

Driving Mechanism of Corporate Social Responsibility in United States and Mainland China

Fenghua Wang
Monica Lam
Sanjay Varshney

Abstract

This paper empirically explored the driving factors of corporate social responsibility (CSR) using survey data from USA and China. Based on the results from a Web survey of more than 400 executives from a diversified sample of companies, the influential CSR drivers between USA and China were compared and contrasted. Factor analysis identifies the ranking of CSR drivers for China as (1) ethics/values, (2) performance, (3) international issues/consumers/reputation, (4) barriers, and (5) government/laws in descending importance. The ranking for USA is (1) ethics/values, (2) barriers, (3) performance, (4) government/laws, and (5) consumers/reputation. Furthermore, it was found that China being in a coordinate market economy considers a broader group of stakeholders for CSR than USA being in a liberal market economy. The variables of financial performance, image, reputation, consumer, and media have more influence in CSR drivers for China than for USA. The variable of religion is not significantly influential in CSR for both China and USA. The above findings can guide executives and managers in developing effective strategies in addressing CSR issues in Western and Eastern companies.

Key Words: Corporate Social Responsibility, Factor Analysis, United States, China

Introduction

Corporate social responsibility (CSR) is one of the most important issues in the 21st century because of financial crises, climate changes, environmental impacts, and ecological imbalance. It has generated much attention in both academics and practitioners. Earlier research discussed whether companies should undertake CSR or what kinds of CSR. In recent years, more and more scholars gradually focus on the relationship between CSR and financial performance or enterprise value. Some scholars found there is a positive relationship between CSR and financial performance, while other scholars found no relationship or a negative relationship. Although there is no determined conclusion regarding the effect of CSR on financial performance, more and more companies including small to medium enterprises (SME) start to undertake CSR. What is the purpose of undertaking CSR when there may be conflict between the economic goal and ethical goal in profit-making organizations? Is CSR a voluntary act, or yielding to pressure, or fulfilling purposes? We are interested in answering the above questions especially in USA and China. This study aims to compare and contrast the key driving factors and their underlying variables for CSR in USA and China.

In general, CSR is a form of organizational behavior, which reflects the contribution of companies to sustainable development and environmental protection. There remains no consensus regarding the definition of CSR even it is highly recognized by scholars and practitioners. The International Organization for Standardization defines social responsibility as the responsibility of an organization for the impacts of its decisions and activities on society and environment, which is through transparent and ethical behavior including contributing to sustainable development, meeting

the expectations of stakeholders, obeying applicable law, and being consistent with international norms of behavior (ISO, 2010). Schwartz and Carroll (2003) viewed CSR as the purely or overlapping actions in economics, ethics, and legal to achieve corporate goals. In this paper, we adopt ISO's definition of social responsibility. According to the ISO definition, social responsibility can be classified into the five areas of responsibility for employee, business, environment, governance, and public interest. In terms of culture coverage, we are interested in exploring the CSR practices in USA and China.

Literature review

There are complex factors affecting companies in their fulfillment of CSR, which can be driven by self-interest or strategic motivation. However, purely moral motivation is seldom a strong driving force for CSR (Chunfang, 2009). McKinley (2008) found that the behavior of CSR is driven by legal constraints, government regulation, risk management, industry standards, reputation management, ethical consumerism, non-governmental-organization (NGO) action, pressure of employee and investors, and environmental and social factors. The Economic Commission for Latin American and the Caribbean (ECLAC, 2008) launched an investigation in five countries in 2008, and found that system pressure, company's image, employee satisfaction, competitive advantage, and community commitment are the main drivers for CSR. CSR responsiveness has significant relationship with the following institutional variables – rule of law, labor regulations, benevolence, and egalitarianism (Susan & Mona, 2014). Generally, the behavior of CSR is determined by a leading force. In a perfect monopoly market, economic motivation is the dominant factor that drives companies to fulfill CSR (Fanghui & Ziyuan, 2005).

Empirical studies found that companies have different kinds of motivation in pursuing CSR in different countries or ownerships (Yibo, 2007; Zhilong, 2005).

The Society for Human Resources Management conducted an investigation in different countries in 2006, and found that the primary motivation of CSR is to contribute to society, and the second motivation is to use CSR as a public relation strategy (Yibo, 2007). Zhilong (2005) found that companies with different ownerships have different motivation to fulfill CSR. Foreign-capital enterprises focus on public policies. State-owned enterprises aim to set up positive public image. Private enterprises focus on obtain supports from local government. Different ownership structures of companies and institutional backgrounds seem to affect the behaviors of CSR.

Some scholars study the driving factors of CSR from the perspective of internal and external environment. External system environment as well as the pressure from social, political, legal, natural, and market environment can affect the behavior of CSR (Taisong, 2013; Hond & Bakker, 2007; Mzembe & Meaton, 2014; Hongling, 2006). While the internal factors constitute the fundamental drivers, external driving force can be transformed into enthusiasm for fulfilling CSR (Qinghua, 2011). Wayne & Chad (2015) found that Integrated Value Creation is a methodology for turning the proliferation of societal aspirations and stakeholder expectations into a credible corporate response without undermining the viability of the business. In summary, CSR is affected by both internal motivation and external pressure.

From the above literature review, we can summarize the views of driving factors of CSR as follows: (1) CSR is driven by laws and systems, as well as the pressure from civil societies and environments (Hond & Bakker, 2007; Taisong, 2013; Mzembe & Meaton, 2014); (2) CSR is driven by the goal of increasing profits, enhancing competition ability, motivating employees, and improving company's image (Brekke & Nyborg, 2005; Aya Pastrana & Sriramesh, 2014); (3) CSR is driven not only by internal factors but also by external factors (McKinley, 2008; Chunfang, 2009; Qinghua, 2011); and (4) the differences of driving forces for CSR are due to system and cultural environments (Zhilong, 2005). This research attempts to fill the following knowledge gaps in the current CSR literature. First, the literature suggests many different variables for CSR. Are those variables related in some way that can be elevated into a higher level of extracted concept for description and explanation? This study combines the variables suggested in the literature with new variables for the concept extraction process. Second, through the concept extraction process, the relative importance of variables and concepts can be identified, which can provide further information to verify the research results of the current literature. Third, this study is interested in exploring CSR of organizations in both USA and China reflecting the practices in the western and eastern world. We describe some representative findings in the literature to the research question of the CSR differences between USA and China as well as the derived hypotheses in the remainder of this section.

Hypothesis One. Witt and Stahl (2016) used the exploratory content analysis to investigate the foundations of responsible leadership in Asian and Western culture. They interviewed top-level executives in United States and Hong Kong representing Western culture, as well as Germany, Japan, and Korean representing Asian culture. Though Hong Kong primarily has people of Asian descent, its economy setup is of Western free market. Western culture is generally considered as liberal market economy (LME) that emphasizes company performance measured by market value and investment returns on a short-term basis. Firms in LME handle employees through open labor market relationships that are subject to free hiring,

firing, and uncoordinated collective bargaining. On the other hand, Asian culture is generally considered as coordinated market economy (CME) that is characterized by relatively strong non-market relationships. CME tends to adopt the stakeholder capitalism national model, which has a broader group of constituents including employees, suppliers, customers, and different financial institutions in their decisions and actions. Through verbal and content analysis of their interview results, Witt and Stahl confirmed that CME firms consider more stakeholders than LME during their decision making process. In this paper, we are interested in testing the above difference between LME and CME using a quantitative factor analysis and a large sample from USA and China. We hypothesize that China being a representative of CME has more stakeholder variables in influential CSR drivers than USA being a representative of LME in this empirical study. This paper contributes to the understanding of the importance of stakeholders in CSR drivers between USA and China through a formal quantitative empirical study, which is lacking in the literature.

Hypothesis Two. Kolk et al. (2015) investigated how consumers in China perceive CSR, and whether the perception is different from the Western world. Though their study has data only from China rather than from both USA and China, their result has one relevant finding for this study. It was found that consumers in China view the required CSR (economic and legal responsibility) as more important than the expected CSR (ethical and philanthropic responsibility). In another study, Zhang et al. (2014) found that face, a cultural term in Chinese society, has important influence in interpersonal relationship. Companies' care for social needs can gain favorable social reputation leading to positive consumer perception and expectations of CSR (Wang & Juslin, 2009; Liao & Wang, 2009; Wong & Ahuvia, 1998). The more social responsibilities a company fulfills, the more face, and the higher the company reputation in the marketplace. Based on the above research results, we hypothesize that variables about financial performance, image, reputation, consumer, and media have more influence in CSR drivers for China than for USA. While there are research results regarding CSR in China in the literature, they are not direct comparison between the two in empirical terms. This study attempts to investigate the above important variables driving CSR in a comparative study between USA and China.

Hypothesis Three. Another CSR variable which is of interest in this paper, which we cannot find research results in the literature, is religious influence. Ghazzawi et al. (2016) carried out a survey regarding faith and job satisfaction. Though the focus of their study is on the influence of Buddhism, Christianity, Hinduism, Islam, and Judaism on job satisfaction, it has some implication on business ethics which can impact CSR. Their results show that Buddhism and Hinduism have a positive effect on job satisfaction while Christianity, Islam, and Judaism do not. This result is contradictory to the common belief that Christianity-related religions have a positive influence on work-related issues because those religions believe in working for God and others out of altruistic love (Ryken, 1986). As the effect of religion on CSR between the Eastern world and Western world is underexplored, we would like to investigate that in this paper. Based on the common belief regarding the work concept of Christianity and the general acceptance of Christianity in USA, we hypothesize that the religion variable impacting CSR drivers is more prominent in USA than in China.

Research model

Based on our hypotheses and the suggestions from the literature, this study identified the following eighteen variables influencing CSR: company image/reputation, competitive advantage, financial performance, risk management, employee satisfaction, leaders' values, stakeholders relationship, sustainable development/environmental protection, ethical/moral commitment, organizational culture, increasing cost, laws and institutions, governments and supervisors, international purchasers, reputation in the labor market/capital market, competitors, consumers and media, and international norms of social responsibility. Please refer to Table 1 (p. 18) for references for the selected variables in this study. The following five variables were introduced into the research model, which have not been studied much in the literature: religious influence, lack of support from business leaders, lack of policy guidance/support from governments, lack of CSR culture, and lack of human resource. The above twenty-three variables are the observable items in the research model in Figure 1 for the concept extraction of CSR. We anticipate that there are variables that promote the CSR (driver), reduce the CSR (barrier), or affect the CSR in either direction (pressure). The point of interest is to compare and contrast how variables can be consolidated into different factors in USA and China, and how important each variable is in each factor.

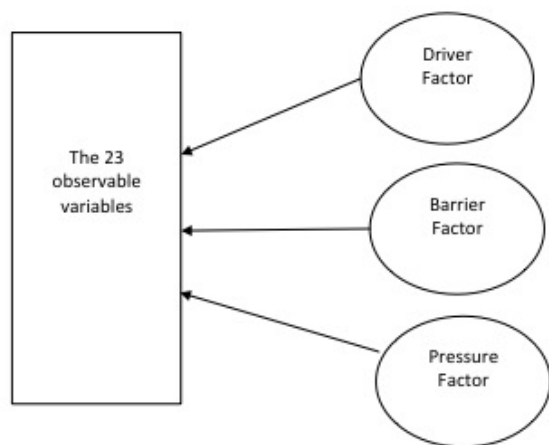


Figure 1. Factors for Corporate Social Responsibility Characteristic

Empirical survey

This research adopted an in-depth interview and survey for investigating CSR. The twenty-three variables in research model were included in the questionnaire. Respondents evaluated the importance of each variable for implementing CSR in their organizations using the Likert scale of 1-5 with 5 being the most important. As the first step, seven experts in the area of CSR, including four professors and three senior managers, were interviewed to discuss the importance of the variables. The interviews provided feedback regarding the coverage, relevancy, accuracy, and understandability of the variables of CSR. In addition, the experts assessed whether the questionnaire design is sufficient to achieve the purpose of the investigation. The results of the interviews preliminarily confirmed the validity and relevancy of the twenty-three variables. Next, a pretest was administered to fifteen senior managers. Based on the results of the pretest, the wording of some variables was modified to enhance their understandability. The final questionnaire consists of the basic information of respondents, basic information of companies, and the importance evaluation of variables determining CSR.

Sample and data

This study selected the middle to senior managers of companies, as well as MBA and Executive MBA students in Mainland China and United States as the sample population. The MBA students are from ten different universities in Mainland China and United States. As MBA and EMBA students generally come from middle to senior management in organizations, they are considered as appropriate sample population for this study. Qualtrics was used to execute the Web survey. To accommodate the language preference of prospective respondents, the questionnaire was in both Chinese and English. An invitation email was sent to the survey population, followed by two email reminders. To motivate survey participation, there was a charity donation of US\$10.00 per completed survey to an organization of the respondent's choice. The survey was held over a period of 40 days, from June to July 2015. The sample population has a total of 2763 people, including 600 people in Mainland China and 2163 people in United States. After two email reminders, a total of 237 surveys from United States, and a total of 228 surveys from Mainland China were returned. The initial response rate is 16.8%. After eliminating incomplete surveys, there were 223 surveys from United States and 180 surveys from Mainland China leading to a total of 403 usable surveys for the final analysis. The usable response rate is 14.5%. The descriptive statistics about the respondents and their companies are shown in Table 2 (p. 19) and Table 3 (p. 20) respectively. The characteristics distribution of the respondents and companies do not cause concerns for the data analysis in this research.

Reliability and validity test

SPSS was used to process the data. The results from reliability statistics, KMO and Bartlett's Test are presented in Table 4 (China, p. 20) and Table 5 (USA, p. 20). Cronbach's Alpha coefficient was determined to be 0.908 for China, and 0.868 for USA, which are higher than the generally accepted standard of 0.7. The variables in the survey are considered as highly reliable. To determine whether the variables are suitable for factor analysis, we checked the value of KMO of sampling adequacy. Since the value of KMO 0.823 (China) and 0.806 (USA) are between 0 and 1, the variables are highly suitable for factor analysis. Bartlett's Test also confirms that the data set is highly significant for factor analysis. Validity test includes content validity, discriminant validity, and convergent validity. During the development process of the survey, we incorporated the feedback of experts in the academia and industry to ensure the preliminary validity of the measurement items. Moreover, according to Tables 7 (p. 22) and 9 (p. 24), there is largely no cross loading on the factors (except the variable Risk Management in USA), which shows that the questionnaire has good discriminant validity. Every loading of the items on the associated factors is more than the generally accepted standard of 0.5, which shows that the items have good convergent validity. Therefore, we conclude that the measurement items in the questionnaire have good validity.

Factor analysis results

This study chose the principal component analysis as the analysis method. We performed the analysis for the sample in USA, and separately for the sample in China. We adopted the strict conditions to filter variables in order to get a factor structure with high significance. The variables which passed through filtering must meet all the following conditions: (1) the minimum loading value of each variable on the factor is at least 0.5; (2) the connotation of each variable is very consistent with other variables under the same principal component; and (3) there

Variables	References
Company image or reputation	McKinley & Andrew (2008); ECLAC (2008); Zhilong, T. & Yuanqiong, H. (2005); Aya Pastrana N. & Sriramesh, K. (2014).
Competitive advantage	ECLAC (2008); Brekke, K., A. & Nyborg, N. (2005).
Financial performance	Fanghui, J. & Ziyuan, X. (2005); Wayne, V. & Chad, K. (2015); Brekke, K., A. & Nyborg, N. (2005); Aya Pastrana N. & Sriramesh, K. (2014); Chunfang, Y. (2009).
Risk management	McKinley & Andrew (2008).
Employee satisfaction	McKinley & Andrew (2008); ECLAC (2008); Aya Pastrana N. & Sriramesh, K. (2014).
Leaders' values	Ankur Roy & Vishal (2013); Chunfang, Y. (2009).
Stakeholders relationships	Yibo, R. (2007); Zhilong, T. & Yuanqiong, H. (2005); Wayne, V. & Chad, K. (2015).
Sustainable development and environmental protection	McKinley & Andrew (2008); Aya Pastrana N. & Sriramesh, K. (2014); Hongling, G. (2006).
Ethical or moral commitment	McKinley & Andrew (2008); ECLAC (2008); Susan, L., Y. & Mona, V., M. (2014); Chunfang, Y. (2009).
Organizational culture	Susan, L., Y. & Mona, V., M. (2014); Zhilong, T. & Yuanqiong, H. (2005); Aya Pastrana N. & Sriramesh, K. (2014).
Pressure from laws and institutions	McKinley & Andrew (2008); ECLAC (2008); Susan, L., Y. & Mona, V., M. (2014); Mzembe, A., N. & Meaton, J. (2014); Zhilong, T. & Yuanqiong, H. (2005); Taisong, S., Q. (2013).
Pressure from governments and supervisors	McKinley & Andrew (2008); Zhilong, T. & Yuanqiong, H. (2005); Chunfang, Y. (2009).
Pressure from international purchasers	Ankur Roy & Vishal (2013).
The reputation in the labor market and capital market	McKinley & Andrew (2008); Susan, L., Y. & Mona, V., M. (2014); Mzembe, A., N. & Meaton, J. (2014); Hongling, G. (2006).
Pressure from competitors	Aya Pastrana N. & Sriramesh, K. (2014); ECLAC (2008).
Social pressure from consumers, media, etc.	McKinley & Andrew (2008); Taisong, S., Q. (2013); Wayne, V. & Chad, K. (2015); Mzembe, A., N. & Meaton, J. (2014); Chunfang, Y. (2009).
Religious influence	McKinley & Andrew (2008).
Pressure from international norms of social responsibility	McKinley & Andrew (2008); Mzembe, A., N. & Meaton, J. (2014).
Increasing cost	Haifei, W. & Xiaoxue, C. (2012); Arevalo J., A. & Aravind, D. (2013).
Lack of the support of business leaders	Ankur Roy & Vishal (2013).
Lack of policies guidance and support from governments	Den Hond, F. & De Bakker, F. G. A. (2007); Zhilong, T. & Yuanqiong, H. (2005); Haifei, W. & Xiaoxue, C. (2012).
Lack of corporate social responsibility culture	Haifei, W. & Xiaoxue, C. (2012); Aya Pastrana, N. & Sriramesh, K. (2014).
Lack of human resources	Arevalo J., A. & Aravind, D. (2013); Hong, T. (2006).

Table 1. Variable References

is a low cross loading or no cross loading among the variables. The principal component analysis was carried out using the maximum variance method based on eigenvalues being higher than 1. As a result, the total variance explained and the rotation sums of squared loadings are shown in Table 6 (China) and Table 8 (USA). Table 6 (p. 21) shows the cumulative variance contribution rate of 70.63 percent of all the information content of the first five factors for China. Table 8 (p. 23) shows the cumulative variance contribution rate of 60.91 percent of all the information content of the first five factors for USA. The factors with higher variance contribution rates have higher influence on CSR, which means a stronger driving force for it. Table 7 (p. 22) presents the rotated component matrix for China. Table 9 (p. 24) presents the rotated component matrix for USA. The rotation method is Varimax with Kaiser Normalization. We used 10% variance contribution from an individual factor as the cutoff criterion to include a factor for the final analysis. The next section compares and contrasts the influential factors for CSR drivers in USA and China.

CSR driver differences between USA and China

Table 10 (p. 24) lists the top five factors for CSR drivers in USA and China. A comparison of all the variables that are loaded into the top five factors shows the following: (1) China has 21 variables; (2) USA has 18 variables; (3) China and USA share the same 18 variables; and (4) the three variables that China has

but USA does not have are shareholder relationship, pressure from international purchasers, and pressure from international norms of social responsibility. These three variables are important for CSR in China but not in USA. The top factor is the most influential CSR driver, which USA and China agree on leaders' values, sustainable environmental protection, ethical or moral commitment, and organizational culture. The only disagreement is on whom being the important stakeholder: USA selects employee satisfaction while China selects stakeholder relationship. For simplicity, we label the first factor as "ethics/values." Surprisingly, financial performance is not loaded into the top factor in both USA and China, which may indicate a shift of ideology as the concept of CSR is evolving. In the second factor, China emphasizes on performance while USA emphasizes on barriers. In the third factor, China has international issues, consumers, and reputation; USA has performance issues. In the fourth factor, China has barriers; USA has government and laws. In the fifth factor, China has government and laws; USA has reputation and consumers. Overall, the ranking for USA is (1) ethics/values, (2) barriers, (3) performance, (4) government/laws, and (5) consumers/reputation. The ranking of CSR drivers for China is (1) ethics/values, (2) performance, (3) international issues/consumers/reputation, (4) barriers, and (5) government/laws. The hypotheses in this paper are evaluated as follows.

First, we hypothesize that China being a representative of coordinate market economy (CME) has more stakeholder vari-

Characteristic	Category	China		USA	
		N=180	%	N=223	%
Gender	Male	109	60.56	141	63.23
	Female	71	39.44	82	36.77
Age	Less than 35	119	66.12	98	43.94
	36 to 40	38	21.11	43	19.28
	41 to 45	19	10.56	27	12.11
	46 or over	4	2.23	55	24.66
Education	Doctoral Degree	6	3.33	5	2.29
	Master's Degree	92	51.11	175	80.28
	Bachelor's Degree	77	42.78	38	17.43
	Associate Degree	5	2.78	0	0.00
Major	Economics	20	11.11	6	2.69
	Management	112	62.22	140	62.78
	Engineering	24	13.33	11	4.93
	Science	5	2.78	7	3.14
	Laws	5	2.78	1	0.45
	Other	14	7.79	58	26.02
Job Title	Chairman or CEO	11	6.11	6	2.69
	Vice President	15	8.33	8	3.59
	Director	2	1.11	20	8.97
	Manager or Supervisor	63	35	75	33.63
	Administrator	53	29.44	15	6.73
	Other	36	20	99	44.40
Knowledge of CSR	Very Little	0	0.00	25	11.16
	Little	19	10.56	47	20.98
	Medium	97	53.89	92	41.07
	Much	58	32.22	49	21.88
	Very much	6	3.33	11	4.91
Religious belief	Yes	31	17.22	106	47.32
	No	149	82.78	85	37.95
	Not sure	0	0.00	33	14.73

Table 2. Respondent Characteristics in China and USA

Characteristic	Category	China		USA	
		N=180	%	N=223	%
Number of employees	Less than 300	49	32.03	61	27.35
	300-1000	35	22.88	32	14.35
	1000 or over	69	45.1	130	58.3
Industrial sector	Agriculture, Forestry, Fishing and Hunting	4	2.63	3	1.36
	Mining, Oil and Gas Extraction	16	10.53	4	1.82
	Utilities	7	4.61	10	4.55
	Construction	6	3.95	3	1.36
	Manufacturing	42	27.63	28	12.73
	Wholesale and Retail Trade	8	5.26	11	4.99
	Transportation and Warehousing	4	2.63	5	2.27
	Information	4	2.63	12	5.45
	Finance and Insurance	24	15.79	24	10.91
	Health Care and Social Assistance	1	0.66	25	11.36
	Public Administration	3	1.97	13	5.91
	Real Estate and Rental and Leasing	1	0.66	8	3.64
	Professional, and Technical Services	5	3.29	19	8.64
	Educational Services	7	4.61	20	9.09
	Other	20	13.16	35	15.91
Company ownership	State-owned Enterprises	62	41.06	37	16.74
	Private Enterprises	35	23.18	109	49.32
	Foreign-capital Enterprises	24	15.89	5	2.26
	Mixed-ownership Enterprises	12	7.95	22	9.95
	Other	18	11.92	48	21.72

Table 3. Company Characteristics in China and USA

Cronbach's Alpha (N of Items = 23)			.908
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.823
Bartlett's Test of Sphericity	Approx. Chi-Square	1573.353	
	df	253	
	Sig.	.000	

Table 4. Reliability Statistics, KMO, and Bartlett's Test - China

Cronbach's Alpha (N of Items = 23)			.868
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.806
Bartlett's Test of Sphericity	Approx. Chi-Square	1573.353	
	df	253	
	Sig.	.000	

Table 5. Reliability Statistics, KMO, and Bartlett's Test - USA

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.189	35.605	35.605	8.189	35.605	35.605	3.851	16.744	16.744
2	3.047	13.248	48.853	3.047	13.248	48.853	3.766	16.375	33.119
3	2.103	9.145	57.998	2.103	9.145	57.998	3.129	13.604	46.723
4	1.612	7.009	65.007	1.612	7.009	65.007	2.828	12.297	59.019
5	1.295	5.632	70.639	1.295	5.632	70.639	2.673	11.620	70.639
6	1.083	4.707	75.346						
7	.813	3.535	78.881						
8	.663	2.881	81.762						
9	.587	2.554	84.317						
10	.471	2.049	86.366						
11	.440	1.912	88.278						
12	.415	1.805	90.083						
13	.382	1.659	91.742						
14	.334	1.453	93.195						
15	.281	1.222	94.417						
16	.237	1.029	95.446						
17	.221	.959	96.406						
18	.197	.858	97.264						
19	.154	.668	97.932						
20	.144	.628	98.560						
21	.127	.552	99.112						
22	.120	.520	99.632						
23	.085	.368	100.000						

Extraction Method: Principal Component Analysis

Table 6. Total Variance Explained - China

	Component					
	1	2	3	4	5	6
Company image or reputation	.227	.475	.264	.007	.489	-.400
Competitive advantage	.393	.671	.226	.004	.128	-.055
Financial performance	.179	.835	.008	.001	.088	.253
Risk management	.249	.762	.172	-.025	.234	.089
Employee satisfaction	.505	.517	.264	.166	.127	-.112
Pressure from competitors	.118	.654	.466	.137	-.077	.346
Leader's values	.748	.082	.359	.171	.214	-.231
Stakeholders relationships	.512	.366	.495	.041	.334	-.054
Sustainable development and environmental protection	.867	.195	.136	.159	.076	.037
Ethical or moral commitment	.800	.245	.019	-.022	.049	.351
Organizational culture	.722	.434	.014	-.014	-.086	.314
Pressure from laws and institutions	.107	.206	.197	.177	.845	.070
Pressure from governments and supervisors	.073	.088	.208	.231	.846	-.038
Pressure from international purchasers	.184	-.052	.715	.066	.384	.263
The reputation in the labor market and capital market	.270	.290	.759	.103	-.032	.166
Social pressure from consumers, media, etc.	-.037	.256	.727	.127	.313	-.201
Religious influence	.250	.204	.541	-.048	.214	.471
Pressure from international norms of social responsibility	.110	.231	.169	.136	.002	.782
Increasing cost	-.052	.026	.038	.708	.265	-.389
Lack of the support of business leaders	.072	-.073	-.022	.681	.381	.220
Lack of policies guidance and support from governments	.022	-.173	.324	.741	.029	-.128
Lack of corporate social responsibility culture	.099	.120	.010	.791	.141	.201
Lack of human resources	.272	.351	-.024	.634	-.257	.179
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 8 iterations.						

Table 7. Rotated Component Matrix^a - China

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.179	26.865	26.865	6.179	26.865	26.865	3.848	16.730	16.730
2	3.849	16.736	43.601	3.849	16.736	43.601	3.258	14.163	30.893
3	2.095	9.108	52.709	2.095	9.108	52.709	2.308	10.036	40.929
4	1.486	6.463	59.171	1.486	6.463	59.171	2.299	9.995	50.925
5	1.443	6.276	65.447	1.443	6.276	65.447	2.298	9.990	60.915
6	1.088	4.732	70.179	1.088	4.732	70.179	2.131	9.264	70.179
7	.844	3.671	73.850						
8	.707	3.073	76.922						
9	.632	2.750	79.672						
10	.588	2.558	82.230						
11	.566	2.460	84.690						
12	.474	2.060	86.750						
13	.441	1.916	88.667						
14	.391	1.699	90.366						
15	.382	1.659	92.025						
16	.348	1.515	93.540						
17	.301	1.309	94.849						
18	.269	1.171	96.020						
19	.259	1.124	97.144						
20	.233	1.013	98.157						
21	.187	.814	98.970						
22	.142	.616	99.586						
23	.095	.414	100.000						

Table 8. Total Variance Explained - USA

	Component					
	1	2	3	4	5	6
Company image or reputation	.433	-.244	.362	.253	.190	.228
Competitive advantage	.460	-.138	.191	.189	.481	-.223
Financial performance	.216	.022	.837	-.067	.261	.135
Risk management	.154	.103	.890	.160	.049	.088
Employee satisfaction	.337	.036	.553	.562	.003	-.015
Pressure from competitors	.762	-.043	.245	-.142	-.002	.111
Leader's values	.841	.018	.200	.021	.060	.050
Stakeholders relationships	.566	-.089	.126	.271	.004	.297
Sustainable development and environmental protection	.878	.004	.008	.050	.122	.068
Ethical or moral commitment	.864	-.007	.003	.005	.127	.027
Organizational culture	-.028	.158	.076	.876	.249	.081
Pressure from laws and institutions	.033	.136	.041	.900	.232	.119
Pressure from governments and supervisors	.077	.173	.223	.126	.271	.740
Pressure from international purchasers	.075	.086	.256	.156	.703	.304
The reputation in the labor market and capital market	.084	.311	.283	.056	.656	.260
Social pressure from consumers, media, etc.	.129	.013	-.085	.282	.794	.073
Religious influence	.122	.179	.037	.014	-.043	.741
Pressure from international norms of social responsibility	.161	.178	.023	.086	.366	.692
Increasing cost	-.169	.621	.099	.099	.196	.155
Lack of the support of business leaders	-.111	.830	-.022	-.062	.071	.128
Lack of policies guidance and support from governments	-.057	.723	-.030	.165	.009	.305
Lack of corporate social responsibility culture	.013	.832	.055	.056	.035	.033
Lack of human resources	.123	.789	.017	.071	-.029	-.004

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

Table 9. Rotated Component Matrix^a - USA

	China	USA
Factor 1	<ul style="list-style-type: none"> • Leaders' values • Stakeholder relationship • Sustainable development and environmental protection • Ethical or moral commitment • Organizational culture 	<ul style="list-style-type: none"> • Leaders' values • Employee satisfaction • Sustainable development and environmental protection • Ethical or moral commitment • Organizational culture
Factor 2	<ul style="list-style-type: none"> • Competitive advantage • Financial performance • Risk management • Employee satisfaction • Pressure from competitors 	<ul style="list-style-type: none"> • Increasing cost • Lack of support of business leaders • Lack of policy guidance and support from governments • Lack of corporate social responsibility culture • Lack of human resources
Factor 3	<ul style="list-style-type: none"> • Pressure from international purchasers • Reputation in the labor market and capital market • Social pressure from consumers and media • Pressure from international norms of social responsibility 	<ul style="list-style-type: none"> • Competitive advantage • Financial performance • Risk management
Factor 4	<ul style="list-style-type: none"> • Pressure from international purchasers • Reputation in the labor market and capital market • Social pressure from consumers and media • Pressure from international norms of social responsibility 	<ul style="list-style-type: none"> • Risk management • Pressure from laws and institutions • Pressure from government and supervisors
Factor 5	<ul style="list-style-type: none"> • Pressure from laws and institutions • Pressure from governments and supervisors 	<ul style="list-style-type: none"> • Reputation in the labor market and capital market • Pressure from competitors • Social pressure from consumers and media

Table 10. Variables with Loading > 0.5 for the First Five Components – China and USA

ables in CSR drivers than USA being a representative of liberal market economy (LME). As we review the variables in the first factor, the striking difference is stakeholder relationship in China vs. employee satisfaction in USA. Checking the variables further down the factors, we found that employee satisfaction, being in the first factor of USA, appears in the second factor in China. On the other hand, stakeholder relationship, being in the first factor of China, is absent from all factors in USA. Moreover, the variable pressure from international purchasers was loaded into the third factor in China but is absent from all factors in USA. In summary, whereas China has the three variables stakeholder relationship, employee satisfaction, and pressure from international purchasers in CSR drivers, USA has only employee satisfaction. The above findings support the first hypothesis that China being in a coordinate market environment considers a broader scope of stakeholders for CSR than USA being in a liberal market economy. This finding provides important information to managers and executives as they address CSR issues in USA and China.

Second, we hypothesize that variables about financial performance, image, reputation, consumer, and media have more influence in CSR drivers for China than for USA. For the variable of financial performance, China has it in the second factor whereas USA has it in the third factor. For the variable of reputation in the labor market and capital market, China has it in the third factor whereas USA has it in the fifth factor. For the variable of social pressure from consumers and media, China has it in the third factor whereas USA has it in the fifth factor. The second hypothesis is supported by the above findings in this study. We should point out that both China and USA have the soft issues such as leaders' values, sustainable development and environmental protection, ethical or moral commitment, and organizational culture as the common variables in the most important factor. It is the second, third, fourth, and fifth factor that USA and China diverge.

Third, we hypothesize that religious influence is more prominent in USA than in China. The variable of religious influence is not loaded into the first five factors in both USA and China. It is actually loaded into the sixth factor in both USA and China. The third hypothesis is not supported in this study. The sixth factor in USA has the loaded variables of religious influence, pressure from international purchasers, and pressure from international norms of social responsibility. What common characteristics do these three variables have? One possibility is that they are considered as external influence rather than intrinsic value driving CSR in USA. Is it possible that religion is perceived as an external value to be conformed to rather than an inherent nature of people? In China, the religious influence is a sole variable in the sixth factor, which may be considered as an independent influence, not being understood well enough to be associated with other variables.

A major difference between USA and China, which is not captured in the three hypotheses, is the importance of the barrier factor consisting of increasing cost, lack of support of business leaders, lack of policy guidance and support from governments, lack of corporate social responsibility culture, and lack of human resources. While USA has the barrier factor in the second place, China has it in the fourth place. It seems that USA focuses more on the difficulty and problems of CSR than China. This phenomenon can be due to the practical approach of CSR in USA, which faces the obstacles and addresses the problems early on, in order to identify the solutions. In China, the approach seems to be taking care of as many stakeholders as possible, utilizing CSR to improve financial performance, and

then addressing problems as they occur. See table 10.

Discussion and conclusion

This empirical study compared and contrasted the survey data for CSR drivers from USA and China through the factor analysis. There are similarities but also significant differences between USA and China. The similarities are: (1) how the variables are grouped into factors of drivers, barriers, and pressures as suggested by the research model; (2) the most influential CSR factor being the ethics/values for both USA and China; and (3) religious influence is not significant in driving CSR in both USA and China. The differences are: (1) while USA has employee satisfaction as the most important stakeholder in the top factor, China inclusively considers many stakeholders; (2) financial performance, image, reputation, consumers, media are more important for CSR in China than in USA; and (3) while USA focuses more on barriers, China emphasizes more on the benefits from CSR.

In terms of implications for managing CSR, Eastern societies pay attention to a broad spectrum of stakeholders including customers, employees, purchasers, partners, stockholders, government, and other people who may be affected by CSR. Considering and taking care of more CSR stakeholders will result in requiring more resources and managing higher complexity. For some companies in Eastern societies, the perceived need of taking all stakeholders into consideration may be so overwhelming that they can become stagnant or try to avoid CSR issues. One strategy is to help Eastern companies set priorities and develop staged progress to achieve many goals. As for Western companies, their focusing on CSR barriers has its advantages and disadvantages. While it can lead to early detection of potential problems and identification of solutions, the perceived problems may overshadow the significant tangible and intangible benefits in the future. It then is important to help Western companies to strike for a balanced view as they tackle CSR issues. For multi-nation companies, understanding the different perspectives and approaches in fulfilling CSR can avoid conflict and formulate common goals.

As the literature has limited comparison between USA and China in terms of CSR drivers, the findings in this study filled in the knowledge gap, which can provide guidance to executives and managers to develop strategies to address CSR issues in Western and Eastern societies. There are limitations in this study. First, though China and USA are two major representative economies in the Eastern and Western societies respectively, there are still variations in different societies in terms of culture and business practices. The generalization of the findings in this study into other countries needs to be applied with caution. Second, for future investigation, respondents' characteristics such as gender, education, and age may be incorporated into the research model. Third, similar surveys can be carried out in a longitudinal study every few years, to identify the trends of influential factors in different cultures. Fourth, cause and effect research models can be developed to further understand the CSR phenomenon in different cultures.

Acknowledgements

This work was financially supported by the MOE (Ministry of Education in China) Project of Humanities and Social Sciences (15YJA630026). The authors would also like to thank the College of Business Administration at the California State University, Sacramento for its support to this research project.

References

- Ankur Roy & Vishal. (2013). SMEs Motivation: Corporate social responsibility. *SCMS Journal of Indian Management*, 01, 11-21.
- Arevalo J., A., & Aravind D. (2013). Corporate Social Responsibility Practices in India: Approach, Drivers, and Barriers. *Corporate Governance*, 11(4), 399-414.
- Aya Pastrana N., & Sriramesh, K. (2014). Corporate social responsibility: perceptions and practices among SMEs in Colombia. *Public Relations Review*, 40(1), 14-24.
- Brekke, K., A., & Karine, N. (2005). Moral hazard and moral motivation: corporate social responsibility as labour market screening. *SSM Electronic Journal*, 30, 243-246.
- Chunfang, Y. (2009). Research on the Driving Mechanism of Corporate Social Responsibility. A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy, Huazhong University of Science and Technology.
- Den Hond, F., & De Bakker, F. G. A. (2007). Ideologically motivated activism: how activist groups influence corporate social change activities. *Academy of Management Review*, 32, 901-924.
- ECLAC. (2008). Promoting Corporate Social Responsibility in Small and Medium Enterprises in the Caribbean: Survey Results. ECLAC Liaison Office in Washington, D.C.
- Fanghui, J., & Ziyuan, X. (2005). The implementation of corporate social responsibility based on consumer choice. *China Industrial Economics*, 210(9), 91-98.
- Ghazzawi, I., Smith, Y., & Cao, Y. (2016). Faith and job satisfaction: is religion a missing link? *Journal of Organizational Culture, Communications and Conflict*, 20(1), 1-29.
- Haifei, W., & Xiaoxue, C. (2012). An analysis of the external pressures & endogenous dynamics of corporate social responsibility. *Finance and Accounting for International Commerce*, 12, 26-29.
- Hongling, G. (2006). The Relevance of Corporate Social Responsibility Supply and Financial Performance based on Consumer Demand Supply. A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy, Southwest Jiaotong University.
- Kolk, A., Dolen, W., & Ma, L. (2015). Consumer perceptions of CSR: how is China different? *International Marketing Review*, 32 (5), 492-517.
- Liao, J., & Wang, L. (2009). Face as a mediator of the relationship between material value and brand consciousness. *Psychology & Marketing*, 26, 987-1001.
- McKinley, Andrew. (2008). The Drivers and Performance of Corporate Environmental and Social Responsibility in the Canadian Mining Industry. A thesis submitted in fulfilment of the requirements for the degree of Master of Geography, University of Toronto.
- Mzembe, A., N., & Meaton, J. (2014). Driving corporate social responsibility in the Malawian mining industry: a stakeholder perspective. *Corporate Social Responsibility and Environmental Management*, 21(4), 189-201.
- Qinghua, M. 2011. Research on the driver mechanism of corporate social responsibility from the perspective of system dynamics. *Theory Monthly*, 3, 157-159.
- Ryken, L. (1986). *Worldly Saints: The Puritans as They Really Were*. Zondervan Publishing House, Grand Rapids, MI.
- Schwartz, M. S., & Carroll, A. B. (2003). Corporate social responsibility: a three-domain approach. *Business Ethics Quarterly*, 13(4), 503-530.
- Susan, L., Y., Mona, V., M. (2014). Firms' corporate social responsibility behavior: an integration of institutional and profit maximization approaches. *Journal of International Business Studies*, 45, 670-698.
- Taisong, S., Q. (2013). Driving mechanism of institutional environment on corporate social responsibility based on the analysis of cases. *Studies in Dialectics of Nature*, 28(2), 113-119.
- The International Organization for Standardization. (2010). *ISO 26000:2010 Guidance on Social Responsibility*. American National Standards Institute.
- Wayne, V., & Chad, K. (2015). Integrated value creation (IVC): beyond corporate social responsibility (CSR) and creating shared value (CSV). *Journal of International Business Ethics*, 1, 29-43.
- Witt, M., & Stahl, G. (2016). Foundations of responsible leadership: Asian versus Western executive responsibility orientations toward key stakeholders. *Journal of Business Ethics*, 136, 623-638.
- Wang, L. & Juslin, H. (2009). The impact of Chinese culture on corporate social responsibility: the harmony approach. *Journal of Business Ethics*, 88(3), 433-451.
- Wong, N., & Ahuvia, A. (1998). Personal taste and family face: luxury consumption in Confucian and western societies. *Psychology and Marketing* 15(5), 423-441.
- Yibo, R. (2007). A survey on corporate social responsibility in seven countries – a survey report from the Society for Human Resources Management (SHRM). *China WTO Tribune*, 5, 66-68.
- Zhang, S., Van Doorn, J., & Leeflang, P. (2014). Does the importance of value, brand, and relationship equity for customer loyalty differ between eastern and western cultures? *International Business Review*, 23, 284-291.
- Zhilong, T., & Yuanqiong, H. (2005). Research on non-market strategy and action of enterprise in China. *China Industrial Economics*, 9, 82-90

Authors

Fenghua Wang is an Associate Professor in the Business School at Qingdao University. She achieved her PhD in Accounting from Ocean University of China. Her teaching and research areas include accounting, corporate social responsibility, and corporate governance. She has published in Finance & Accounting, Review of Corporate Governance, Energy Sources, Chinese Certified Public Accountants, Journal of Applied Statistics and Management, Commercial Accounting, China Management Informationization, Science and Technology Management Research, Modern Accounting, Communication of Finance and Accounting, and others. Her primary teaching interests are financial accounting, accounting information systems, and business ethics.

Monica Lam is a professor of information systems at California State University Sacramento. She has a BS in Sociology from the Chinese University of Hong Kong, an MS in Business Computing Science from Texas A&M University, and a PhD in Management Information Systems from the University of Wisconsin – Madison. She published two textbooks, and many research articles including Decision Support Systems, IEEE Transactions on Knowledge and Data Engineering, Annals of Operations Research, Neural Networks, Information Systems Management, European Journal of Operational Research, and others. Her research interests include business ethics, management strategies, accounting information systems, business analytics, higher education leadership, and global project management.

Sanjay Varshney is Professor of Finance at California State University, Sacramento, and Senior Vice President/Investment Strategy Specialist for California and Nevada at Wells Fargo Private Bank - Wealth Management Group. He recently served as the Vice President for Economic and Regional Partnerships and Dean of the College of Business Administration at Sacramento State for 10 years. He earned an undergraduate degree in accounting and financial management from Bombay University, a master's degree in economics from the University of Cincinnati, and a PhD in finance from Louisiana State University. He also holds the Chartered Financial Analyst designation. Dr. Varshney serves as the Chief Economist for the Sacramento Business Review.