經營論集, 第 45 卷 統合號 (2011年 12月)

The Impact of Organizational Slack and Firm Visibility on Corporate Philanthropy*

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This study aims at examining the impacts of organizational slack and firm visibility — firm size, media attention, and internationalization of the firm — on corporate philanthropy. This study searched for the empirical evidence of why some firms invest in social initiatives even when having relatively less organizational slack, considering moderating effects of firm visibility. The sample in this study consists of publicly traded Korean firms which were randomly selected. I tested the hypotheses by performing a confirmatory factor analysis and hierarchical regression. Results indicate that organizational slack and media attention positively influence corporate philanthropy as well as firm size and media attention strengthens the relationship between organizational slack and corporate philanthropic contributions.

Key Words: Corporate Philanthropy, Organizational slack, CSR, Visibility

I. Introduction

During the global recession in 2008, many firms in the world underwent huge decline in profits or market values. To survive the recession, many firms struggled to cut costs, but it is a remarkable fact that a considerable number of firms kept their budget on corporate social responsibility (or CSR), or even some firms increased their commitment

*The research reported in this paper was partially funded by the Institute of Management Research, Seoul National University.
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to those activities. For instance, in the beginning of 2009, Starbucks announced its decision to maintain CSR budget at the same level of the previous year while its stock value had fallen to the half in 2008, and General Electric, Intel, PricewaterhouseCoopers also sustained or expanded their commitments despite the recession (Fortune, 2009).

First of all, why did those firms make the decision to spend their resources on CSR? Does doing-good really result in doing-well? I argue that it may or it may not.

In fact, some firms seem to gain specific benefits from their commitment to corporate social responsibility. Yuhan-kimberly, a joint-venture between Yuhan Corporation, a korean company, and an American company named Kimberly Clark, would be one of the most powerful cases to exemplify the positive impact of CSR. Yuhan-Kimberly has engaged in its well-known CSR campaign, 'keep korea green, green' for more than 25 years. This CSR activity helped the firm have respect and love from Korean customers while the firm obtained the No.1 title in the Korean market surpassing P&G's market share, the world biggest firm in the industry (Cho and Chang, 2007). However, there is a still important debate among academics about generalizing the relationship between CSR and corporate financial performance although some firms may reap benefits from engaging in corporate social responsibility. In other words, the empirical evidence on the relationship between corporate social responsibility and financial performance can be characterized as still inconclusive (Wang, Choi, and Li, 2008). A meta-analysis by Orlitzky et al. (2003) found that corporate philanthropy had a positive relationship with corporate financial performance. In contrast, Griffin and Mahon (1997) and Berman et al. (1999) did not find a significant relationship between the two. Similarly, Berman et al. (1999) found that corporate involvement in community relations, which includes philanthropic activities, had little influence on corporate financial performance. A similar pattern of mixed results has been found in studies purely on corporate philanthropy. For example, Wokutch and Spencer (1987) found hints of a positive relationship between corporate philanthropy and financial performance. On the other hand, Seifert et al. (2004) did not find a significant philanthropy performance relationship. It implies corporate philanthropy may not always guarantee corporate financial benefits.

In this sense, I would take contingency approach and focus on what characteristics of a firm can influence the firm reaching to the decision to invest in CSR, while most studies in the CSR literature have focused on the effects of corporate philanthropy (File and Prince, 1998; Fry et al., 1982; Haley, 1991; Navarro, 1988; Saiia et al., 2003; Orlitzky et al., 2003; Galaskiewicz, 1991; Galaskiewicz and Burt, 1991; Marquis et al., 2007).

Especially, I focus on how organizational slack and firm visibility of a firm influence its corporate philanthropy, viewed from organizational slack theory and institutional perspective. It would help to explain why some firms allocate their financial resources to corporate philanthropy when not having enough organizational slack.

II. Theory and Hypotheses

1. Corporate Philanthropy

In general, corporate philanthropy is regarded as a part of corporate social responsibility. By definition, it is corporation's charitable contribution regarding social initiatives, such as sponsorship for education, mecenat for culture or the arts, patron for minorities or healthcare, or relief funds for victims of natural disasters (Godfrey, 2005; Seifert et al., 2004; Wang et al., 2008). Although corporate philanthropy can be manifested in other forms, such as in-kind gifts of a firm's products, services, use of facilities, or managerial expertise or donating time and efforts of firm's employees by participating in voluntary works (Morris and Bartkus, 2004), it is primarily delivered in the form of cash donation given directly and indirectly to charities. Therefore, in this study, corporate philanthropy would be confined to only financial contributions.

Some authors have examined corporate philanthropy as a component of the larger domain of corporate social responsibility. Carroll (1979) categorized corporate social responsibility into four levels, economic, legal, ethical, and discretionary level. Among

these categories, philanthropic contributions used in the study belong to the discretionary category. Many studies have supported that corporate philanthropy is a discretionary allocation of firm's resources as well as purely voluntary contributions. It suggests that corporate philanthropy is generally depicted as purely voluntary even though social expectations that firms engage more actively in charitable causes have been steadily growing (Hemingway and Maclagan 2004; Wang et al., 2008) and that decisions concerning corporate philanthropy often depend on management's discretion (Buchholtz et al., 1999; Carroll, 1979; Wang et al., 2008).

Some intangible assets, such as reputation, images, or a better stakeholder relationship, which may be gained from engaging in social initiatives, would be accumulated internally by firm's investing some resources on corporate philanthropy. The idiosyncratic nature of firm-specific assets precludes their tradability on open markets. Being non-tradeable, the firm specific component is accumulated internally (Dierickx and Cool, 1989). Arrow said, "Unfortunately, trust is not a commodity which can be bought very easily. If you have to buy it, you already have some doubts about what you've bought. Trust and similar values, loyalty or truth telling, are examples of what the economist would call "externalities." They are goods, they are commodities; they have real, practical economic value… But they are not commodities for which trade on the open market is technically possible or even meaningful" (Arrow, 1974, p. 23). Some studies found that by making a philanthropic contribution, firms may improve corporate image and brand attitudes (Yoon and Suh, 2003). I propose that whatever is aggregated by philanthropic engagement is unlikely to be traded on a market because of its firm-specific characteristics, so firms should build its corporate social performance by investing on corporate philanthropy, as a discretionary, strategic decision.

2. Corporate Philanthropy and Organizational Slack

Discretionary slack allows managers to manage the risk and unpredictability inherent in the search for, and adoption of, innovative environmental technologies (Russo and

Fouts, 1997). Discretion is latitude of managerial action (Hambrick and Finkelstein, 1987), and slack is the "resource that enables an organization both to adjust to gross shifts in the external environment with minimal trauma, and to experiment with new postures in relation to that environment, either through new product introductions or through innovations in management style" (Bourgeois, 1981: 31).

The forms of organizational slack can be described in several ways. It includes excess staff, retained earnings, or discretionary budgets (Tan, 2003). Organizational slack is significant to strategic decision making of a firm because it can enable the firm to develop the resources and capabilities needed to improve the responsiveness of the firms to their environmental change (Cheng and Kesner, 1997). If an organization has slack, like excess profits, it helps the organization to invest in social initiatives, including corporate philanthropic contributions, satisfying some stakeholder expectations (Cyert and March, 1963). Organizational slack is 'that cushion of actual or potential resources which allows an organization to adapt successfully to internal pressures for adjustment or to external pressures for change' (Bourgeois, 1981: 30). Levinthal and March (1981) also argued that organizational slack can enable firms to invest in resources and capabilities without an immediate pay-off.

Since corporate philanthropy is generally at management's discretion, it can be depending on the level of slack of the organization. Firm policies and expenditures, in particular, are sensitive to the existence of organizational slack (Cyert and March, 1963). If a corporate socially responsible activity requires substantial cost, the more slack the firm has, the more it is capable of bearing the costs, and the more it is willing to engage in the activity (J. L. Campbell, 2007; Parket and Eilbirt, 1975; Seifert, Morris, and Bartkus 2004; Ullmann, 1985). Moreover, some empirical studies in the CSR literature show that corporate social performance or corporate social responsibility is positively associated with prior financial performance (S. A. Waddock and S. B. Graves, 1997; Wang et al., 2008).

Therefore, I argue that organizational slack will be positively associated with corporate philanthropy.

H1. Organization Slack will be positively associated with Corporate Philanthropy, ceteris paribus.

3. Corporate Philanthropy and Firm Visibility

Institutional theory and stakeholder theory are effective to explain firm's various strategic choices responding to its environmental changes. Stakeholders are providers of legitimacy but they can just easily withdraw it. Various types of stakeholders place different demands for corporate philanthropy on the firm and vary in the extent to which they care about corporate philanthropy (Mackey, Mackey, and Barney, 2007). The more those important stakeholders actively agitate for corporate philanthropy, the more likely it is to occur (J. L. Campbell, 2007). Increasingly, activist stockholders use shareholder initiatives to pressure firms to increase specific corporate philanthropic activities (Chiu and Sharfman, 2009)

Some aspects of a firm invite more attentions on the firm from its stakeholders. Higher visibility motivates managers to perform more socially responsible activities because they are under greater scrutiny by the firm's stakeholders and society to be better corporate citizens (Chiu and Sharfman, 2009). Especially the firm characteristics DiMaggio and Powell (1983) used the term isomorphism to describe the set of legitimacy seeking behaviors where organizations seek increased similarity.

If social pressure is intervened into a firm's discretionary decision to allocate its monetary resources into CSR activities, firms with high visibility or high pressure are likely to commit more extensively to philanthropic contributions compared to those with low visibility or low pressure, being less concerned about its organizational slack.

In this sense, I argue that firms which are more visible to their stakeholders are more likely to allocate internal resources to corporate philanthropy than firms who face a lower number of stakeholder groups.

1) Firm Size

Firm size can affect strategic motivation, thereby having a positive effect on CSR participation (Adams and Hardwick, 1998; McElroy and Siegfred, 1985). As larger firms tend to have a bigger social impact, given the scale of their activities (Cohen et al., 1987), it is deemed equitable that the accountability to be socially responsible also falls on them, rather than on small firms. Perhaps this is the case because as they mature and grow, firms attract more attention from external constituents and need to respond more openly to stakeholder demands (cf. Burke et al., 1986). Large firms have greater visibility, which would attract greater public scrutiny and a higher standard for corporate citizenship. Thus, a number of studies (e.g., Adams and Hardwick, 1998; Boatsman and Gupta, 1996; Buchholtz, et al., 1999; Galaskiewicz, 1997) have found a positive correlation between firm size and corporate philanthropy. In other words, large firms are more likely to invest in corporate philanthropy. In addition large size would lead the firm to commit to corporate philanthropy, more independently from its organizational slack.

H2. Firm size will be positively associated with corporate philanthropy.

H2a. Firm size will be positively moderating the relationship between O.S and Corporate philanthropy.

2) Media Attention

According to Bansal (2005), the media can play an important role in mobilizing social movements such as environmental interest groups. It can also make important some issues and expose gaps in others. In this sense, it becomes part of the institution-building process, while shaping the norms of acceptable and legitimate sustainable development practices. According to Simon (1992), the media is the main source of environmental information. The media a more active one by choosing the stories worth reporting and framing them to reflect editorial values as well as plays a passive role in shaping institutional norms. Empirical studies have shown that the media has been particularly

influencing corporate environmental responses (Bansal and Clelland, 2004; Bansal and Roth, 2000; Bowen, 2000; Henriques and Sadorsky, 1996).

Further, firms that have higher media exposure are under greater scrutiny concerning their corporate socially responsible behaviors because of their higher visibility, which in turn allows for reducing information asymmetry between stakeholders and managers (Brammer and Millington, 2006).

The total amount of media coverage raises the firm's visibility, inviting further public attention and scrutiny. The threat of negative media publicity can serve as coercive pressure to firms to commit to sustainable development by eroding the legitimacy of a firm if the media discovers that some practices are unacceptable. In addition, negative coverage can also incite environmental interest groups and other stakeholders to lobby organizations and government to change business practices.

In this light, I argue that media exposure of a firm can be associated with its philanthropic contributions, and it also moderates the relationship between organization slack of the organization and its philanthropic actions.

H3. Media Attention will be positively associated with corporate philanthropy.

H3a. Media attention will be positively moderating the relationship between Organizational Slack and corporate Philanthropy.

3) Internationalization of the firm

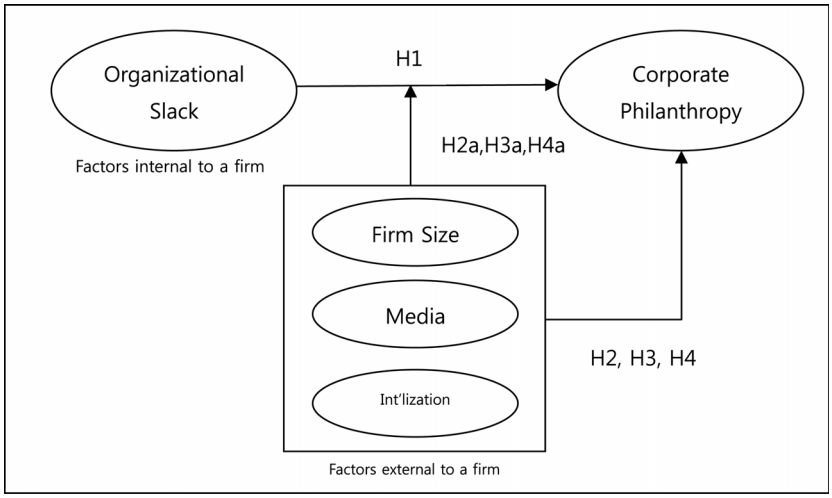
The latitude of firm's internationalization could determine its commitment to corporate philanthropy. First, corporate social responsibility becomes strategically more and more important for some firms operating globally. The movement to set a global standard for corporate social responsibility has been activated. ISO, the International Organization for Standardization, decided to launch the development of an International Standard providing guidelines for social responsibility named ISO 26000 or ISO SR which is expected to be released in 2010. Moreover, about one in every ten dollars of assets under management in the U.S. is now being invested in companies that rate highly on some

measure of social responsibility according to Fortune magazine.

H4. International experience will be positively associated with corporate philanthropy.

H4a. International exposure will be positively moderating the relationship between OS and Corporate philanthropy.

The following chart describes the research model of the study.



III. Method

1. Research Settings

1) Sample and Data

In this study, the sample was randomly selected from the publicly traded Korean firms in KOSPI/KOSDAQ lists to test the hypotheses. Especially, the sample was limited to the firms which went on the KOSPI/KOSDAQ lists before 2005 to obtain complete financial data. The sampling method was the stratified random sampling on the basis

of firm size and industry to minimize the skewness of the sample and increase its representativeness of the population. Data of the sample from the period 2005-2008 were collected for this study. In Korea, corporate citizenship or CSR are, nowadays, the epitome both for firms and for society. Especially, Korean firms have engaged actively in corporate philanthropy since 2000, experiencing significant shifts in their attitude and perception in CSR involvement. They started to consider CSR activities as strategic movements and actively engage in those initiatives to improve their stakeholder relationship. Therefore, the most recent data from 2006-2008 would be appropriate to test the hypotheses considering the abundance of the information. At first, the collected sample consisted of two hundred firms, of which 177 firms were finally analyzed. In addition, because the data of U.S.-based firms or Europe-based firms have been dominantly analyzed, this study can make an additional contribution by enlarging the literature with the data from South Korea firms in the North East Asia.

Mainly two data sources were utilized in the study. The first were KISVALUE and the annual reports posted on the firm investor relation web pages to acquire the financial data and descriptive information of the firms in the sample. Secondly, NAVER (www.naver.com) and media GAON (www.kinds.or.kr) were used to get data regarding media attention of the firm.

2. Measurement

1) Independent Variables

Organizational Slacks organizational slack was measured by using 3 year averaged ROA (lagged), the inverse value of WACC (Weighted Average Cost of Capital), and the inverse value of Debt/Equity. ROA represents for the overall resource pool as it represents the profitability of the firm with respect to the total set of resources, or assets, under its control. Strategy involves the use of resources to give the company a competitive advantage (Barney, 1991), and ROA yields the most direct information about the results of the chosen allocation of those resources. I also used debt/equity for this

measurement. In addition, I used weighted average cost of capital (WACC) as an indicator of organizational slack. WACC is an appropriate conceptualization of slack resources because it represents a more comprehensive estimate of discretionary, company-wide resource availability than the more commonly used accounting-based approaches (e.g., Tan, 2003) that focus on narrow indicators of actual or potential discretionary resources (e.g., the debt/equity, quick or return on assets [ROA] ratios). More importantly, WACC is an important determinant of firm valuation because the lower the cost of capital, the lower the rate of return demanded by a firm's investors for the capital they provide to the firm, which in turn makes it less costly for a firm to engage in corporate philanthropy because it puts less pressure on the organization's overall resource base. If debt/equity and WACC is low, it means the firm is likely to have more organizational slack. Therefore I used the inverse number of each observed variable.

Firm size Three measures were employed to measure this variables; the number of employees of the year prior to, total assets of the previous year, and total sales of the previous year. Like other independent variables, these three observed variables were converted into a new latent variable, labeled firm size, by performing factor analysis.

Media Attention (1) the total number of articles for 2 years that included a statement about the company, which was labeled 'total media' (lagged) and (2) the number of articles about the company with a negative aspect of their practices, which was labeled 'negative media.' (2 years; lagged) The articles were extracted from NAVER, a Korean number one portal, and mediaGAON. The search used ten keywords that included the company name and signals for its revealed misdeeds (forced recall, environmental pollution, corruption, any violations, fine, unfair trade, and etc). All relevant articles were included in total media, and, among the relevant articles, those that had a negative orientation were identified. In the end, I performed factor analysis to make these two variables condensed into one variable, labeled 'media'.

Internationalization of the firm Two measures were used to measure internationalization of the firm; the number of overseas subsidiaries of each firm and

percentage of foreign sales relative to total sales. I integrated these two observed measure into one variable, internationalization of the firm, by performing factor analysis.

2) Dependent Variables

Corporate philanthropy There are many types of measures for corporate philanthropy, or more broadly for corporate social performance/ corporate social responsibility. Especially KLD database has made a substantial contribution to the CSR literature. Fortune's most admired company is also one of the most frequently used data to measure corporate social performance. Philanthropic donation is also a frequently employed measurement in the literature. In this study, cash donation of a firm over the average donation of the industry the firm belongs to in the year is the measure of corporate philanthropy. I argue that it is the most representative data to reflect philanthropic contributions made by South Korean firms.

3) Control Variables

Industry and age on firm financial performance were controlled. Corporate philanthropy is believed to vary by industry (Buchholtz et al., 1999; Useem, 1988). Industry effects on profits are so pervasive that they are taken for granted in the fields of industrial organization economics, finance, accounting, and strategic management (Amato and Amato, 2007). One possible explanation is that different product and service offerings generate different levels of business exposure (Miles, 1987). To offset the effects of industry on the average cash donations in the industry, I divided corporate cash donation with industry averaged cash donations. Firm's age was calculated in this way; 2008 minus the year a company was established. These have all been suggested as factors that will affect both corporate social responsibility including corporate philanthropy and firm performance (McWilliams and Siegel, 2000; Ullmann, 1985; Hull and Rothenberg, 2008).

The following table 1, 2 shows the description of the variables in the study.

In this study, I performed the linear confirmatory factor analysis on each construct

Table 1. Summary of Variables

Type	Construct	Measurement
Dependent	Corporate philanthropy (Amato & Amato, 2007; Chiu & Sharfman, 2009; Brammer & Millington, 2004)	Cash donation of the firm over the average cash donation in the industry in the year
Independent: Firm visibility	Firm size (Amato & Amoto, 2009; Russo & Fouts, 1999; Brammer & Millington, 2004)	Total sales, Total assets, # of employee
	Media Exposure (Bansal, 2005; Bowen, 2000; Hernrique & Sadorsky, 1996)	(1) # of articles related to the firm (2-yr; lagged) (2) # of articles negative (2-yr; lagged; 10 keywords in Korean: 구속, 비리, 오염, 공해, 강제리콜, 소송, 위반, 사기, 벌금, 불공정)
	Internationalization of the firm (Bansal, 2005)	(1) export ratio (2) # of overseas subsidiary(ies)
Independent: Resources	Organizational Slack (Cyert & March, 1963; Bourgeois, 1981; Tan & Peng, 2003, Chiu & Sharfman, 2009, Cheng & Kenser, 1997)	The inverse of WACC (Weighted average cost of capital), The inverse of debt/equity ratio (1 yr lagged), return on asset (3-yr average; lagged)
Control variables	firm age, Industry	2008-foundation year, industry (KISC narrow grouping) average giving

to create latent variables by integrating observed variables. By reviewing relevant literature I extracted significant variables, and by performing factor analysis. Factor analysis is generally used to come up with a latent variable, combining exogenous observed variables. I eliminated variables with low relevance(communality <.3).

First of all, factor score for organization slack that was accumulated by combining the inverse number of WACC of the year, the inverse number of debt equity ratio of the year prior to, as the signs for pressure on the organization's overall resource base, and 3 year averaged ROA as the pool of resources. As mentioned above, WACC and debt equity are negatively associated with the level of organizational slack, and ROA is positively associated with organizational slack. Therefore, I calculated the inverse

Table 2. Descriptives of variables

	Mean	S.D	Max	Min
# of employee	2512	8616.703	84721	21
Total Sales	2.01E+12	6.38E+12	6.00E+13	1.076E+09
Total Assets	2.27E+12	7.89E+12	7.00E+13	1.131E+10
ROA	1.9777	11.36908	21.55	-78.86
WACC	6.801	1.4718	13.7	0
Debt/equity	3.209783	3.9141121	36.7694	1.0795
TotalMedia	2710.8101	8331.0926	74244	0
Negative Media	22.2179	106.19265	982	0
Export ratio	30.730337	31.934135	99.8495	0
Overseas subsidiary	4.07	8.074	72	0
age	35.666011	14.923038	88.8995	1.9393
Cash Donation	3.98E+09	1.63E+10	1.00E+11	0
Cash Donation/industry	6.10837	17.304873	100.8998	0

Table 3. Correlations

	1	2	3	4	5	6
1. O.S.						
2. Size	.055					
3. Media	.017	.784**				
4. Intl	-.174*	.586**	.516**			
5. donation	.102	.544**	.432**	.362**		
6. age	-.026	.057	.033	-.025	.003	

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

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

number of each variable. The factor score calculated indicates that the lower the score is, the lower the organizational slack of the firm is. In addition, factor scores for firm size and media coverage is positively associated with the latent variables which each item indicates, respectively. The following table shows correlations among variables.

3. Statistical Method

I performed hierarchical regression to analyze the data. Hierarchical regression is commonly used to explore a causal relationship in the field of Business. Basically, the main interest of this study is to find out not only the main effects of each independent variable on the dependent variable but also the interaction effects between organizational slack and firm visibility. In this sense, hierarchical regression is one of the most appropriate methods, for this method allows for lighting the interaction effects among variables and shows marginal changes of R Square among models which make possible a comparison about explanatory powers among models. I conducted several tests **for each model** designed for the study to validate whether or not the models satisfy the basic assumptions for the regression test. First, I checked for multi-colinearity among variables setting the standards for violation as VIF > 10 and condition index > 30 by following the generalized standards from the previous empirical studies. As a result of the test, it was found out that there was no serious violation against the assumptions. Research models designed for the study are as follows.

Model 1: organizational slack

Y1=b0+b1*O.S+b3*age+e

Model 2: organizational slack, firm size

Y2=b0+b1*O.S+b2*Size+b3*O.S*Size+b4*age+e

Model 3: organizational slack, media exposure

Y3=b0+b1*O.S+b2*Media+b3*O.S*Media+b4*age+e

Model 4: organizational slack, internationalization

Y4=b0+b1*O.S+b2*Int'l+b3*O.S*Int'l+b4*age+e

Model 5: organizational slack, firm size, media, internationalization

Y5=b0+b1*O.S+b2*Size+b3*O.S*Size+b4*Media+b5*O.S*Media
+b6*Media*Size+b7*Media*Size*O.S+b8*Media*Size*Int'l

Table 4. Results

	Corporate Philanthropy				
	Model 1	Model 2	Model 3	Model 4	Model 5
Age	.020	-.005	.053	.032	.026
Organizational Slack	.102	.093	.231**	.167*	.135
Firm Size		.520**			.455
Media			.480**		.093
Internationalization				.398**	.117
Organizational Slack X Firm Size		.051			-.178
Organizational Slack X Media			.352**		.333*
Organizational Slack X Internationalization				.051	-.057
Firm size X Media					.044
Firm size X Internationalization					1.934
Media X Internationalization					.255
Firm size X Media X Internationalization					-2.354
OS X Firm size X Media X Internationalization					.047
R Square	.011	.307	.291	.168	.407
△R Square	.307	.291	.281	.157	.397
F	.946	19.048**	17.69**	8.69**	8.62**
△F		36.76**	35.05**	16.22**	9.92**

+b9* O.S*Media*Size*Int'l +b10*age+e

IV. Results

With confidence level of 95%, Model 2, 3, 4 and 5 were proven statistically

significant. The following table shows the result of analyses. Model 2, 3, 4 and 5 are .307, .291, .168 and .407 which means the explanatory power of each linear model. The model 1 supported H1 at the significance level of .01. The model 2, 3, and 4 supported H1, H2, H3, H3a, H4 respectively at the significance level of .05 and .01.

V. Discussion and Limitation

This study examined the impacts of organizational slack on corporate philanthropy and the moderating roles of firm size, media attention, and the internationalization of the firm. The result of the study shows that organizational slack of a firm is positively associated with corporate philanthropy and media attention serves as moderating factors on corporate philanthropic contributions. In other words, media attention plays influential factors in mobilizing corporate social movement. It implies firms with higher visibility are more likely to engage in corporate social responsibility even though it has little slack to exploit. This study contributed to partly explaining strategic decision making regarding corporate philanthropy of some firms with great visibility. However, this study could not prove firm size and internationalization of the firm serve as moderating factors. Even though global firms, such as IBM, Intel, and Walmart, are under the greater scrutiny regarding corporate social responsibility and generally required setting the higher standards to satisfy the different demands of countries they operate in, hypothesis 2a and 4a were not supported. I believe that the reason can be partly explained by the measurement issue this study has. Calculating export ratio to total sales and counting the number of overseas subsidiaries may not exactly reflect the level of internationalization of the firm. The GDP level or location of countries they operate in could be more pivotal factors.

Secondly, positive and negative media exposure would have different influences on corporate philanthropy respectively. I conducted additional test to examine the effect of negative media on corporate philanthropic contributions. The model fit and coefficient

of negative media were statistically significant at the significance level of .05.

This paper contributes to research on Korean organizations by integrating resource-based and institutional arguments to identify the factors relevant in explaining a firm's commitment to corporate philanthropy. Most studies of the factors that influence corporate sustainable development have taken exclusively either a resource-based orientation (Hart, 1995; Klassen and Whybark, 1999; Russo and Fouts, 1997) or an institutional orientation (Hoffman and Ventresca, 1999, 2002; Jennings and Zandbergen, 1995); few have integrated the two. The findings suggest that an integration of the two perspectives is relevant in explaining corporate philanthropy. Another contribution from this research is it takes a step further in disentangling the complex relationships among stakeholders' pressures, financial performance, and their effects on corporate philanthropy.

The measure for corporate philanthropy would vary in the forms, and it would result in different effects on corporate strategic decision making about charitable contributions. For example, time, know-how, facilities, or products and services would be alternative measures to cash donation. However, this study only incorporated cash donation as the measure for corporate philanthropy. These deficits in measurement are mainly due to the insufficient database and difficult access to the information. In addition, while archival data can be more objective, it is limited to access to the perceptions and other subjective factors that influence managerial decisions.

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기업의 여유자원과 가시성이 기업의 자선적 활동에 미치는 영향

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본 연구는 기업의 자원슬랙(Organizational slack)과 가시성(Firm visibility)이 기업의 자선적 활동에 미치는 영향을 밝히는 것을 목표로 하고 있다. 특히 기업이 상대적으로 보유 자원이 적은 경우에도 사회공헌활동(Corporate Philanthropy; Corporate Social Responsibility; Social initiative)에 참여하는 이유를 실증적으로 밝히려고 시도했으며, 위 관계에 기업의 크기(Firm size), 언론 노출(Media attention), 그리고 국제화 수준(level of internalization)으로 대표될 수 있는 가시성이라는 다른 변수가 미치는 영향을 다루었다. 본 연구의 분석 대상은 대한민국 상장기업이며, 요인분석(Confirmatory factor analysis)과 회귀분석(hierarchical regression)을 연구방법론으로 삼았다. 연구 결과 자원슬랙과 언론노출도가 기업의 자선적 활동에 정(Positive)의 영향을 미치는 것으로 나타났으며, 기업의 크기와 언론노출도가 자원슬랙과 기업의 자선적 활동 관계를 강화하는 것으로 나타났다.

주제어: 기업의 자선적 활동, 자원슬랙, 유휴자원, CSR, 사회공헌활동, 가시성

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