td>
<td>5</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Null Hypothesis: $C(1)=0$, $C(2)=0$, $C(3)=0$, $C(4)=0$, $C(5)=0$

Null Hypothesis Summary:

<table>
<thead>
<tr>
<th>Normalized Restriction (= 0)</th>
<th>Value</th>
<th>Std. Err.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$C(1)$</td>
<td>8.658</td>
<td>21.175</td>
</tr>
<tr>
<td>$C(2)$</td>
<td>-0.147</td>
<td>0.169</td>
</tr>
<tr>
<td>$C(3)$</td>
<td>0.397</td>
<td>0.215</td>
</tr>
<tr>
<td>$C(4)$</td>
<td>-0.059</td>
<td>0.122</td>
</tr>
<tr>
<td>$C(5)$</td>
<td>0.087</td>
<td>0.153</td>
</tr>
</tbody>
</table>

Restrictions are linear in coefficients.

*Source: calculated by authors, using Eviews 8 software*

The analysis of coefficients generates the following pattern of regression:

$$RCBC = 8.658 - 0.147 \times PDI + 0.397 \times IDV - 0.059 \times MAS + 0.087 \times UAI + \varepsilon$$

(4)
The results of the regression model required us to use estimations and asymptotical tests. We used the Wald test to determine the significance of explanatory variables in the regression model (Table no. 3). Because statistical F (22.159) and Chi-square (110.798) have significant values and very small associated probabilities (0.000), we can conclude that explanatory variables in the regression model are significantly different from 0, with an effect on the dependent variable.

The research hypothesis is verified: power distance and masculinity exert negative influence on organisations’ responsible behaviour towards consumers, while individualism, low preference for uncertainty avoidance and long-term orientation exert positive influence on organisations’ responsible behaviour towards consumers.

The links between PDI - RCBC and IDV - RCBC were plotted using a correlogram (Figure no. 2 and Figure no. 3). The graphs show that a straight line can approximate the distribution of points. The influence of PDI on RCBC is negative and the influence of IDV on RCBC is positive.

In our opinion, organisations, particularly multinational ones, must define clear strategies to enable the adoption of responsible practices towards customers. The index of responsible corporate behaviour towards consumers, whose measurement methodology was described
in this research, can be used only for the European Union because it is composed of variables calculated only for this area. It is expected that organisations working in cultures characterised by low power distance, individualism, femininity, tolerance of unknown and long-term orientation behave responsibly with customers and demonstrate sustainability, transparency and good governance.

Conclusions

As scholarly literature offers a reduced number of studies that demonstrate the relationship between national culture and corporate social responsibility, this study brings new insight and defines the influence of the national cultural system on responsible corporate behaviour towards consumers. The novelty in this study is the national index created to assess responsible corporate behaviour towards consumers, as stakeholders, and rank UE countries. The majority of research studies analyse the perception or reaction of consumers towards responsible corporate behaviour. The use of this methodology shows significant differences between states due to corporate behaviour, reporting, national particularities, or differences in evaluating variables included in the index.

The results of the regression model and of the Wald significance test show that organisations operating in countries with low power distance, individualism, femininity, tolerance of unknown, and long-term orientation focus more on responsible behaviour towards customers. Even if, statistically, the results show a significant influence of the national cultural system on responsible corporate behaviour towards consumers, the study highlights important theoretical considerations that support this relationship and offers future possibilities to understand responsible corporate behaviour towards consumers in the context of the national cultural framework.

The limitations of this study arise from the qualitative nature of some of the variables and lack of data for variables required for panel data models. As organisations and states improve reporting, this methodology to calculate the index can be taken further by extending the array of variables and time frames. This study is of use to researchers, practitioners or European institutions, as it helps evaluate and compare responsible corporate behaviour towards consumers by using a national index.

This methodology presents a series of worthy theoretical contributions and can become the basis for more complex analysis of responsible corporate behaviour towards local consumers or other stakeholders.

References


Assessing the Impact of the National Cultural Framework on Responsible Corporate Behaviour towards Consumers: an Application of Geert Hofstede’s Cultural Model


