Relationship between Corporate Culture and Business Performance of Transnational Corporations from the perspective of Corporate Social Responsibility

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Abstract

Under the trend of globalization, the number of transnational enterprises is increasing. Due to the difference between the corporate culture of transnational corporations and the traditional culture and ethics of the host country, the ethical and cultural conflicts of transnational corporations engaged in production and operation in the host country have become an increasingly common economic phenomenon. This research uses a sample size will include 400 representatives from the managers of manufacturing corporations in Suzhou. Since we did not know the real amount of the population. and this research, use the questionnaire was used as a data collection tool, and the corporate culture characteristic measurement table, the corporate social responsibility characteristic measurement table, and the corporation performance measurement index were compiled as research tools. This verifies the correlation mechanism between corporate culture and corporate performance. this study puts forward that corporate culture should be included in the influencing factors of corporate social responsibility. It also analyzes the impact of corporate culture on corporate behavior, and the process and conditions for the transformation of corporate social responsibility into corporate performance. By comparing the relationship between corporate culture characteristics and corporate performance, this study found that corporate social responsibility plays an important role in corporate culture's impact on corporate performance, and corporate social responsibility plays a role in promoting corporate performance.

Keywords: Corporate Culture, Stakeholders, Corporate Social Responsibility, Business Performance, Corporate Ethics

Introduction

With a global vision and adopting international management, the transnational operation has become an important development strategy for more and more corporations. Multinational companies have made outstanding contributions in promoting social and economic development, improving people's living standards, and the overall competitiveness of the country where they are located. But this does not mean that there are no problems with the development of multinational companies. Behind the prosperous development of the economy and enterprises, the serious lack of social responsibility of multinational corporations is one of the main problems. If this problem is not solved in a timely and effective manner, it will have a negative impact on the development of multinational enterprises, participation in international competition, and the overall development of the society and economy of the host country. In the past, there were many problems in the construction of corporate cultures, such as focusing on slogans, images, and systems, ignoring the shaping of ideas and values or similar ideas and empty contents, which led to the construction of corporate culture as recreational activities, image design, ideological work or rules, and regulations. "People-oriented" is considered to be the core idea of current corporate culture and is often mentioned. However, how to achieve "people-oriented" has rarely received the attention of enterprises. The foundation of "people-oriented" is "responsibility-oriented" and the "integrity-oriented" culture is actually a "responsibility-oriented" culture. Therefore, empirical research on the relationship between corporate culture and corporate social responsibility, corporate performance, and the impact of corporate social responsibility on corporate performance is conducive to a deeper understanding of corporate culture and social responsibility.

Research Model and Hypothesis

Research Model

Clarkson, M. B. E. (1988) established a stakeholder management model and related methods to define business-related responsibilities and issues based on each stakeholder. This study defines relevant responsibilities from a stakeholder perspective and analyzes the impact of corporate culture on them and their impact on business performance. There are many ways to classify corporate culture. Based on the competitive value framework model proposed by Quinn and Camere (1998), this study divides corporate culture into four types in order to measure the corporate culture of transnational corporations and

empirically analyze its relationship with social responsibility and corporate performance. The classification of corporate social responsibility is divided into corresponding categories according to the classification of stakeholders. According to the internal and external relations of corporations and the relationship between corporations and stakeholders, stakeholders are divided into four categories, and social responsibility is also divided into four corresponding categories. On the basis of the above research and analysis, this study constructs a research model.
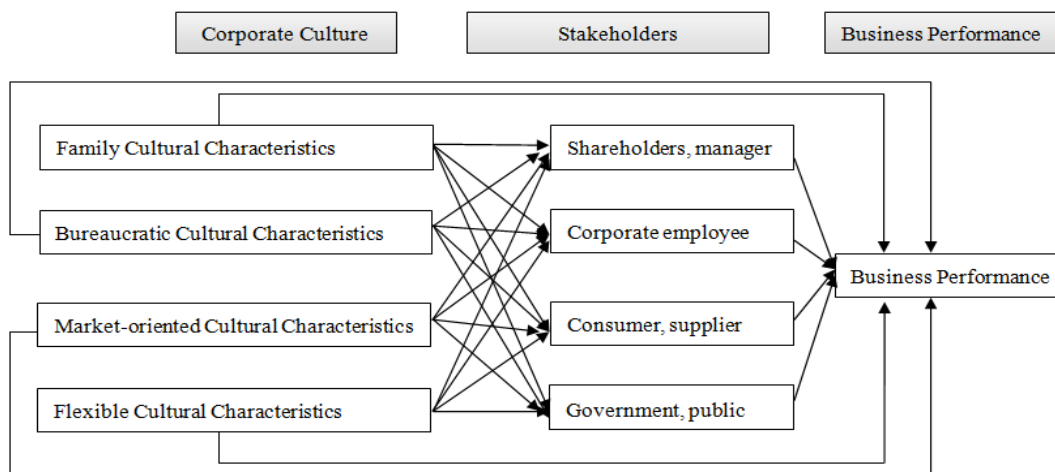

Figure 1: Theoretical model of the relationship among corporate culture, stakeholders and performance

Research Hypothesis

This research qualitatively describes the dimensions of the social responsibility of multinational corporations based on the stakeholder theory and the classification of stakeholder categories, and preliminarily divides and defines the cultural characteristics of multinational corporations according to the competitive value framework model. Through the results of exploratory factor analysis and confirmatory factor analysis of the survey data, the cultural characteristics of multinational corporations are finally determined as the three dimensions of clan style, flexible market style, and bureaucratic style. The social responsibility of multinational corporations is determined in three dimensions: two rights, contracts, and public.

Based on the analysis of the process and required conditions for the transformation of corporate social responsibility into corporate performance, this research takes corporate culture as the antecedent variable of corporate social responsibility, constructs a

theoretical model of corporate culture, corporate social responsibility, and corporate performance, and uses actual data to conduct Empirical test.

This research introduces corporate social responsibility as an intermediary variable based on the analysis of corporate cultural characteristics and corporate social responsibility dimensions.

Hypothesis 1: Corporate culture is positively correlated with corporate social responsibility;

Hypothesis 2: Corporate culture is positively correlated with business performance;

Hypothesis 3: Corporate social responsibility is positively correlated with corporate performance.

Data sources

To answer the research questions and to respond to the research objectives, this current research is a combination of quantitative research and qualitative research, using a survey questionnaire to collect data from multinational company managers in Suzhou, China.

This study selected multinational corporations engaged in manufacturing as the research sample. Therefore, the sample acquisition in this study did not use a random sampling method, but selected transnational corporations in Suzhou as samples based on manufacturing friends and other resources. The sample size for the research will include 400 representatives from the managers of manufacturing corporations in Suzhou.

In this research, the questionnaire was used as a data collection tool, and the corporate culture characteristic measurement table, the corporate social responsibility characteristic measurement table, and the enterprise performance measurement index were compiled as research tools. The SPSS24.0 statistical software was used to collate and count the data collected for empirical analysis. The statistics consisted of Descriptive Statistical Analysis and Reliability and Validity Analysis The so-called "reliability" refers to the accuracy of a measurement tool, and the reliability of the questionnaire measurement of the consistency coefficient (Cronbach's value) Pearson Correlation analysis is a statistical method to study the closeness between variables. to a positive value. The exploratory Factor Analysis (EFA) Validity test is the basis of exploratory factor analysis. EFA is used to determine whether the survey data in this study are suitable for factor analysis. and Structural Equation Model Analysis Method Structural equation modeling (SEM) technology is a statistical method for analyzing the relationship between variables

based on the covariance of the variables. In social science research, many variables (such as culture, trust, attitude, etc.)

Finding and Discussion

This chapter introduces the results of theoretical models and quantitative analysis. It mainly analyzes the business situation of the respondent, the annual sales of the enterprise, the total assets of the enterprise, and the age of the enterprise.400 questionnaires were sent to all qualified personnel, and 400 were completed and returned. Data analysis is based on three overall objectives, including corporate culture information, business operations, and general financial information, to identify potential factors that affect business performance.

Descriptive Statistics

Descriptive statistical analysis of these valid samples will provide a clearer picture of the overall characteristics of the reaction sample. The overall situation of the sample of this study is shown in the statistics in Table 4.1. The mean number of employees in the enterprise is 3.53, that is, the average number of employees in the sample enterprise is 300 to 400; the annual sales mean of the sample company is 3.92, that is, the average sales amount is about 30 million (CNY); The mean value of total corporate assets is 2.61, that is, the average assets of the sample enterprises are 40 million to 150 million (CNY); the mean age of enterprises is 2.51, that is, the average age of enterprises is 11 to 15 years.

	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
employees	400	3.5325	2.70689	7.327	1.068	.122	.111	.243
sales	400	3.9200	2.22057	4.931	.623	.122	-.707	.243
assets	400	2.6175	1.24703	1.555	.459	.122	-.680	.243
period	400	2.5450	1.10500	1.221	.457	.122	-.468	.243
Valid N (listwise)	400							

Table 1: Overall Descriptive Statistics of Sample Enterprises

Exploratory Factor Analysis

In order to ensure the validity of sample companies and measurements, the structure of variables in the questionnaire, such as corporate cultural characteristics, stakeholders, and corporate performance, requires exploratory factor analysis. Therefore, it is necessary to test whether the four dimensions of cultural characteristics conform to the current situation of corporations in China.

Analysis of corporate culture characteristics

The KMO value of the corporate culture feature measurement item is 0.711, which is greater than the standard of 0.7. The Bartlett spherical test has a chi-square value of 861.386 (degree of freedom df = 276), reaching a suitable level. The cumulative variance was 64.532%. This means that there are common factors among the matrices of the maternal group, indicating that the measured variables of corporate culture characteristics are suitable for exploratory factor analysis.

Table 2: KMO and Bartlett's Test of Corporate Culture Characteristics' Exploratory
        Factor Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.711
Bartlett's Test of Sphericity	Approx. Chi-Square	861.386
	df	276
	Sig.	.000

Analysis of Stakeholder Dimensional Factors

The principal component factor analysis method and the maximum variation axis method are used. After two iterations, the measurement items whose factor load does not reach 0.5 on all factors, and the item items whose factor load reaches the above factor load on both factors are deleted. The items B1, B10, B14, B15 and B18 were deleted. There are 17 measurement items left. The value of the remaining 17 items, the Bartlett sphere test chi-square value is 0.717; the degree of freedom is 733.559, which is a suitable level. The cumulative variance was 65.144%. It shows that the remaining 17 measurement items are very suitable for factor analysis. The results are shown in the table 4.10 and 4.11. Judging from the items included in each factor, corporate social responsibility dimension 1 and corporate social responsibility dimension 4 are basically the same as the previous theoretical analysis. Corporate social responsibility dimension 2 and corporate social responsibility dimension 3 can be combined into one.

Table 3: KMO and Bartlett's Test of Stakeholder Dimension' Exploratory Factor Analysis (the final calculation)

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.717
Bartlett's Test of Sphericity	Approx. Chi-Square	733.559
	df	136
	Sig.	.000

Business Performance Factor Analysis

The KMO value of the six measurement items of business performance is 0.724, while the Cartesian spherical test has a chi-square value of 280.369(degree of freedom df = 15) and reaches a significant level of 0.000. This indicates that there are common factors among the matrices of the maternal group, and the measured variables of the firm's performance characteristics are suitable for exploratory factor analysis. Using the principal component factor analysis method, a factor is extracted from the enterprise performance measurement item, and the method interpretation rate of the enterprise performance variable reaches 65.262%.

Table 4: KMO and Bartlett's Test of Business Performance

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.724
Bartlett's Test of Sphericity	Approx. Chi-Square	280.369
	Df	15
	Sig.	.000

Reliability Test

In order to understand the reliability and validity of the questionnaire, the reliability of the scale needs to be further tested. In this study, the "Cronbach's α" coefficient was used as the evaluation standard for the reliability of the scale, and each level of the questionnaire was tested separately to analyze the internal consistency of

each level. The test results are shown in the table. The total α value of each level and the α value of each measurement item are above 0.7, and the correlation coefficients of each remaining item to all items (Item-Total) are greater than 0.35. It meets the criteria that the "Item-Total" correlation coefficient is greater than 0.35, and the "Cronbach's α" coefficient should be greater than 0.7 (Nunnally, 1978). The test results show that the reliability of all levels of the questionnaire is high, and each variable has good internal consistency.

Table 5: Case Processing Summary

		N	%
Cases	Valid	400	100.0
	Excluded[a]	0	.0
	Total	400	100.0

a. Listwise deletion based on all variables in the procedure.

Pearson Correlation Analysis

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

The data in Table show that the correlation coefficient between corporate culture characteristics and corporate performance is 0.090-0.316; the correlation coefficient between stakeholder/ corporate social responsibility and corporate performance is 0.140-0.405; the correlation coefficient between corporate culture characteristics and corporate social responsibility is 0.052-0.448. All the data are significant at the level of 0.01.

Table 6: Correlations Matrix between Variables

		Correlations								
		Ca6	Cb5	Cc3	Cd4	B1	B7	B12	B22	F3
Ca6	Pearson Correlation	1	.495**	.576**	.553**	.319**	.256**	.444**	.417**	.307**
Cb5	Pearson Correlation	.495**	1	.548**	.449**	.339**	.329**	.603**	.486**	.282**
Cc3	Pearson Correlation	.576**	.548**	1	.495**	.397**	.291**	.586**	.709**	.267**
Cd4	Pearson Correlation	.553**	.449**	.495**	1	.246**	.417**	.329**	.384**	.335**
B1	Pearson Correlation	.319**	.339**	.397**	.246**	1	.162*	.262**	.389**	.137*
B7	Pearson Correlation	.256**	.329**	.291**	.417**	.162*	1	.336**	.488**	.475**
B12	Pearson Correlation	.444**	.603**	.586**	.329**	.262**	.336**	1	.596**	.287**
B22	Pearson Correlation	.417**	.486**	.709**	.384**	.389**	.488**	.596**	1	.335**
F3	Pearson Correlation	.307**	.282**	.267**	.335**	.137*	.475**	.287**	.335**	1

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

*. Correlation is significant at the 0.05 level (2-tailed).

SEM model analysis

The estimation methods and results are greatly influenced by the distribution nature of the sample observation variables. If the absolute value of skewness is greater than it is considered extreme skewness. An absolute value of kurtosis greater than 10 is considered a problem. If it is greater than 20, it is regarded as extreme kurtosis. According to the chart, the absolute value of the skewness of all observed variables in this study is between 0.017-1.712, which is much smaller than the critical standard of 3. The absolute value of kurtosis is between 0.059-2.756, which is far less than the critical standard of 10. It is generally believed that the number of samples for structural equation model analysis should be at least 100-200, and it is more appropriate to use the maximum likelihood

estimation method to estimate the structural model. If the sample is large enough, when the kurtosis value is very large, the weighted least squares method can be used to estimate the theoretical fit of the parameter estimation. In other cases, the maximum likelihood estimation is a better choice. A total of 2 valid samples (Group2) were used for analysis in this study, which met the requirements of sample size. Moreover, the skewness and kurtosis are far below the critical index and are within a reasonable range. Therefore, the maximum likelihood method is used to estimate the parameters in the model.

Table 7: Observation variable's skewness and kurtosis

Observation variable	skewness	kurtosis	Observation variable	skewness	kurtosis
Ca1	-0.552	-1.441	B4	0.177	-0.731
Ca2	-1.712	1.546	B5	0.368	0.518
Ca3	0.765	0.627	B6	0.445	-0.650
Ca4	-1.245	0.525	B7	0.039	-1.544
Ca5	-0.442	-1.185	B8	0.121	-1.440
Ca6	-1.131	2.756	B9	1.160	-0.353
Cb1	0.268	-1.315	B10	1.139	-0.280
Cb2	-0.017	-0.685	B11	0.784	-0.913
Cb3	-0.130	-0.646	B12	0.571	-1.146
Cb4	0.031	-0.602	B13	0.792	-1.186
Cb5	-0.265	1.170	B14	-0.311	-1.021
Cb6	-1.574	1.915	B15	0.222	-1.049
Cc1	-0.158	-0.424	B16	0.653	-1.091
Cc2	0.150	-0.459	B17	0.823	-0.540
Cc3	-0.126	-0.059	B18	0.076	-0.652
Cc4	-0.540	-0.095	B19	0.680	-0.997
Cc5	-0.638	-1.239	B20	0.6117	-0.894
Cc6	-0.937	0.421	B21	0.398	-1.038
Cd1	-0.085	-1.161	B22	0.343	-1.105
Cd2	-0.019	-0.717	B23	-0.436	-1.825
Cd3	0.416	-0.918	F1	0.477	-0.921
Cd4	-0.174	-1.028	F2	0.021	-0.446
Cd5	0.311	-1.067	F3	0.337	-1.481

Cd6	0.186	-1.300	F4	0.346	-1.042
B1	1.045	0.614	F5	-0.086	-1.039
B2	1.164	2.475	F6	-0.390	-0.574
B3	-0.785	2.450			

The Testing of the Relationship between Corporate Cultural Characteristics and Corporate Performance Hypothesis This part of the model contains two variables. Because of the characteristics of corporate culture, flexible culture and market culture can be combined into one. Therefore, this part of the model contains two variables, corporate culture characteristics, and three variables: clan culture, flexible market culture and bureaucratic culture, and corporate performance scalar. Among them, corporate culture characteristic variables are exogenous latent variables, that is, independent variables and corporate performance variables are endogenous latent variables, that is, dependent variables. The model contains 12 observed variables of corporate cultural characteristics and 5 observed variables of corporate performance. There is a residual item for each variable, a total of 19 measured residuals (e1-e20) of observed variables, and 1 residual of endogenous latent variables (u1). The overall status of the model.

Discussion

Through the analysis of the model and the comparison of the results, the theoretical model and hypothesis proposed in the previous article are effectively tested. On the whole, most of the hypothetical relationships between the variables proposed in the study are supported or partially supported by empirical results.

It also fully proves that corporate culture promotes the interests of stakeholders by influencing corporate social responsibility behavior, and then enables stakeholders to make decisions and behaviors that are beneficial to the company, and ultimately promote the process of corporate performance. The comparison of the model results also shows that there are differences in the impact of different corporate cultures on corporate social responsibility and corporate performance, and the differences in the impact of corporate social responsibility dimensions on firm performance.

Hypothetical test results show that corporate social responsibility is critical to the outcome of corporate culture in corporate performance. Because the indirect effect of corporate culture to firm performance is positive, the direct effect is negative, and the absolute value of indirect effect is much larger than the absolute value of direct effect. There are certain differences in the stability and scope of corporate social responsibility

behaviors, which indicates that multinational corporations should pay attention to the impact of corporate culture on the corporate social responsibility behavior of the host country when constructing corporate culture. Accelerate the integration of ethics, realize the transformation and reconstruction of corporate values, and effectively combine corporate culture characteristics with corporate social responsibility behaviors, and multinational enterprises can achieve effective development in the host country.

Conclusion

This study uses corporate social responsibility as an intermediary variable to explore the process and deep-level mechanism of corporate culture on corporate performance, as well as the mediating role of corporate social responsibility. Freeman (1984) classifies corporate stakeholders into corresponding three categories based on ownership, economic dependence, and social benefits. Corporate ownership stakeholders include managers holding company stocks, directors holding company stocks, and all other people holding company stocks, etc .; Stakeholders who are economically dependent on the company are mainly all managers, creditors, internal service agencies, employees, consumers, suppliers, competitors, local communities, management agencies, etc. who have obtained a strong salary in the company; Stakeholders related to the company's social interests mainly include special groups, government leaders and the media. In this study, the exploratory factor analysis results based on the data from the questionnaire are basically consistent with the three types of analysis framework proposed by Freeman (1984), and the exploratory factor analysis results are confirmed by confirmatory factor analysis.

This research believes that if there is no social responsibility value in corporate culture, corporate culture cannot effectively promote corporate social responsibility behavior. If the company can recognize and accept corporate social responsibility from the perspective of corporate values and corporate culture, and incorporate corporate social responsibility thinking into the corporate operating process and strategy. The corporate social responsibility behavior will be proactive, long-term and systematic.

After analyzing the results of the result equation model and their comparison, it clearly shows that corporate culture has a significant impact on corporate social responsibility. Moreover, different corporate cultural characteristics have different impacts on different corporate social responsibility dimensions. Under the irreversible trend and background of corporate social responsibility, companies must attach importance to social

responsibility from the perspective of values and culture, and incorporate corporate social responsibility into corporate goals and strategies. In this way, corporate social responsibility behavior can be systematic and lasting.

Corporate social responsibility is an important intermediary role of corporate culture on corporate performance. The corporate culture must become the values of corporate members to be able to effectively influence the behavior of the company and employees. At the same time, the corporate culture must have a positive influence on the external stakeholders in order to enable the company to gain a dominant position in the market competition. The way that corporate culture has a positive impact on internal and external stakeholders must be the responsibility values contained in it and the corresponding corporate responsibility behaviors. The responsibility values contained in culture can enable stakeholders to understand the corporate culture and values. Moreover, the corresponding social responsibility behaviors of enterprises can allow stakeholders to experience and ultimately accept the values and culture of the enterprise, so that stakeholders can make decisions and behaviors that are beneficial to the enterprise.

Multinational enterprises should realize that corporate social responsibility will not only increase the cost of company. More importantly, corporate social responsibility is an important intermediary and way for corporate culture to play a role, and it is an important foundation for corporate strategy and goal realization and performance improvement.

The relationship between different stakeholders and the company is different, and the impact of their behavior on the company is also different. Different corporate social responsibilities correspond to different corporate stakeholders. Therefore, the impact of corporate social responsibility in various dimensions on corporate performance will also be different. For multinational corporations, it is not only necessary to realize that corporate social responsibility has an impact on corporate performance. It is also necessary to recognize the different impacts of various social responsibilities on corporate performance. Recognize the complexity and long-term effect of corporate social responsibility on corporate performance. Corporations can better undertake social responsibility systematically from a strategic perspective.

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