

# Culture and leadership predictor of corporate social responsibility values of top...

[Business](#), [Management](#)



1. What is the main argument being made by the paper you have reviewed?

This paper examines cultural and leadership variables associated with CSR values that managers apply to their decision-making. It has been argued that some cultural dimensions may foster, while others may diminish CSR values in managers. In addition to that, studies have also found that leadership can influence the emergence of values and thus, it will also be used as a predictor of managerial CSR values. The key points such as cultural dimension of institutional collectivism, power distance and the leadership of top management team members are used to predict the social responsibility values in various firms. There are two dimensions of collectivism which are institutional and in-group collectivism. Power distance values will also reflect on the values of CSR when it comes to decision-making. For example, high power distance values in a culture will be negatively related to the shareholder, stakeholder relations and the state welfare CSR values. Leadership will also affect CSR values as a good and effective leader will provide a sense of mission and purpose and they will also serve the interests of followers rather than their own interest. These dimensions of CSR is believed to provide favorable image or relationship of an organization with their constituent groups. Although most academic attention on CSR focuses on its linkage to performance, it is possible for firms to engage in CSR on largely moral or ethical grounds, without clear strategic rationale. The globalization of firms is encouraging the spread of CSR practices. When framed in terms of managerial decision-making values, CSR appears to be a multidimensional construct, focusing on shareholder/owners, stakeholders

and the community/state welfare. 2. How does this argument fit with the other literature reviewed in the paper? The literature reviewed in the paper fits the argument above whereby cultural values and their relationship with managerial values will influence CSR in decision making at a firm. Other literature reviewed in the paper by (Triandis, 1995; House et al., 1999; Javidan et al., 2005) also agrees that members of a culture can influence more specific values and beliefs relevant to the decision making of executives. Besides that, societal cultural values will influence the decision making of an organization as agreed by (Dickson et al., 2004) whereby institutional theory predict organizations will adopt societal values to gain legitimacy with their environment. Moreover, collectivism are dimensions that may influence the emergence of CSR values which is also fit in (Earley and Gibson, 1998) literature reviewed that cultural collectivism dimension are linked to economic growth. Furthermore, power distance are also cultural dimension stated by (Carl et al., 2004) However, managers that are high power distance value in societies are not likely to value CSR in their decision making. Hence, (Jensen and Meckling, 1967) expect institutional pressure to guide managers to be good agents and look after shareholders interest when decision are made. (Waldman et al., 2006) demonstrates a relationship between neo- charismatic leadership on CEOs and social responsibility performance of their firms. This statement has been further supported that neo- charismatic leadership are based on self- concepts of followers whereby leaders communicate messages that contain many references to values and moral justifications (Shamir, 1991 and Shamir et al., 1993). In additional,

Wood's 1991 literature reviewed that leadership will show integrity by demonstrating a firm's CSR policies and expenditure of resources should not be defined by personal preferences of leaders considering the principle of public responsibility. Lastly, (McWilliams and Slegel, 2001) stated that leaders will stress how firm's social responsibilities should be directed towards shareholders as well as stakeholders. 3. How does this argument fit with your own experiences of working within organisations? There are several arguments that have been discussed by this journal which fit in our own experiences of working within organisations and as we know CSR will affect the managerial decision-making values that concern shareholders, stakeholders and the community. First, the organisation control variables, as well as national culture-level and firm-level leadership variables will affect the CSR issue while doing decision making. Secondly, managers in wealthier country are shown to focus on shareholders CSR issue rather than its impact on the community. According to experience, there are company that are not paying overtimes to their workers therefore, it ignores the welfare of the society. Besides that, company like Nike also does not practice very good CSR whereby they exploited workers in India to manufacture their products. Third, the research finds that cultures play a part in the decision made by managers. Some cultures which promotes institutional collectivism will actually sacrifice the company's needs or priorities if it have negative impact on the society. For Nokia still continue their line of cheap handphone which ranges from RM50- RM100. So the lower income community can actually still afford to buy a mode of communication. As for Apple, their products are

expensive which could not be afforded by those without a stable salary. Forth, the research stated in some organisation where there is a difference or gap between the power levels and occurrences of power manipulation. Through experience, the manager of a firm had made a wrong decision in giving orders for to check on their customers stocks quality which case, he shall be accountable for his actions, but with his high level of power, he instead shifted the blame towards other employees so he would not take the fall. Fifth, the vision of the CEO will affect the managers awareness of the CSR while doing decision-making. Taylors University group build a dorm for Sarawakian students to live nearby their school as their school are far away from town. 4. In what ways will you benefit from understanding the argument made by the paper? I believe that this study would be beneficial to me if I were to work in a company which emphasizes on CSR because decision making can be influenced by leadership and the cultural context in which the organization operates in. The study suggests that leaders who are visionary and have integrity add variance in predicting follower's shareholder and stakeholder CSR values. This shows that both vision and integrity go hand in hand and if I had the opportunity to be part of a company's management team in the future, I would ensure that vision and integrity are values that we practice so that subordinates would be able to grasp the importance of CSR practices by engaging with various stakeholders. This paper also suggests that managers working in countries which score high on power distance tend to show little concern for CSR practices which would have serious implications for a country like Malaysia that has a high power

distance culture as studies have shown that good stakeholder management is often associated with higher profitability for organizations and this might place Malaysian firms at a major disadvantage if they have plans to compete in the global arena. This revelation would be beneficial to me if I were to become a manager working in a Malaysian company or MNC located locally. This study would also reinforce my belief that everyone should be treated equally regardless of his or her position in the company, because this would empower and bring out the best of employees in the company. I believe that when a culture of low power distance is adopted within the company, employees who feel a sense of belonging would then be empowered and feel a sense of responsibility to help the company achieve its CSR goals. This study has also made me realize that the culture of in-group collectivism is not necessarily good for the company as it promotes self-centeredness rather than focusing on the societal issues which includes CSR. If I had the opportunity to be part of a top management team in a company, I would instill values of institutional collectivism within my team and ensure that managerial actions have a greater responsibility towards the society as a whole.