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THE UNIVERSITY OF NEW HAVEN

GRADUATE SCHOOL

**CORPORATE SOCIAL RESPONSIBILITY AND
STRATEGIC MANAGEMENT: AN EMPIRICAL STUDY OF
KOREAN MNCs IN THE UNITED STATES**

**A Dissertation
submitted in partial fulfillment
of the requirements for the degree of**

DOCTOR OF SCIENCE IN MANAGEMENT SYSTEMS

BY

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University of New Haven

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April 18, 2000

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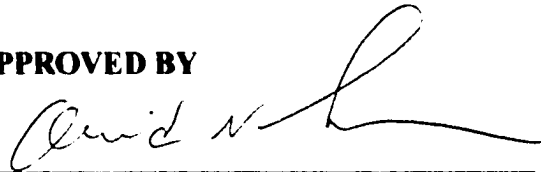
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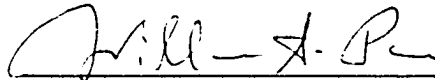
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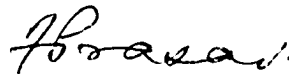
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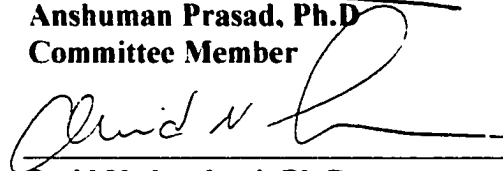
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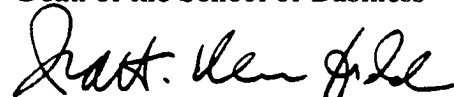
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Acknowledgments

There is a proverb that “ My teacher is the teacher forever”.

First of all, I would like to thank my dissertation committee members for their unlimited, invaluable instruction and mentoring over all the dissertation producing process. Especially, I would like to thank the Chair of my dissertation, Dr. Omid Nodoushani, my mentor, for his macro academic advice and deep scholastic knowledge on my topic, a member of my dissertation committee, Dr. William S. Pan for his quantitative guidance and application, and Dr. Ansuman Prasad, my other dissertation committee member for his recommendation and evaluation of the topic.

Second, my another acknowledgment should go out to all instructors in the doctoral program especially, Dr. Joseph Parker for his continued encouragement to complete successful doctoral program.

I also would like to thank the seventy one Korean MNCs in the U.S. who responded and completed my research questionnaire and even telephone interview in spite of time consuming.

In addition, I wish their successful business for life time. Also my gratitude should go to the forty five Korean MBA students for the pilot study, who study in the state of NY and CT. They spent their valuable times to respond my questionnaires.

Finally, I would not like to miss my special appreciation to my parent in Korea, my wife, EunHee, and my only daughter, Jin for their love and concerns.

ABSTRACT

Corporate Social Responsibility (CSR) practice, which is a by-product of professional corporate culture has long been concerned with for corporate success in the U.S. In addition, as global markets expand and competition intensifies, multinational corporations (MNCs) are increasingly called upon to formulate and implement corporate strategies that pay sufficient attention to corporate social responsibility at the global level. Without the cooperation of the global community, multinational corporate economic success will be short-lived and not expected to survive in the long run.

Currently, large Korean business groups, Korean chaebols, are developing into global corporations. During this transition they are facing new trends in corporate business social environments, such as a cooperative living spirit between large corporations and society in the global marketplace.

The purpose of this dissertation is to analyze corporate perceptions and practices of CSR among Korean multinational companies in the U.S. The results of the research will create of model for a universal practice for international companies, free of cultural biases.

The research question of this dissertation is to investigate whether the idea of Corporate Social Responsibility (a by-product of professional corporate culture) is transferable to the Korean MNCs in the U.S.

The research hypothesis is that the Korean MNCs' CSR practice and their CSR components are strongly correlated with those of U.S. because the idea of CSR is a by-product of professional corporate culture, and thus, can be implemented universally.

The research methodology in this dissertation is based on a cross-cultural, comparative, quantitative, and an empirical model specification.

A mail questionnaire survey has been performed and sent to 129 Korean MBA students (45 returned; 34.8%) and 292 top executives, or top managers (72 returned; 24.3%) of Korean MNCs in the U.S.

All statistical results have been presented in appendices and tables. The dissertation has found that Korean MNCs understood Corporate Social Responsibility practice, and its global issues, and the ways such issues affect strategic management.

This analysis may not be generalized, however, to medium and smaller Korean corporations with a lower level of corporate financial performance.

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Chapter 1

Introduction

The large corporation and its societal impacts are now significantly multinational in character. This rapid globalization of the international economy, such as the growing number of Multinational Corporations (MNCs) and their increased global scope and economic influences to the international market, produced fundamental challenges for corporations as well as for domestic and international communities and societies (Nodoushani and Nodoushani, 1999). In other words, the trend of corporate multinationalization for the market expansion quite naturally demands on increasing global corporate strategic social policy issues, such as corporate business ethics, corporate social responsibilities in their overseas operations of Multinational Corporations in both academic, and real business world (Preston, 1990b).

This wide, growing impact of multinational corporations (MNCs) brought the issue of corporate social responsibility in international business and societal arena due to its enormous economic and political power. Moreover, It could be applied to even corporations that don't have any overseas operations encounter international competitors, consumers, and suppliers, and even state and local government actions such as product bans for environmental, consumer protection, and save energy.

Despite the importance of the business globalization and multinational issue, the global business and society research area has limited in their discussions. For example, the global business and society researchers have focused the practice of corporate social responsibility to the just ethical aspects which extent to the code of ethics as a moral issue (Epstein, 1989; Preston, 1988; Donaldson, 1985; Naor, 1982), the direct or indirect reference to global business as a corporate social policy issue in the global arena (Donaldson, 1985, 1989; Naor, 1982; Preston, 1990a; Simpson, 1982), and a social strategy (Amba-Rao, 1989; Simpson, 1982).

Corporate social responsibility context, or practice for the next research should be incorporated with the influence, roles, and relationships relevant to all their stakeholders in the international arena. An empirical research to fulfill the requirement or justification for them will be more supportive.

Statement of the Problem

With the global marketplace expansion, corporations are faced with questions of what managerial values should guide their operations in multination at different management cultures in terms of the strategic management. Corporations, for example, need to adjust their traditional corporate strategy to the professional ideal in management (Nodoushani, 1995) within the global concerns which includes the issues of environment, and sustainable community development. These issues will remain high on the agenda of corporations and socially responsible investors into the next century as communities press for socially responsible corporate policies.

Since the 1970s, many big business corporations have moved through stages, from being first local, then national, then international, and finally multinational corporations. This transition has required them to change how they deal with their organizational environments, for example, by including Macro and Micro environment directions.

In so doing, the corporations expand their organizational boundaries over the world in a type of business structure known as the Multinational Corporations (MNCs) along with their related subsidiaries. These corporate entities advocate programs, policies, and practices through which business organizations demonstrate their commitment to communities in which they operate and is increasing the professionalization of management for the better community interest (Nodoushani, 1993). This trend implies that a corporation's commitment to Corporate Social Responsibility has been a critical success factor in today's business environment.

As a result, Corporate Social Responsibility can be defined as corporate strategic responses to society's expectations for appropriate business behaviors to accomplish regardless of economic considerations. Corporate Social Responsibility can be realized through programs such as a) identifying society's corporate social responsibility expectations, b) determining all responsive ways for meeting these expectations, and c) implementing appropriate courses of action.

Korean corporations have rapidly transformed from domestic companies to multinational corporations during the decades of the 1980s and 1990s. This rapid growth of Korean MNCs has required more interaction between the Korean companies and the macro environments of their host countries. These circumstances helped to increase interdependence between the Korean corporations and host countries, as well as increasing expectations from host country stakeholders for corporate social responsibility on the part of Korean corporations. Pertinent stakeholder concerns are varied and diverse, for example, the environmental movements in the U.S., mounting concerns of developing countries about their stake in the global economy, varying corporate philanthropy norms or standards across countries, and diverse ethnic, racial, and cultural contexts. Therefore, Korean MNC's are faced with the challenge of Corporate Social Responsibility issues, which seems to be new for the management practices.

The growing attention on corporate social responsibility has been developed by a way of response to changing society's stakeholder expectations (Frederick, 1978; Miles, 1987). In Korea, this new social trend has been come from mainly a product of rising prosperity in the national wealth and the emerging importance and visibility of Korean corporations around the world.

Korean industry is now beginning to pay attention to the challenge of corporate social responsibility in terms of their market globalization.

As Korean corporations expanded wholly owned their subsidiaries including all part of organizational structure abroad. This is wholly in keeping with theories of corporate

social responsiveness (Frederick, 1978; Ackerman and Bauer, 1976). In addition, what is more interesting is that Korean corporation have tried to import host country practices into their own operation in Korea, and to adapt these practices to the Korean management style. Therefore, Korean management also will try to adapt CSR practice from abroad to their management practice.

Research Objective

The primary research objective of this dissertation is to examine how Korean corporations perceive and understand the idea of Corporate Social Responsibility practice at the Korean management practices. In other words, how differently Korean corporations perceive Corporate Social Responsibility practice in its relative priorities, stakeholders and issues, and its corporate strategic activities to those of the U.S. To support the main objective of this research,

I attempted to analyze corporate perceptions and practices regarding Corporate Social Responsibility among Korean multinational corporations (MNCs) in the context of CSR literature. Korean MNCs in the U.S. are selected as a sample.

Research Question

The primary research question of this dissertation is as following.

Q: Is the idea of Corporate Social Responsibility (a by-product of professional corporate culture) transferable or applicable to the Korean MNCs, such as Hyundai Motor America, Daewoo Motor America, Samsung Electronics America, LG USA, etc. in the U.S. ?

This research hypothesized that the corporate activities and perceptions on CSR practices are quite correlated between Korean MNCs in the U.S. and the U.S. corporations because CSR practice is a by-product of professional corporate culture and it can be transferred over the world.

Research Sub-questions

The set of sub-questions has been brought to follow up the main research question. The following sub-questions have been examined in this dissertation with the model development.

Corporate Social Responsibility goals

Q1: Do Korean MNCs' Corporate Social Responsibility goals--economic, legal, ethical, philanthropic--correlate with those of U.S. corporations?

Corporate Stakeholders

Q2: Do Korean MNCs' corporate stakeholders--shareholders, employees, customers, suppliers, creditors, society, competitors, activists, political groups, governments, international institutions--correlate with those of U.S. corporations?

Corporate Social Issues

Q3: Do Korean MNCs' corporate social issues--quality of work life, shareholders profits, fair employment, product safety, community relations, consumer protection, political activism, foreign direct investment--correlate with those of U.S. corporations?

Corporate Community Relations Programs

Q4: Do Korean MNCs' corporate community relations programs--quality of life, philanthropic behavior, capital facility investment, human capital investment, ethical compliance, strategic marketing program, social and environmental scanning--correlate with those of U.S. corporations ?

Corporate Commitment for the Corporate Social Responsibility

Q5: Do Korean MNCs' corporate commitments regarding corporate social responsibility-

-treatment of women, community donation/improvements--correlate with those of U.S. corporations?

Corporate Managerial Structure and Authority

Q6: Do Korean MNCs' corporate managerial structures and authorities for the implementation of corporate social responsibility--guidelines and instructions, organizational structure and design, budgets, and open communication network--correlate with those of U.S. corporations?

Corporate Financial Performance

Q7: Do Korean MNCs' perception on the relationship between corporate social responsibility practice and corporate financial performance--positive, negative, and neutral--correlate with those of U.S corporations?

Importance and Need for the Study

As globalization has continued, the development of corporate social responsibility has been compared to corporate economic performance. Furthermore, MNCs in which those facilities operate outside their own domestic markets have been under increasing pressure to show good corporate citizenship in each one of the countries or markets in which they participate and historically, MNCs have been more serious than home country corporation as international, global markets will expand (Amba-Rao, 1993).

Unfortunately the majority of the study of management in the area of corporation and society research studies In theory and measurement has been dominated by U.S.-based samples even though the researches on Japanese Corporate Social Responsibility practices have been found out in many articles (Sethi, 1990, 1975b, 1975c, Sethi, Namiki and Swanson,1984; Wokutch, 1990; Mafune, 1988; Pharr and Badaracco, 1986; Drucker, 1981). However, there have been recently questions and concerns about whether the

This dissertation investigated the relationship between the construct of Corporate Social Responsibility (CSR) and cultural influence, which is cultural divergence or convergence in Korean corporations. In the international comparative and cross-cultural management research, the debates on the issue of cultural convergence or divergence controversy are still going on (Adler, 1991, 1983a, 1982).

How Korean industry, especially MNCs responds to the Corporate Social Responsibility practice challenge could be of interest in terms of both theoretical and practical aspects as follows:

A corporation and society research in the U.S. perspective have concentrated on the Eastern management styles and cultures with the question of whether U.S or Western categories of Corporate Social Responsibility (CSR) practice will be germane in countries now beginning to address CSR issues. Currently, the globalization of social performance boundaries, including on global environment standard, code of ethics and so on, is a key emerging topic in the corporation and society research (Amba - Rao, 1993).

It is highly unlikely that non-Western countries taking on CSR standards will simply implement U.S. principles, policies, and practices. Rather, these countries will certainly adopt a form of CSR that is consistent with their cultures and management styles. From management theoretical aspect, business organization theory concerns on the question how social factors such as specific cultures and their competitiveness factors will affect to their corporate practice in terms of cross-cultural study (Adler, 1991, 1983a, 1983b, 1982; Chung and Lee. 1989).

Since Korean industrialization, Korean corporations imported, adapted, and readjusted many Western management practices through the Japanese introduction. Now they tried to adapt these practices to their own management style. What is more surprising is that U.S corporations also study such Japanese or Korean corporate practices for their corporate guidance such as Japanese total quality management, JIT inventory control, and flexible manufacturing system etc. CSR practice may be happened

inventory control, and flexible manufacturing system etc. CSR practice may be happened again.

As a final reason, from a managerial and practical aspect, so far there might be much of hands - on value to learn from the Korean corporate relations model as a significant influence on other countries' economies. Unfortunately, the corporate and society research field has not covered to the behave of Korean corporate community relations through the cultural comparisons in spite of quite weighted significance of Korean corporation and the industrial system (Luthans, McCaul and Dodd, 1985).

Korea's spectacular economic growth over the last three decades has made the country the world's 13th largest economy and the 10th largest trading nation (Ungson, Steers and Park, 1997). Therefore, how the Korean corporations enact their CSR role may give important lessons for U.S. corporate executives or managers who are trying to get into foreign markets, or to establish their foreign affiliates and subsidiaries in Eastern countries because Korean corporations were major players in virtually many the third world nation's economic growth model, especially in Eastern Asian countries including Thailand, Malaysia, and Indonesia, even still in China (The Chosun Daily, 1998). These lessons concluded by the research will benefit U.S. and Eastern Asian corporations who attempt to design flexible and continuously improving organizations, especially foreign direct affiliations for the future.

Research Hypotheses

Eight research hypotheses have been brought. The contents of each hypotheses are as follows: (1) Corporate social responsibility practice (2) corporate social responsibility goals, (3) corporate social responsibility and its stakeholders, (4) corporate social responsibility and its issues, (5) corporate social responsibility and its community relations programs, (6) corporate social responsibility and its managerial structure and

social responsibility and its commitment.

Research Hypothesis:

H: The corporate social responsibility practice of Korean MNCs in the U.S. is significantly correlated with those of U.S. corporations because the idea of Corporate Social Responsibility is a by-product of professional corporate culture. Therefore, Corporate Social Responsibility management practice can be transferred to the different cultures.

Research Hypothesis 1:

H1: The corporate social responsibility goals of Korean MNCs in the U.S., such as economic, legal, ethical, and philanthropic or discretionary, are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation in the CSR goals between Korean MNCs and U.S. corporations.

Research Hypothesis 2:

H2: The corporate social stakeholders (Shareholders, employees, customers, suppliers, creditors, community, competitors, social activists, political groups, governments, international institutions) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 3:

H3: The corporate social issues (employee relations, shareholders, fair employment practice, product safety and quality, suppliers and customer relations, communities,

consumer protections, environmental productions, political activities, governmental relations, foreign direct investment issues) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 4:

H4: The corporate strategic community relations programs (quality of life, philanthropic corporate behavior, corporate capital facility programs, corporate human capital programs, corporate ethical compliance programs, corporate strategic marketing programs, and corporate social and environmental scanning programs) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 5:

H5: The corporate managerial structure and authorities for the implementation of CSR (corporate guidelines and formal instructions, official organizational structure and design, budget plan, open communication) of Korean MNCs in the U.S are significantly correlated with those of U.S. corporations. The null hypothesis is that there is no correlation exists.

Research Hypothesis 6:

H6: The perceptions on the relationship on CSR and financial performance (positive, negative, no effects, causation) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no

product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 7:

H7: The corporate CSR commitments (treatment of women, corporate community donation, corporate community improvements, frequency of discussion on corporate social responsibility) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation between Korean MNCs and U.S. corporations.

Delimitation of the Study

Since most social science researches are similar, this dissertation also will be limited and has some following delimitation with its research design and methods.

Limited sample of country and corporations

The research limited to a specific country, Korea as a sample of country so it may not be generalize in all third world countries even though the research insists that Korea can be a good sample in Confucian, Eastern countries.

The research has limited sample of country and limited sample of corporations. This type of research, however, has never been performed in the area of corporate and society relationships in Korea.

Low response rates expected

The research expected and turned out being of low response rate due to short, limited executing periods. The periods of questionnaire distribution and collection by mail may

be too short. The date of mailing questionnaire began February 25, 1998 and ends July 31, 1998.

Different cultural biases expected

Another possible reason was that Eastern Asian cultures the previous studies indicated have a tendency to prefer to select correct answer based on common sense; furthermore, the topic CSR was unfamiliar to Korean and any other people in Confucian countries.

Korean respondents, therefore, will be embarrassed or uncomfortable with that topic even though respondents will be asked to indicate their own and their corporations' anonymity in the belief that they would be more likely to answer sensitive questions frankly.

Limited use of previous models and survey instruments

There are some more advanced arguments on the obligations of the corporation in terms of its public, which meets the legitimate expectations of its stakeholders in each country where it does business and private roles, which generates wealth in corporation and society research (Frederick, Post, and Davis, 1992).

They insist that the profit orientation of the corporation should be integrated with its broader social and ethical responsibilities. Consequently, business needs to find ways to pursue both sets of obligations, including ethics, and integrate them into a coherent management philosophy.

The corporate economic function as a corporate social responsibility has been structurally separated in most previous CSR researches, even though some focused on the importance of integration of economic and broad social responsibility (Friedman, 1970; Carroll, 1979; Wartick and Cochran, 1985; Vogel, 1986; Aupperle, 1991).

This dissertation, however, adapted and limited in the traditional approaches and models. Thus, the model adapted and resulted in limited outcomes. In future research, it

will be imperative to integrate at least three different areas: corporate social responsibility, corporate ethics, and the strategic management literature together. This effective model required to include stakeholders, ethics, and corporate social performance in terms of the corporate objective.

This dissertation, unfortunately, does not cover the corporate ethics as much, only in the area of corporate social responsibility orientation. In addition, the major part of the survey instruments used for this research has been taken from earlier limited studies in the U.S. (Wood, 1991a; Wolfe and Aupperle, 1991; Carroll, 1979; Aupperle, 1990; Aupperle, Carroll and Hatfield, 1985) to measure the relationship between CSR and corporate financial performance levels in Korean corporations.

Limited use of measurement

CSR research is a multidimensional construct required a variety of behaviors such as inputs, processes, and outputs according to its specific industries and larger samples. However, the most frequently used measures in the past, even in this dissertation, have been one or two dimensions, ignoring the rest of them.

Lack of useful comparative research data on CSR practice in the Korean industry.

Current Korean CSR practice mainly focus on: 1) codes of business ethics; 2) standard personnel policies; and 3) labor relations; 4) narrow focus on employees and shareholders

Dissertation Outline

The outline of this dissertation has been discussed as follows:

Chapter I set an introduction and overview of the dissertation, Chapter II reviews the

literature backgrounds on CSR researches, Chapter III relates research methodology, which contains the description and structure of methods, and statistical tools and techniques for data analysis, Chapter IV covers the findings and discussions through the data analysis, Chapter V Conclusions and Recommendations for the future study, resulted from the Chapter IV. Finally, the last part of dissertation is covering with appendices and a reference list.

Chapter II

Literature Review

Corporate Social Responsibility in the United States

As the previous chapter indicated at the section of dissertation objective, this dissertation attempted to investigate the U.S.-based Corporate Social Responsibility (CSR) management practices. This chapter covered to understand what is known from the existing U.S.-based the idea of corporate social responsibility literature.

The Definition of Corporate Social Responsibility

The social revolution of the 1960s which expanded from the Civil Rights Movement to include opposition to the Vietnam War, women's liberation, environmentalism, consumerism, and human and social issues, shattered the complacency in the U.S. At this era, there were new studies on the importance of large size corporations in economic and social life to explore their implications (Bowen, 1953; Boulding, 1954).

These studies emphasized the new role and power of large business corporations and necessarily required a new level of social involvement and responsibility for management. The new concept of large business corporations should consider the kind of community which they intend to help to construct and maintain (Berle, 1954).

The CSR as Traditional, Economic View

Since the topic of the corporate social responsibility has been a intense controversial subject for last three decades, this debate is also an outgrowth of different definitions of

corporate social responsibility. A wide variety of definitions have been brought to be discussed. These definitions emphasize different corporation's socially responsive activities and dimensions.

The term of corporate social responsibility (CSR) has been defined in various ways with its evolution. The most famous definition of corporate social responsibility has been explained in terms of the classical economic thought of maximizing corporate shareholder profit (Levitt,1958; Friedman,1962, 1970; Hay and Grey,1974; Zenisek,1979; Drucker,1984). This type of CSR concept can sometimes be referred to as the traditional stockholder model. This model stands that the corporation managers and directors only have a responsibility to the owners (shareholders) of the corporation. Their ultimate singular responsibility is to maximize profit.

This point of view also can be explained as something of a role based approach to CSR because the role of the corporation and those who operate it determines the responsibilities of the corporation or of business itself (Bruono and Nicholes, 1990).

In Friedman and Drucker's view the corporate social responsibility is to maximize corporate owner's profits and to last their existence in the future through the allocations of possible corporate resources (Friedman,1970, 1962; Drucker, 1984).

These definitions are based on the economic sense of managerial capitalism (Baron,1996: 518). That corporate form involves a separation of management from ownership (Berle and Means,1932) and maximizes shareholder wealth.

Friedman believes that corporate managers don't have any comparative advantage when it comes to implementing social programs. Managers are only experts in producing, selling, financing, and operating their products. Friedman's definition of corporate social

responsibility is an example of a limited role of corporate social responsibility. This anti-social corporate social responsibility view is based on a broad social consensus that the only way corporate managers should follow is in the result of the legislature.

.. permit only those deviations from profits that are authorized by law or government regulation so that they will receive the public scrutiny necessary to ensure that they actually reflect widely shared values (Rodewald, 1987, p. 454)

The traditional, classical, and economic view consequently implies that a democratic society can enact laws to control corporate behaviors if it wants to engage in or refrain from specific activities.

The CSR as the Social View : The Business Roundtable

Another contrasting definition of CSR has been brought from the Business Roundtable, founded in 1972, which examines public policy issues concerned with the sound economy and favorable development of its position. In the year of 1981, the Business Roundtable issued a CSR-related statement (Business Roundtable, 1971). It proclaims that both societal capitalism and CSR of corporations should serve the public interest beyond the economic shareholder interest.

The statement also mentions that the corporation should be understood in terms of its interactive social system-a stakeholder view of the corporation with its subsystem (Ackoff, 1981, p. 30)-all seven constituent interest groups (stakes), such as customers, employees, financiers, suppliers, communities, society at large, and shareholders. Within this definition, shareholders, unlike the key beneficiary of economists' CSR definition, are considered as providers of risk capital.

Instead, the subset of customers have a primary claim for corporate attention because all seven constituencies are interrelated socially responsible mutually to society and the corporation is both an economically and socially viable entity. Without society's support, thus, the corporation will not survive for the long run. More specifically, the socially responsible corporation is based on the Enlightened Self Interest (ESI), which undertakes certain activities that are beneficial to various stakeholders or to society as a whole in terms of providing the consumer safe and high quality of products for consumer loyalty, providing the employees good working conditions for high productivity, and low absenteeism, low turnover rates, and working to be a good corporate citizen with the community for high quality of workforce (Wokutch,1990).

In summary, the definition of Corporate Social Responsibility depends on the extent to which a corporation understands its major role in society whether economic or beyond that. The two definitions above mentioned are reflected into two CSR model. One is the traditional shareholder model with a limited social responsibilities represented by Friedman, the other is the social model of CSR with a wider, systemic social responsibility explained by the Business Roundtable.

The Evolution of Corporate Social Responsibility Concept

This section will attempt to determine how the corporate social responsibility framework or context in corporate organizations have evolved as societal issues and public expectations have placed increasing demands on the business community.

In the United States, the Corporate Social Responsibility related concepts have emerged over the past four decades to evaluate overall corporate social performance,

including non-financial as well as financial, which are business ethics, corporate social responsibility (obligations), more recently, corporate social responsiveness (Epstein, 1989).

Despite the American reliance on legal processes to define individual and organizational rights and obligations, within both the business community and the general public, it is widely recognized that legal compliance is not a sufficient one for expressing key societal values and establishing standards of corporate performance (Donaldson, 1982; Carroll, 1979; Freeman and Liedtka, 1991). For this reason, until recently, philosophers and social theologians (L'Etang, 1995; Klonoski, 1991) tended to focus more on business ethics terms, while management scholars tended to focus on the concept of corporate social responsibility, including corporate social responsiveness (Epstein, 1989). Therefore, it is useful to conceptualize and distinguish three intellectual properties.

Corporate Social Obligation

Corporate Social Responsibility has been an important concept associated with efforts to evaluate the corporate social performance and to provide managers with guidelines for action in terms of corporate strategy . The basic notion of corporate social responsibility concept is that corporate organizations have societal obligations which generate maximization of the profits for their shareholders interests.

In the U.S. the modern era of interest in CSR has been dated to the around 1950s. The period of 1960s to the mid of 1970s was significant for CSR in terms of a developed consensus that business and their executives and managers must be socially responsible

(Buchholz,1991; Mahon and McGowan, 1991), but still, no agreement as to what precisely the term meant emerged both in the field of academic and business practices.

The statement of Social Responsibilities of Business Corporations indicated social role of business corporation is a important tool for social progress in a pluralistic society (Freeman and Liedtka, 1991; Bowie, 1991) and mentioned the specific social problems in which corporation should involve such as economic growth and efficiency, education, employment and training, civil rights and legal opportunity, urban renewal and development, pollution abatement, conservation and recreation, culture and the arts, medicare, and government performance, etc. (Committee for Economic Development, 1971).

By the mid of 1970s, there was a little consensus that no single, clear-cut, and universally acceptable definition of corporate social responsibility could be possible in business executive, and business scholars (Preston,1975; Sethi and Votaw,1969). Thus, the issue of corporate social responsibility moved from some philanthropic, and philosophical issues of the 1960s, to an emphasis on the specific societal issues of a corporation's social responsibility commitment, for example, corporate economic involvement in South Africa, U.S. multinational marketing practice in Third World guidelines, investment in and assistance to minorities, affirmative action programs for minorities, and corporate strategy for environmental pollutants etc. However, most major corporate social responsibility issues could be brought from the corporate ongoing business functions (Epstein,1989). In other words, corporate social responsibility concept would be based on the results of normal business activities. For well defined corporate social responsibility, good citizenship, which reflects in corporate assistance to

community development through its financial and non financial contribution, should be subsumed analytically.

The CSR emphasized corporate action and stressed specific social issues between stakeholders of a corporation and its particular outcomes (Freeman,1984; Bruono and Nichols;1990).

Corporate Social Responsiveness

By the mid 1970s, in the U.S. there was a newer corporate social responsibility concept, so called corporate social responsiveness focused on corporate strategy (Epstein, 1989). The corporate social responsiveness concept focused on corporate strategic implications that how corporate executives should respond promptly to rapidly changing external societal expectations - organizational stakeholders interests (Hay and Gray, 1974; Sethi, 1975; Ackerman and Bauer, 1976; Zenisek, 1979; Freeman,1984; Frederick, 1978, 1988; Epstein. 1989; Carroll, 1991; Wood,1991a).

Corporate social responsiveness is related to the search within the business organization for mechanisms, procedures, arrangements, and behavioral patterns that enable the corporation to handle community's social pressure. Briefly, it meant corporate strategic decision-making process which focus on trusteeship to quality of life management (Freeman,1984; Anshen,1980; Buchholz, Evans and Wagley,1985; Buchholz, 1991; Roberts,1992).

Corporate social responsiveness emphasizes proactive rather than reactive behavior through processes such as issues management, environmental scanning and reporting, social auditing and accounting, community relations, and the development of corporate

codes of conduct (Frederick, 1986; Epstein, 1989; Buchholz, 1991; Bowie, 1991).

Corporate Citizenship

Traditionally business owners in the U.S. have been in the top ranks of donors such as Carnegie, Ford, and Rockefeller etc. But such donations were made by only super individuals, not by corporations they own for the business purposes. It was truly pure philanthropic based on human ethical purposes (Freeman and Liedtka, 1991).

By the 1960s, many U.S. corporations had established their own in-house foundations which has been giving away lots of money-up to 1 to 5% of pretax income in the most progressive corporations such as Levi Strauss, Cummins Engine etc. In other words, many U.S. corporations gave non profits cash donations, which means pure philanthropic charity, rather than products, business advice, and corporation volunteers, which is a strategic philanthropy, to bring those institutions too close to the business operating process in terms of its corporate strategy. The United Way, the Rockefeller Foundation, the Exxon Education Foundation and any kinds of corporate sponsored non-profit foundations belongs to this category (Epstein, 1989).

In contrast, AT&T foundation was the first to talk about self interest in corporate non-philanthropic strategy. It was designed as much to reform the company as to reform society. AT & T foundation assumed that philanthropic initiatives should help advance business interests through strategic alliances with the marketing, government affairs, research and development, and human resources functions. Thus, a program given would heighten the corporation's responsiveness to its social environment and help executives make decisions that would draw on the experience of the non profit world. AT&T's

computer donation to university program, the sponsoring art program, and the Special Supplemental Food Program for Women, Infants and Children (WIC) are good examples of corporate good citizenship (Epstein, 1989).

In the U.S., corporate social responsibility term has somewhat shifted to those discretionary, altruistic, non business relationships between a corporation and its stakeholders which includes the components of community (Carroll, 1991). Those implications expand and include the idea of corporate philanthropy, going beyond the idea of corporate philanthropic citizenship.

Corporate citizenship has arisen in terms of the interactions between the corporation and stakeholders beyond the traditional economic relationships such as employee, customer, shareholder, supplier, union, creditor, competitor, and government (Ackoff, 1981; Freeman, 1984). In this context the corporation will be viewed as an artificial human being with moral duties to help others if one affects another's great benefit at their little cost. This basic concept is deeply expected that a corporation provide the altruistic corporate actions with its long-term corporate strategy.

Corporate citizenship can be measured in terms of financial and non-financial support of community institutions, such as educational and cultural institutions, for example, job training, serving recreations which means parks, playground, and so on, or establishing legally mandated environmental standards, enhancing local economic, cultural, and political life in a locality, and serving as a role model for other sectors of the community in furthering communal welfare. Therefore, the criterion of corporate good citizenship can be whether the relevant corporate behavior is viewed generally as maximizing the public welfare (Epstein, 1989).

Corporate community relations for corporate good citizenship is generalized as follows: contributing funds, donating goods or services to non-profit public sectors through the institutionalized programs and on informal ways, encouraging employees to volunteer time to non-profit and public sectors, facilitating regional economic development, planning efforts, assisting community health, child day care and educational institutions, adopting minority owned business enterprises providing technical and even financial assistance, job training for unemployed community works caused by plant disclosure, reallocations, mergers and acquisitions, or any other corporate downsize, joint research and development with highly developed educational institution for better products and technology through the external education programs in house curricula developing (Epstein, 1989).

Community relations programs can be determined by professional staffs support, for example, community affairs department, specialized employee task forces, or high management level of community relations committees including top executive in the corporation, further, establishing interorganizational networking with other corporations for mutual interests and fulfilling community commitments (Burke, Logsdon, Mitchell, Reiner and Vogel, 1986).

Corporate charitable and philanthropic contributions during the 1980s and 90s in the U.S. have evolved in two trends. First, it has been a noticeable increase in the amounts of corporate donations to non-profit organizations, which can be called corporate philanthropic strategy, such as \$ 1.79 billion in 1977 to \$ 4.50 billion in 1986 (Useem, 1988), and even to 85 billion (8% of totaled, 1507 billion) in 1996 (The Korea Times, 1998). Secondly, it has been the increase in corporations turning toward a much more

market oriented strategic management, so called non-philanthropic corporate strategy. This non-philanthropic approach implies the professionalizing the contribution function by specifying specific corporate objectives and participating donations or contributions to marketing efforts such as sponsoring some special event of sports or artistic events (Useem, 1989).

This non-philanthropic strategy is new paradigm of corporate citizens. The further specific discussions on corporate philanthropic and non-philanthropic strategy have been mentioned in the later corporate strategy section.

International Corporate Social Responsibility

The business - society relationship was extended to the international context. As the number of multinational corporations (MNCs) grew, there was a growing consensus that both corporations and host governments should consider moral and ethical social responsibility for social and economic well beings in their economic transactions.

A collaborative relationship is proposed where the MNC's share information based on global experiences and offer input into host government developmental policies, and aid their implementation.

The governments also provide to the corporations a reasonable regulatory environment, which is a corporate external environment. This calls for ongoing interactions among officials at all levels of the two institutions. There was a study focused on the relationship between MNCs and governments in terms of the ethical perspective. The study argued that there are three conditions of conduct under the social contract for a MNCs operating in the host country as following: first, respecting

the rights and justice of the people in the society; secondly, minimizing harm or other adverse effects such as misuse or overuse of power or depletion of natural resource; finally, enhancing the welfare of consumers and employees, and emphasizing the minimal responsibilities of the parties (Donaldson, 1989).

Another approach in international corporate social responsibility context is an emphasizing the maximal duties of corporation. This approach includes an act of corporate good citizenship, for example, the support program for Third World development is a good example (Windsor and Preston, 1990).

This program was based on the philosophy that the corporate social responsibility of MNCs is to satisfy the social needs of the host country community. Under these circumstances, the MNCs are under a corporate citizenship responsibility to society in terms of wealth maximization as well as satisfaction of social value. This concept is related to the trusteeship and quality of life concepts. In the matter of corporate citizens, while highly effective in the U.S., corporate citizenship is destined to have its greatest impact abroad in terms of getting a competitive edge.

The U.S. market is so awash in social initiatives that it can be difficult for corporations to distinguish themselves with their corporate citizenship programs whether it is a philanthropic or non-philanthropic. In newly emerging economic countries, for example, even small portions of grants or contribution can be a big change. Therefore, for those who make their profit abroad, corporate philanthropic strategy would be best means of building friendships with host stakeholders, including government leaders, overcoming regulatory barriers, capturing the imagination of their middle class emerged, and promptly opening a communication line with the host communities on the current

societal issues.

Consumers in the world are now welcoming corporate level activism as never before. IBM indicated that citizens' expectations on corporate social responsibility are as high in cities in South Korea and Malaysia as they are in cities across the U.S (Smith, 1994).

Levy Strauss has launched community relations overseas by promoting community involvement teams at the plant level, in which employees tour the community, assess local needs, and implement grass roots projects, such as AIDS educational campaigns. IBM in Japan created a separate product development team to build devices that allow handicapped people to live more independently and a profit center that sells specialized hardware and software for the handicapped. In addition, IBM also donated money to disabled -rights institutions in Japan and encouraged employees to volunteer for those groups as well as adopted a hiring human resource program for handicapped people. As a result, IBM has become one of the most prestigious corporations in Japan (Smith, 1994).

The strategic use of corporate citizenship, anyway, can enhance corporation's reputations as well as it can be used to open and expand corporation's new market through the sponsoring social initiatives. Many U.S. corporations, for example, donated in building friendship with Vietnam government for the lifting of the embargo. American Express Foundation sponsored Hungarian government to establish a tourism industry. AMEX assisted a local university to explore how local museums could attract tourists and it funded an educational program in the secondary schools. Hong Kong entrepreneurs are also trying to build university in China to forge strong ties with the governments of the country's economic booming area.

While U.S. corporations are poised to use corporate citizenship to strategic advantage

in remote corners of the world, their ability to do so may be undermined by budget cutting at main headquarters. In other words, corporations in the U.S. who make major profits abroad have been cutting the budget of corporate citizenship programs. Thus, CEOs are no longer willing to serve as the champions.

As U.S. leadership in corporate citizenship declines, Europeans such as the UK, Canada, Australia, France, Germany, and Spain, and Asian corporations including South Korea, Taiwan, and Mexico are surprisingly, expanding their practices and budgets (Smith, 1994).

Many Japanese MNCs in the U.S., such as Sony, Hitachi, Matsushita, and Toyota etc., have established formal giving programs to establish their own corporate citizenship model (The Korea Times, 1997).

Corporate social responsibility program, whether it is citizenship or any other social initiatives, can be implemented under the conditions in integration of government-sponsored, business-matched functions, and fully CEOs supported. In conclusion, the concept of corporate social responsibility in the international arena involves decisions, actions, and results associated with the issues, the stakeholders, and the society at large.

Typology of Corporate Social Responsibility

The typology of corporate social responsibility begins to examine the relationship between the motives of corporate activities and its consequences. Consequences are defined as the difference between the benefits and the costs of the actions required. The motives in the category can be realized when the action is taken in response to the needs and interests of stakeholders, or in responsive to the damage they can do to the

corporation. Motives and consequences are the basic dimension of typology of corporate social responsibility. Through much more clarified typology, in accordance with clear motives and consequences, the corporate objective will be more clear.

Generally, motive is more important than consequences because sometimes corporate social actions can be caused by the pressure of the corporation's internal and external environments, including societal activists, interest groups, stakeholders, and governments, and so on. Under these circumstances, the corporation should necessarily act responsibly. At this time the actions responded cannot be viewed as acting responsibly, but as the actions with the motives to limit or reduce the corporate damage that can be done to a corporation.

It is, thus, necessary to review beyond consequences and motives even though there are often more motives on a single dimension. For example, given the pressure from its external environment, shareholders were likely to be better off than they would have been had a corporation continue to resist the pressure. Consequently, both shareholders and external interests benefited from the decision, but the motive will be likely to have been to reduce the actual and potential damage.

On the other hand, as the different corporate action, the corporation doesn't respond to the pressure with their own cost burden. In this case the motive of corporate actions based on either to respond to their interests or to follow an ethical principle. The motives of the actions are different in terms of their basic backgrounds, and a typology should distinguish between their actions as well as it should incorporate both motives and consequences.

To develop a typology of corporate social responsibility, the consequences of actions

based on different motives can be differentiated with two dimensions such as shareholder interests, private profit, or self interest, and stakeholder or societal, or enlightened self interest (ESI). The enlightened self interest (ESI) can be the notion that by undertaking certain actions that are beneficial to various stakeholder groups or to society as a whole, the corporation will prosper in the long run, with a certain amount of short term cost (Wokutch, 1990: 59).

In reasoning a typology of corporate social responsibility, the corporate actions should consider the situation at the time the corporation takes its action, the pressure is placed on the corporation, and whatever pressure is being exerted in the corporation's environment.

More specifically, Friedman's argument on CSR is based on an alignment of the shareholder's interest with societal interests under the competitive market circumstances with which private bargaining and government-structured functions are working. Friedman referred that taking the corporate actions can benefit shareholders thus benefit stakeholder as well.

In contrast, under the non-competitive market, without government intervention, corporate social responsibility based on the Business Roundtable context will require the corporation to take action even though the shareholders' interests are almost nothing.

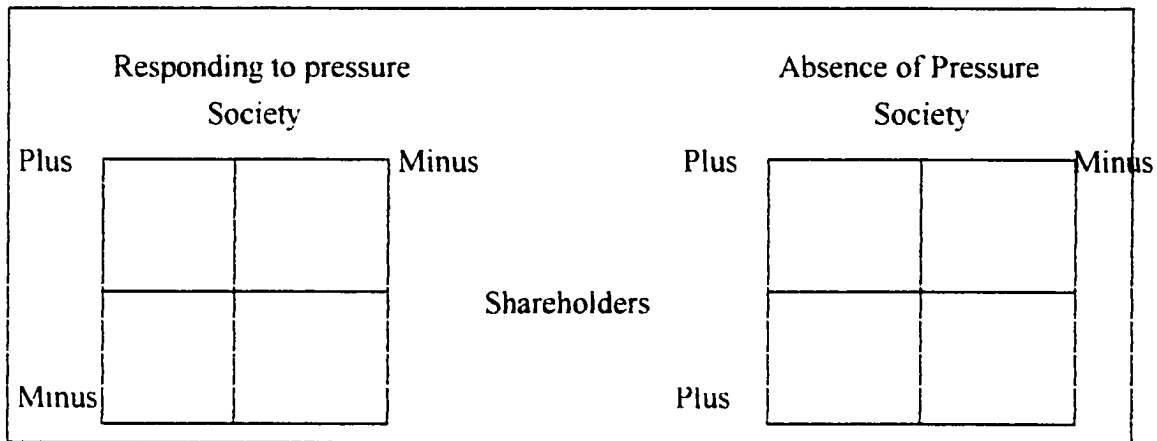
The effective typology for corporate social responsibility assumes that all actions done by the corporation should be differentiated at each part of interests between shareholders and stakeholders interests. Furthermore, all social actions and responsible behaviors for CSR to minimize or remove the damage done by pressure groups taken by the corporation also should be distinguished with those actions to be done at the status of

absence of pressure.

In the typology Figure II-1 below, there might two types of CSR with or without society pressure. The first case on the left indicates the CSR actions at the situation which a corporation faces pressures from a society. This case forces the corporation will take two opposite actions such as the action which benefits society and shareholder through the responding given pressure, or fighting the pressure.

A Typology for Corporate Social Responsibility

Figure II-1



Baron D, P. 1996. Business and its Environment, Upper Saddle River, NJ: Prentice Hall: 529.

At the gain, lose relations between shareholder and its stakeholder, the primary motive in this case to be considered is to respond to the pressure for the survival. The case of extortion, however, by the society pressure groups should be distinguished in a meaning of responding to pressure because the corporation can be better off and existed by paying the extortion compared to not to pay, but extortion cannot benefit to society.

As a next case, there is an example which benefits for society but not for shareholder. This case will be occurred when the provider or corporation cannot catch up the expected level of benefits to cover up their cost. The provision of public good will be a good example. A car program which intended for more costly measures of reducing auto emissions by a corporation has been adopted by government and private sectors for the use of instrument in serious pollution control programs.

Consequently, the corporate actions increase society's interest, but decrease shareholders' interests. In the meantime some actions make society the worst in a way of decrease society benefits and decrease shareholders' interests together, for example, a corporation's decision to hold gasoline price below the market price due to the below its opportunity costs. This case would be the worst case of the table on the left.

The right figure, a different typology, indicates the situation in which there is no pressure by society on the corporation, thus, the motives of corporate actions don't have any relationships with the avoidance of the corporate damages. To maintain the mutually beneficial happy relationship voluntary actions among the societal constituencies could provide the mutual benefits both two sides, society and shareholders. In the definition of corporate social responsibility this case will belong to Business Roundtable view.

As another category there might be the situation in which actions benefit for society, but decrease shareholder returns, for example, the corporate charity and the provision of public goods providing without society pressure are included in this case.

As the last case on the right figure, there can be situation that actions increase in shareholder interests, but decrease in society's interests. Actions related ethical issues including the behavior of deception and fraud, the violation of environmental standards,

unethical management practices such as marketing cigarettes to the Third world country, especially Eastern Europe and Eastern Asia.

As illustrated the typology of corporate social responsibility with its relevant cases and situations according to the their categorized motives and consequences will be a very useful tool in a way of clarifying the corporate social responsibility, there are, however, some deficiencies.

First, there is no clear-cut relationship either whether corporate social responsibility concept as the corporate strategy will affect to improve corporate economic performance or whether improved corporate economic performance stimulates corporate social responsibility actions of the corporation. Second, the classification of typology in corporate social responsibility activities just examined in terms of the motives and its consequences of the actions even though they related the moral, or ethical dimensions (Baron, 1993).

Corporate Social Responsibility and Strategic Management

Scholars and practitioners in the strategic management field have recognized that making decisions regarding the budgeting level and benefactors of socially responsive corporate programs are the domain of the corporation's top executives or decision makers (Elkins,1977; Carroll,1979; Keim,1978).

The strategic management field also classified various corporate motives for their social responsibility activities. In some cases, research has focused that management just has capitulated to social and governmental pressures (Fritsche and Ehler,1982; Slatter, 1980).

In contrast, a study of Fortune 500 executives indicated that many CEOs believed CSR activities were in the long run, in the self interest of the corporation (Ostlund,1977).

In addition, other studies explained that managerial ego satisfaction (Elkins,1977) and the dictates of corporate morality (Goodpaster and Matthews,1982) also act to motivate socially responsive activities. However, without regarding a decision maker's motivations, CSR actions imply long term or long range strategic implications that affect the corporate operational success (Drucker,1954).

First of all, CSR strategic actions can provide a company a strong market competition. For example, many utility companies in the U.S. have suffered from long construction delays, big overhead costs in the building of nuclear power plants for cost reduction due to the strong community resistance compared to foreign companies. Therefore, the failure of the utility industry to anticipate and address this resistance has deeply affected the utility company's ability to maintain the competitiveness.

Second, social responsibility actions can preclude or minimize restrictive government actions by providing corporate social programs which can decrease or mitigate adverse public reaction toward corporations. Third, CSR activities by the company can provide a better, more positive corporate image, increasing the company's competitive position in relationship to its industry rivals.

Strategic Corporate Social Responsibility Model

Previously the various definition of corporate social responsibility, the strategic corporate social responsibility model is also wide with its various philosophical approaches. These strategic CSR model based on corporate legitimacy and its strategic

managerial values to respond their internal, or external environment at prompt.

Corporate business receives its legitimization from society (Donaldson, 1983). The definition of legitimacy is the belief in and acceptance of the rightness, propriety, moral goodness, or appropriateness of persons, institutions, or modes of behavior (Epstein, 1969). If a corporation, therefore, fails to get the support and confidence at a majority of their constituencies in society, the corporation will lose legitimacy. As a result, its future cannot be guaranteed to be existed.

The corporate social responsibility model has evolved from the evolution of corporate social obligation. Even though some different arguments in the phases, or discussion of corporate social responsibility model CSR models have been conceptually meaningful and practically useful by providing the needed guidance in social responsibility management field. This is not a single, clear-cut, comprehensive model has developed for the overall strategic management at the corporate level.

A researcher viewed corporate responses in terms of the environmental context of corporate behavior which addressed the content of the interactions between the corporation and its social environment. He explained the three phases of corporate responsibilities: (1) social obligation limited to shareholders, (2) social responsibility toward the limited number of stakeholders, such as consumers and the general public, and (3) social responsiveness focused on the broaden stakeholders and their social goals (Sethi, 1975; 1979).

Another corporate social performance model classified with three dimensions of CSR: (1) social responsibilities, (2) social responsiveness, and (3) social issues involved, the model included four components of corporate social responsibility, such as economic,

legal, ethical, and discretionary or voluntary, which was later defined as philanthropic (Carroll, 1979,1991). Zenisek (1979) proposed a model for analyzing social responsibility action in terms of environmental demands, managerial attitudes, and organizational behaviors (Zenisek, 1979). Frederick (1989) mentioned a similar concept, CSR 3, which focused on business ethics in the operation of corporate activities including and extending to the international context (Frederick,1986,1991; Donaldson, 1989). Therefore, the business and society relationship was extended to multinational companies and the host country's governments (stakeholder). This concept, however, can be distinguished from an act of corporate good citizenship, such as an aid of Third World developmental programs.

The Corporate Social Responsibility practice of MNCs, thus, seems to satisfy the social needs, and wealth creation of the host country's society, which will result in maximizing their social welfare, and value (Naor,1982; Amba-Rao, 1993). These researches mentioned above made a contribution to the knowledge base by specifying content dimensions of social responsibility. However, those formulations are primarily taxonomies. Therefore, they fail to provide guidelines to manage the social responsibility process in organizations.

To cure those failures there is another approach; the so-called process-oriented theories. One researcher, for example, proposed such a model in terms of participative decision structure and social decision process flow. This model also has some deficiencies in terms of not providing a how actual implementation will occur (Edmund, 1979).

Another model also attempted socially responsible portfolio investment strategy model for the socially-oriented corporation. This model focused on the resource allocation issues for private versus public goods (Keim, 1978).

A researcher with different views attempted to incorporate societal preferences in the development of corporate action strategies, but this model tried to establish a universally acceptable, world wide set of social responsibility objectives for all corporations. This model assumed non-contingent social and ethical demands, so it denies the complex nature of the social environment faced by most modern corporations (Shocker and Sethi, 1973).

In summary, strategic social responsibility literature has been dominated by two aspects: process and content. However, this trend should be integrated into a single paradigm-systemic approach. One researcher insisted on and tried to incorporate both social responsive behavior of corporation and its interorganizational transaction with its public (Crawford and Gram, 1978). This systemic type of approach for strategic social responsibility management is based on understanding the complex and dynamic relationships between the corporation and its environment, rather than thinking in terms of the static description previously presented by researcher.

In conclusion, the conceptual model to be developed should involve a sound, yet pragmatic aspects in terms of social responsibility management.

Corporate Community Relations

Even though the debate on the definition of corporate social responsibility has been still going on, U.S. society has at least expected different corporate roles on its social

responsibility.

Society demands corporations to perform the essential role of changing and progressing on both macro and micro social issues. More specifically, society demands and expects the business corporation to get involved community development through incorporating corporate community development programs, such as promoting corporate philanthropy as corporate good citizenship.

This corporate community development, however, has evolved for two different reasons: The first was inspired by the religious groups, government regulations, which may be often became the stimulus; The second was developed in terms of corporate philanthropy and corporate strategy actions. The second reason assumed that corporate community involvement programs, through the use of corporate social responsibility actions, are positive relationships with the corporate economic performances, even though there has not been clear-cut research results.

The strategic corporate social responsibility actions include both corporate philanthropy and non-philanthropy. Corporate strategy can be resulted in two different types of corporate effects, such as positive society interests and shareholders' interests, followed by two different types of decision process, such as business level of decision which is a operating decision and corporate level of decisions made by executive levels.

This section attempts to distinguish the motivations for corporate community development and furthermore, the effects of a corporation's actions on its community. It also attempts to determine how the corporate social responsibility practices and programs have influenced the society.

Corporate Community Relations as Corporate Social Responsibility

Most urban areas in the U.S. are suffering not only serious confluence of social problems but also have the greatest proximity to the corporate sector. In other words, the inner cities in the U.S. have very badly deteriorated with chronic and structural poverty, a high rate of unemployment, a lower education level, high substance abuse and crime rates, and lower income (Porter, 1995).

As a result, the communities are getting into poor infrastructure and dilapidation, and consequently the economies have been unstable, due to the lack of accessible capital. For example, government's limited budget on funding to local community institution for inner city development make non-profit organization in increasing their workload.

The efforts of the past few decades performed by corporations to revitalize the inner cities have focused on the establishment of a sustainable economic base and with it employment opportunities, wealth creation, role models, and improved local infrastructure.

Most of past programs aimed at inner cities or communities, however, have encouraged and supported a small designed to serve the local community but were equipped to attract the communities' own spending power. In other words, the social development programs could not achieve the economic goals of viable companies. Without the creation of companies and jobs, the social problems will be get worse. The time has come to recognize that revitalizing the inner city will require a radically different approach.

While social programs will continue to play a critical role in meeting human needs and improving education, they also must consider to support a coherent corporate

economic strategy that can encourage inner-city based business and nearby employment opportunities for inner city residents.

Strategic Corporate Community Relations

The trend toward corporate downsizing and increased global competitions has created real difficulties for corporations to save excess financial and non-financial resources for pure philanthropic corporate contributions and donations for the community involvement.

Corporations in the U.S. has to explain well why they should give away their money to domestically and internationally under the serious economic conditions, such as laying off their workers though there are generally accepted conceptions that corporate citizen programs are successful in domestic and international markets such as Taiwan, Brazil, and Hungary (Smith, 1994). In addition, limited government budgetary funds and much more sophisticated and complicated social problems increased the need of corporate community involvement. In other words, unlike the classical sense of corporate citizens, the new paradigm of corporate citizens cultivates a broad view of the corporation's own self-interest, while instinctively searching for ways to align self-interest with the larger good.

The corporations try to search for a reconciliation of their corporations' profit making strategies with the welfare of its society, and they search for ways to steer all business units of the company on a socially engaged course. From these circumstances, the corporation's basic solution or alternative will be to use non-philanthropic, strategic community relation. Eastman Kodak, Allstate, Chrysler, Citicorp, Reebok, Johnson &

Johnson, DuPont, and Coca Cola etc. (Smith,1994) adopted strategic non-philanthropic corporate citizens programs in order to establish corporations` competitive advantages through upgrading the name recognition among the customers, cutting the costs, improving its productivity, overcoming government regulations in advance, and fostering synergy among the units.

Thus, corporations should understand and implement both two kinds in accordance with the situation they faced. However, the distinction between philanthropic and non philanthropic community involvement is a critical corporate level decision making.

Corporate Philanthropic and Non-philanthropic Strategy

Corporate philanthropic community involvement is not based on any kind of responsibility or obligation, but based on the desire of the corporate owners and workers to do good citizenship in terms of sharing the wealth without an expectation of economic reward, such as corporate charities and ad hoc gifts and donations to the community (Paton,1986). To donate a check issued by the corporation to a local clean up fund-raising association without the community awareness is a good example. A loaned-executive program which provides leadership for a community's United Way campaign is another example (Carrol,1991).

In contrast, the corporate non-philanthropic strategy (corporate level community involvement) tries to achieve social gains. Non-philanthropic strategy is not that the corporation will undertake an action without considering its social impact, but rather that its motivations will be primarily strategic, rather than philanthropic.

Non philanthropic community relations could be difficult because it requires a long-

term view of both the corporate objectives as well as the community's interests. Non philanthropic corporate strategy requires a corporation to change its way of thinking continuously and chart new paths for creating and maintaining a good relationships with local organizations in order for better understand community interests.

Despite the difficulties and complexities mentioned above, corporate non-philanthropic strategies for community development can also offer benefit. The strategic non philanthropic corporate involvement can be more enduring, and dependable corporate contributions providing a greater positive effect on the community 's development in the long run in terms of not providing expendable costs that is the first cut items when times get hard for the corporation.

Strategic corporate contributions are also larger in magnitude than philanthropic contributions. For example, the total dollar amounts of purchases from minority-owned corporations (more than \$20 billions) were bigger than those of philanthropic contributions and charities (totaled \$5.3 billions in 1993) (Somaya, 1993).

Early in their life cycle, most corporations become involved in community development by creating jobs and conducting marketing campaigns, rather than through corporate philanthropic contributions. These corporate strategic activities may be much simpler and less costly than those that get involved by expertise outside. Therefore, the effect that the corporate sector can achieve by leveraging its business activities toward social gain.

Now that U.S. corporations are adopting strategic corporate philanthropy for their community, they are assuming an activist points on social issues, such as anti-hunger, community and economic development, literacy, school reform, AIDS, and environment

protection issues etc.

As a good example at a corporate community relation program, at least 60 banks including major banks, such as Bank of America, Chase Manhattan, Citicorp, Morgan Guaranty, and Wells Fargo in the U.S. have created community development corporations to assist run-down neighborhoods. Wells Fargo, for example, established a national network of bankers who make low interest loans to non-profit working to bring business corporation to inner cities. About 20% of those banks' donations now go to those developers Corporations' philanthropy also involve to their community development process through the adoption of school reform programs. Now about 15% of the country's cash gifts go to school reform, and a recent study estimated that at least one-third of U.S. school districts have partnership programs with business (Smith, 1994).

Corporate Community Development Strategy

The business and investment for inner city development would be beneficial in terms of serving the local community, as well as exporting products to the surrounding economy (Porter, 1995).

For effective inner city or urban development, more specifically, communities including private sectors should provide some capitals including financial capital for their local economy, physical capital for their local infrastructure, and human capital for jobs and skill training. The corporation can provide these three capitals for the community development through the corporate strategy.

Strategic corporate community involvement is based on the desire to accomplish corporate objectives, such as increased market share, promotion, positive corporate

image, new market penetration, and any marketing-oriented purposes. Marketing-oriented purposes are to being sponsor on the inner city school development with the corporation's name, or specific products on the advertising space, or on schedule of the event. It is very difficult to find differences of a corporate actions whether it is with corporate charitable motivation or corporate strategic motivation because it is true that even a single action or a corporate strategy can produce multiple results, costs and benefits.

In conclusion, the corporate strategic activities is leveraging activities which integrates the corporate functions for some social benefits without serious cost burden than its normal operations. The corporation utilize its whole resources as part of its ongoing corporate strategy to have positive impact on its community's development.

The examples of a corporate strategic programs related to a community's social issues can include investment in capital facilities issues, site location, and site revitalization etc., human resource policies issues - job creation, employment training, and minority hiring and advancement etc, legal/ethical compliance issues, supply procurement, ethical standards for international suppliers, cause related marketing, and issue based marketing etc, and finally, environmental issues-environmental scanning and auditing etc.

These corporate strategic programs are chosen in order to achieve the corporate objectives with its motivations such as to develop market niche, differentiate products, protect competitiveness, comply government law or regulation, and to respond to societal pressure and so on.

Capital Facility Investment Program

One of the most major capital facility investment issues in a corporation is where the corporate sites such as headquarters, operating offices, sales buildings, warehouse and so on. This capital facility investment is related with the issue of urban or inner city development as a community development. Inner cities are located in economically valuable areas. They are in congested high rent areas, major business centers, and communications nodes that can offer a competitive benefits to corporations by way of downtown business districts, logistical infrastructure, entertainment or tourist centers, and concentrations of companies. Boston's food processing and distribution industry in New Market Square and the catering supplier Be Our Guest are very successful through the use of benefits such as just-in-time delivery, superior customer service, and close partnerships between customer and suppliers due to the efficient company location (Porter, 1995).

In addition, in the case of retail chains such as supermarkets, shopping malls, and franchisers, these corporations are much important in the strategic level implications. More specifically, as residents with high income has moved to the suburb areas retail chains have left urban areas.

Consequently many inner cities has left in greater poverty, high unemployment rate, and high crime rate in its midst. Under these community needs, inner city has left unbalanced resources such as potential employees, suppliers, and customers.

At a time when most other markets are saturated, inner city markets remain poorly served--especially in retailing, financial services, and personal services. In Los Angeles, for example, retail penetration per resident in the inner city compared with the rest of the city is 35% in supermarkets, 40 % in department stores, and 50% in hobby, toy and game

stores (Porter, 1995).

Big supermarket and retailers can recognize some market niche such as the large and previously untapped inner city market for reasonably priced groceries. More specifically, the lack of supermarkets in inner cities forces many residents to shop in another places outside inner-cities and spend more yearly grocery expenses in order to commute to supermarket. This results in purchasing power being directed out of the community rather than recycled into neighborhood businesses where it could create jobs and spur further investment. Furthermore, this also creates a significant social and health problem as low income families are forced to pay higher food prices for less healthy food; consequently, these can reduce the effectiveness of government sponsored nutrition programs. Locating a store in the inner city can recapture the residents who are regularly going outside the community for food other necessities, generating big consumer traffic for surrounding businesses. This capital facility investment will also create enormous new jobs in the community. New franchise business is a good example in terms of replacing the existing undercapitalized and poorly managed business in inner cities and spur an influx of capital.

Another big capital facility investment decision in a corporation is the restoration or revitalization of its sites. Corporations try to protect their investment in plant and equipment so that corporations try to establish the site restoration or revitalization project when their neighborhood was suffering substantial economic deterioration and mounting urban decay. Those projects are redevelopment programs. Chicago's historic retailer, Goldblatt Brothers, is a good example. In 1981, the company closed all its stores except six profitable ones located in the inner city. After the company focused on cash and carry

items and offering goods at close out prices, the company has been very successful as a competitive retailer. Currently, Goldblatt Brothers has 14 stores located mostly in Chicago's inner city, just as Stop & Shop Purity Supreme is doing in the inner city of Boston (Porter, 1995).

The purposes of these redevelopment programs are to create a safe and secure area around its plant, and to improve the surrounding environment for their employees and operations with additional space for new industry, including a hotel, convention center, minority owned financial institution, job creations, and housing development for low incomers, and so on.

Human Capital Program

The first and most important contribution by a corporation to its community is the creation of new jobs and the provision of training and development for employees. McDonalds provides the biggest employment opportunities to all teen age youth and students in the U.S. and also provides urban youth training opportunities, through the School to Work Project. This project recruits high school students to a four year program in the management area, especially in restaurant management.

The second important human resource issue in a corporation is minority hiring, including women in management. Ever since affirmative action was legislated through government labor practice in the early 1970s, women and minorities have been given new employment opportunities, including anti discrimination and equal employment opportunity.

Outside of these regulations, many corporations have chosen human resource

strategies that capitalize on the growing work force diversity. For example, most inner city residents are eager to work with moderate wage jobs (\$6 to \$10 per hour) that require little formal education such as warehouse workers, production line workers, and truck drivers etc. Dochester Bakery in Boston attracts and retains area residents at \$7 to \$8 per hour (including contributions to pensions and health insurance)(Porter, 1995).

Furthermore, today's growing pool of talented minority managers represents a new generation of potential inner city entrepreneurs. Mostly they have been trained at the nation's leading business schools and have experienced in the nation's leading companies in their field. For instance, approximately 2,800 African American and 1,400 Hispanics graduate from M.B.A. programs every year. They try to develop the skills, network, capital base, and confidence to join companies in the inner city (Porter, 1995).

Legal / Ethical Compliance Program

Supply Procurement Program

An important component of a corporate operation in corporate legal issue is supply procurement. The flow of capital amongst businesses as suppliers can facilitate economic development in particular communities or business sectors.

In the U.S., for instance, there is increasingly a trend toward women and minority-owned small businesses. Corporate purchases from these suppliers are growing more and more because of some strategic motivations: first of all, in certain industries, such as defense and automotive, there are government regulations to purchase some supplies from women and minority-owned small businesses. Secondly, as the populations of women and minorities will increase for the next decade, many strategic corporations

have started their marketing strategy for the biggest sales growth. Finally, big corporations can get different perspectives such as new talent, creative ideas, and flexibility from the small, women and minority-owned local businesses.

Many corporations are launching the programs. General Motors (GM) helps their suppliers to reduce waste, lower cost, and improve productivity with the minority program, The General Motors Equal Partner Program is the largest minority purchasing program. GM has been purchased the supplies more than \$ 1 billion yearly from the minority owned small local businesses.

AT&T as an another example launched the Minority and Women Business Enterprise Program (MWBE) to increase quality standards form competitive minority owned businesses, and providing them comparative competitiveness in an multicultural marketplace.

Ethical Standards Program for International Suppliers

Another important ethical issue relates to the ethics of international suppliers. The private corporations operating outside of the U.S. should be conscious of global ethical standards since they withdrew or divested their operations to protest the South Africa's racial discrimination policy, Apartheid. It meant that U.S. corporations extend their workplace standards to global markets, including foreign labor practice and work process, and environmental protections.

The Sourcing Guidelines Working Group of Levi Strauss & Co. is a good example of this issue. Levi Strauss & Co. had a lot of foreign suppliers in Asia and South America. The Sourcing Guidelines Working Group required to comply the foreign suppliers the

U.S. based business practices and ethical standards, such as wages, work conditions, health and safety, human rights, and environmental relatedness, etc. After this group of Levi Strauss & Co. established the guidelines and communicated them with suppliers, the Levi's community involvement team monitored their activities through their periodic audits of its business partners in order to protect their brand name and corporate image from any unethical business practices. In accordance with the results, Levi canceled contract with China and Myanma for their human right violations. Reebok and Wall-Mart have followed Levi.

Strategic Marketing Program

As a strategic marketing issue, sponsorships involving non-profit have become the fastest growing area. The budget has been increased from \$200 million in 1984 to a projected \$2 billion (Smith, 1994). Even though sponsorships originally focused on the underwriting of sports events, they can achieve greater results by linking their marketing to social causes that appealed to the target markets coveted by advertisers.

Today cause-related marketing, the promotions in which a portion of the purchase price is donated to non-profit organizations, is the fastest growing marketing field. Cause-related marketing aims to establish a mutually beneficial relationship between a corporation and a non-profit organization. The corporation and non-profit organization accept mutually as partners for an extended time period and incorporate specific activities by which the nonprofit organization has been given funding, marketing exposure, and improved public awareness of its cause.

Cause related marketing strategy has been launched in 1981. American Express

campaigned to coin the Statue of Liberty to differentiate its card from its competitor and counter its poor relationship with its retailers due to their higher service fees. Since then, the corporation has reapplied these efforts with the successful Charge Against Hunger Program which is a hunger relief program.

The corporation can generate extra sales revenue from these cause-related marketing activities even though the effects of these activities for a corporation are difficult to quantify (for example, higher public exposure and lower cost, higher employee morale and productivity, increased brand equity and customer loyalty, and improved relations with suppliers and retailers). AIDS protection programs held by insurance corporations is an another good example. AIDS is a top cause for insurance company that want to reduce claims. This industry put the first big money into AIDS prevention measures, and they have helped turn the American Foundation for AIDS research into an advocate for more and better research by the National Institute of Health.

The next strategic marketing issue is the issue-based marketing, which is a form of marketing based on social issues that are particularly salient for their target customers and their communities.

Corporations have devised an effective and ethical way to undertake issue-based marketing, even though there is no clear cut agreement on whether this form of marketing is exploitative or constructive. Nike's athletic shoes, which target young males in the inner city, is a good example of issue-based marketing, part of their overall corporate strategy. More specifically, In 1980s, Nike introduced a new product marketing concept even though the company is not perfectly sure of the effects its products were having on inner city communities. The marketing strategy, however, was very successful.

Nike has started a series of marketing campaigns on TV to promote the positive social messages associated with their products.

The another TV commercial introduced the athletic accomplishment of an young HIV positive man, then, launched another one with a series of young urban women commenting on the positive effects of playing sports, such as lower risky of pregnancy, higher self-esteem, higher education, and so on.

Further more, the TV commercial campaigns utilized two very popular sports players as role models for today's youth with their self confidence and integrity.

This TV marketing campaign has been an effective tool for promoting Nike's products and its strong brand image, as well as a helpful tool for changing the image of Nike shoes from a product that is exploitative and destructive of inner city youth to one that can be very constructive for the needs of that community.

Another good example of this social-issue based marketing strategy is literacy and school reform programs. The effort to increase literacy in the U.S. is the favorite cause or issue-related marketing strategy in the communication industry. Publishing, including books, magazine, and the news-paper industry is trying to halt the dropping rate of readership. These companies have mobilized their marketing, human resources, and lobbying power to establish workplace literacy programs. While human resources budgets fund such programs, philanthropic dollars go mostly to volunteer organizations.

Social/Environmental Program

As stakeholder theory mentions in the previous section, a corporation, especially a large one, cannot be free of its societal environment, including social and environmental

impacts on its stakeholders.

Furthermore, current corporation's shareholders are getting interested in their society. The shareholder's profit maximization is relying on the society's cooperation.

Shareholders concerned about whether their money is being invested in the environmentally poorly rated corporations (in South Africa, for example, those who make harmful, unethical, environmentally damaging products for society, such as nuclear weapons, unjustified or unmeasured chemical, and biological materials, and unhealthy products, such as tobacco products).

Consequently, many corporation have provided relevant information on their social practices through the use of a social, ethical, or environmental audits in order to respond their shareholders' interests. From this shareholder pressure, for example, many corporations provides an annual environmental report, and social performance report for its shareholders and the general public.

The corporations' environmental protect programs are try to find ways to link donations and volunteer programs to internal efforts at environmental stewardship. Environmental support varies across industries. In high tech corporations, environmentalism can be a human resource issue due to the cause of many employees, so the corporation should conduct activities that elicit employee support for conservation. In contrast, among the apparel industry, environmentalism is largely a marketing issue, so companies donate a portion of the purchase price to environmental non-profits (Smith, 1994).

Corporate Social Responsibility and Organizational Stakeholders

During the 1960s and 1970s, the reexamination of the relationship between business and social research literature brought new theories regarding CSR to society. A new theory of corporate manager and ownership model mentioned that as society changes, social constraints on business activity also should change due to the diffusion of corporate ownership (Dierkes and Antal, 1986; Keim, 1978).

One of the most significant conceptual frameworks is based on the stakeholder approach of the firm to strategic management, in which conflicting external demands on the corporate organization may be addressed (Freeman, 1984; Mcguire and Schneeweis, 1988; Brenner, 1993; Brenner and Cochran, 1991). Freeman (1984, p. 46) provided more details as "... as an group or individual who can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives".

The first use of the term stakeholder theory was by Ansoff in defining the objectives of the corporation. Ansoff mentioned that a major objective of the corporation is to attain the ability to balance the conflicting demands of various stakeholders in the firm (Ansoff, 1965).

The primary goal in stakeholder theory is to explain and predict how organizations will respond to their stakeholder influences effectively (Brenner, 1993), even though existing prior research doesn't explain how corporations interact with these various influences. Thus, a stakeholder theory of the firm should include the types of stakeholder influences as well as the ways in which corporation respond to their stakeholders as a whole (Freeman, 1984; Rowley, 1997).

Stakeholder theory has focused on; 1) identifying the stakeholders (Freeman, 1984) ;

and 2) formulating the interaction of stakeholders' influences within a way of systemic thinking (Donaldson and Preston, 1995). In the stakeholder literature there are two sorts of definitions. One approach tries to include specify empirical reality that anyone will affect or will be affected by the corporation's actions, including owners (shareholders), customers, employees, suppliers, creditors, community, competitors, social activist groups, public at large (Freeman, 1984; Freeman and Reed, 1983). Another one includes, such as host government in MNCs, International Institutions such as International Institute of Environment and Development, and the World Resources Institute etc.. illustrated by the Union Carbide's Bhopal case (Sethi, 1985; Shrivastava, 1987; Amba-Rao, 1989).

There is quite a natural fit between the idea of corporate social responsibility and the organization's stakeholders. The concept of stakeholder personalizes social responsibilities by delineating the specific persons or groups corporation should consider in its CSR orientation. Therefore, the stakeholder nomenclature puts names and faces on the societal members who are most significant to the corporation, and to whom it must promptly respond.

Most managers and executives currently believe that the term stakeholder constitutes a play on the word shareholder and tends to more appropriately define those individuals and groups who have a stake, a claim, or an interest in the operations and decisions of the firm, in legal claims held by owners, employees, or customers, and in moral claims asserting fair treatment rights on the business decision process. Thus, deciding which stakeholders should be considered in the decision-making process is a big challenge to management.

Even though win-win results are never be achievable in reality between the corporation and its stakeholders, stakeholder management is a legitimate and desirable goal for management to pursue to protect their long-term profits or interests. From a corporate social responsibility perspective stakeholder management consequently should discuss and present the following questions: What kinds of corporate social responsibilities do we have to our stakeholders? and if so, what kinds of corporate strategies, actions, or decisions should we take to best deal these corporate responsibilities?

From analyzing these stakeholder-related questions and issues, a conceptual framework can be presented for examining these issues. One approach suggested is Stakeholder/Responsibility Matrix as follows: “ [It] provides the opportunity for an in-depth corporate appraisal of financial as well as social and economic concerns. Thus, the stakeholder/responsibility perspective would be an invaluable foundation for responding to the question about strategies, actions, or decisions that should be pursued to effectively respond to the environment business faces (Carroll,1991, p. 44)”.

The Stakeholder/responsibility perspectives, as a result, is consistent of responding to the strategies and actions, or decisions corporation should pursue. A nature of strategy has been defined as follows: “ [It] is a set of decisions about the meaning of action taken at the corporation, meaning that senior decision-making specialists adopt it as their own in commanding a structured decision-making process, where that process is intended to perpetuate corporate purpose through vigilant and wary interaction in relationships with other antagonists “outside” the corporation (Gilbert, 1993, p.115)”.

The nature of the strategic corporation emphasize the image of stakeholders outside of

the corporation's boundary as intruders or hostile forces whose interests should not to serve as a normative guide for managers.

The corporate stakeholder groups become important for managers to harm or threaten the corporation in the pursuit of its ends. Therefore, the fundamental responsibility of the corporation is instead to focus on its financial performance.

Corporate Social Responsibility Model

The dimensions and categories of corporate social responsibilities are as broad and various as their definitions. Therefore, the current corporate social responsibility models are unable to explain why corporations engage in social responsibility endeavors (Carroll, 1979; Pinkston and Carroll, 1996; Roberts, 1992). Furthermore, the term corporate social performance (CSP) has emerged as a global concept to embrace corporate social responsibility, responsiveness, and the strategic business implementation program for social benefits.

The focus on social performance emphasizes the concern for corporate action and accomplishment in the social sphere. With a performance perspective, it is clear that corporations should formulate and implement social goals and programs as well as integrate ethical sensitivity into all decision-making, policies, and actions.

The corporation and society research literature, particularly that dealing with corporate responsibility and corporate social performance (following the use of the term in economics and finance) has been covered with descriptive and normative dimensions-- more specifically, with descriptive analysis based on the existing or forecasted state of business and society relationships. This descriptive approach attempted to view

corporation conduct as primarily dependent on the external environment which is represented by Freeman's stakeholder model, the political constituents of the firm (Freeman, 1984), and in particular its degree of politicization (Vogel, 1986). As a result of politicization, stakeholders attempt to activate external legal and governmental institutions in pursuit of their own stakes within the corporation.

On the other hand, normative analyses focus on a prescriptive or philosophical aspects of what the corporate social responsibility should be. This approach is covering the Friedman position to a much broader view of corporate social responsibility. The Frederick's trichotomy (1986, 1992) is a good example (CSR1-corporate social responsibility, CSR2- corporate social responsiveness, CSR3-corporate social rectitude (Vogel, 1986), and CSR4--corporate social justice, which means the interpersonal, and by direct inference here international, fairness of distributive outcomes).

This section presents a conceptual integration of the broaden CSR (corporate social responsibility) model. The model developed is based on the stakeholder theory. The stakeholder model of the corporation is now widely used both in the social and legal literature, and in contemporary financial and economic analysis of principal-agency relationships and the market for corporate control (Jensen, 1983).

Carroll's Corporate Social Responsibility Model

One of the earliest model of corporate social responsibility model has been provided by Carroll (1979). Carroll classified three dimensions, including (1) Corporate Social Responsibility components (economic, legal, ethical, and discretionary), (2) Corporate Social Responsiveness, and (3) Corporate Social Issues.

Carroll's four components of corporate social responsibility have always existed to some extent, but it has only been in current years that ethical and philanthropic strategic corporate activities have taken a significant field (Carroll, 1991). Carroll's corporate economic responsibilities are based on the traditional economic role of corporation. Thus, these types of responsibilities assume that the business organization should provide goods and services that societal members need and want, with acceptable profits in the process.

To measure these corporate economic responsibilities, a corporation must be evaluated on a disaggregated, industry basis, over a reasonably long period of time. In other words, a corporation should be evaluated primarily by comparison with their own industry, and the criteria of economic performance should be those appropriate to that industry. A bank's economic performance report is impossible to compare with that of an integrated energy company or a manufacturer of chemicals. In addition, economic performance tools such as the creation of wealth, profitability, return on assets, return on shareholder's equity, financial soundness or long term investment, and anything financial related reports to measure CSR and profitability relationship. These data should provide for both short-term and long-term period of time, not only covering such as last year and in even the last quarter for its more accuracy (Clarkson, 1990).

The legal responsibility of the corporation he categorized is the obligation of the corporation to comply within law. Thus, the corporation's policies and any structures should follow and comply with the legislation. The appropriate evidence for these types of responsibilities can be checked in the area of the corporation's past legal actions concerning alleged kickbacks, wrongful dismissals, unfair labor practices, discrimination,

environmental pollution and so on, which may reveal a pattern of legal problems sufficient to justify comments and evaluation in the report. The cases also are shown in the government departments to judge whether there have been serious problems or complaints in terms of laws concerning the environment, safety, health, labor, consumer protection and so on (Clarkson, 1990).

The ethical responsibilities have been quite difficult to classify. These types of responsibilities require the corporation to perform and go beyond mere legal frameworks. They are referring the levels to the entire performance expected the corporation by society. The ethical responsibilities include unwritten codes, norms, and any values implicitly derived from society. More detailed information on the problems are shown in legal sides, such as some additional matters related with big lay-offs, the plant and its branches, and offices closing without well-defined contracts and adequate written notice, false or unethical advertising, inadequate disclosure, etc. (Clarkson, 1990).

Discretionary or voluntary responsibilities is Carroll's fourth component. These types of responsibilities are wholly dictated by the organizations as philanthropic corporate activities in which there are no laws or guidelines on those activities. Corporate donations and support for community activities and programs even though there is no clear cut relationship between its revenues and profits (Carroll, 1991: Clarkson, 1990).

Carroll's model suggests four general CSR components mentioned previously, as well as implicitly proposes different relative weights for each. The relative weight of each category indicates how CSR is defined at a given point in time. Carroll argued that there is an economic and social orientation instead of a dichotomous economic or social orientations which means economic responsibilities is not totally at the sacrifice of any

other type of social responsibility (Carroll, 1991).

Carroll's model suggests that there is a clear-cut pattern of priorities for the four type of responsibilities, with the postulated weightings of the four corporate social responsibilities follows: as economic 4, legal 3, ethical 2, and discretionary (philanthropic) 1. These are weightings even though it is not a clearly dichotomous decision between an economic or social orientation.

Carroll's relative nonnumeric weights to each of the four parts of CSR reflect their relative magnitude as aspects of corporate social responsibilities, even though Aupperle (1991) and Pinkston (1991) proved and reflected that Carroll's weightings were fairly accurate later on. These four components of CSR has been constituted and utilized as a pyramid. Carroll's model provided the assessing of CSR perspectives of business corporations empirically for determining how business corporation define their own social responsibilities.

Aupperle's Corporate Social Responsibility Model

Aupperle pointed out the shortcomings of previous empirical measures of CSR research as follows: "Compounding the difficulties in the CSR arena has been the lack of effort to empirically test definitions, propositions and conceptions. Instead, there has been a tendency for researchers to create their own measures of CSR rather than to use one of the many existing definitions in the literature. Not only has this hindered interstudy comparisons and analyses, but has limited the development of a research base in the social issues area (Aupperle, 1990, p. 238).

With those assumptions, Aupperle developed a social responsibility measurement

instrument based on a definitional model of CSR that has appeared in the literature. The definition of CSR used in his model to develop instrument has been proposed by Carroll (1979). Aupperle also tried to deploy the instruments (questionnaires) in order to assess how chief executive officers (CEOs) viewed their corporation's social responsibilities, and investigate the relationship between CSR and profitability.

Aupperle attempted to provide empirical evidence of the weightings of the Carroll's four part of CSR, such as economic, legal, ethical, and discretionary (philanthropic). As mentioned in Carroll's model, Carroll assessed the nonnumeric relative weights of the four CSR components. Aupperle calculated means of the responded sample to provide a rather crude test of Carroll's weightings economic 3.50, legal 2.54, ethical 2.22, discretionary 1.30 (Aupperle, 1990). From the means scores and factor analysis, these means indicated that Aupperle's model supported Carroll's weighting set.

Consequently, Aupperle's result interpreted there was a strong inverse relationship between the economic and ethical dimensions from factor three, which shows both the economic (all negative loadings) and the ethical (all positive loadings). In fact, the economic dimension correlates negatively with all three of its non-economic dimensions. The economic responsibility dimension has been shown the most significant one compared with the three dimensions respectively.

Pinkston's CSR Model

In addition to the Aupperle's model, there is a model to extend the research in terms of utilizing and applying Aupperle's instrument to the multinational area (Pinkston, 1991). Pinkston applied Aupperle's instruments to the multinational owned chemical

subsidiaries located in the U.S. with their head-quarters in Great Britain, France, Germany, Japan, Sweden, Switzerland, and the U.S. After calculating the total mean scores of all response samples, the scores of Carroll's four dimensions were : economic 3.28, legal 3.07, ethical 2.45, and discretionary 1.15 (Pinkston, 1991).

These scores mean that those four components of CSR could be prioritized similarly across the abroad. In Pinkston's model, the economic responsibilities, overall, were still the most significant, followed by legal, ethical, and discretionary, in that order. Exceptions were Germany and Sweden, where legal was ranked in the highest position, followed by economic, ethical, and discretionary in order respectively. The results of gap test through the use of Pairwise comparison t-tests between economic and legal responsibilities were quite smaller, even though Aupperle has found that these two dimensions are significantly different from each other.

The Pinkston's model indicated that the ethical responsibilities in its importance have been increased, while the discretionary (philanthropic) responsibilities have been decreased even though social issues and orientation response have been changed rather than remain over time.

The corporate social responsibility orientations and its social issues in the global arena are also very similar in response of component of corporate social responsibility goals. Brenner and Molander (1977) focused on the relationship between business ethics and social responsibility, which concluded the importance of economic responsibilities, Moore and Richardson (1988), whose focused on CSR in Great Britain indicated the first priority of CSR goal dimension is still in economic area in England, and emphasized the corporate charitable role for their urban decay and unemployment, Dierkes (1980) also

expressed emerging of proactive relationship business and community recognition in Germany since 1971.

Wartick and Cochran's Corporate Social Responsibility Model

Cochran and Wood (1984) reexamined the relationship between a corporation's corporate social responsibility (CSR) and its financial performance, such as negative, no, or positive effects through the field studies. This model indicated that within industry groups, financial variables (performances) strongly correlated with CSR depending on their age. Specifically, corporations with older assets have lower CSR and those with younger one are opposite (Cochran and Wood, 1984).

The Cochran and Wood model reinforced the idea that it is the appeal to economic return that determines how corporations should behave. For example, if it is clear that CSR doesn't preclude optimal CSP over time, then it makes sense to act in a split manner (Wicks, 1996). The CSP model integrates economic responsibility and public policy responsibility into its definition of social responsibility, instead of viewing responsibility, responsiveness and issues as separate, alternative corporate concerns (Ackerman and Bauer, 1976; Frederick, 1978; Murphy, 1978; Sethi, 1979).

Wartick and Cochran defined CSP model as follows (Figure II-2) : The CSP model reflects an underlying interaction among the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues. The CSP model relies on this expanded version of social responsibility and this principle/process/policy approach in order to provide a distinctive view of a corporation's overall efforts toward satisfying its obligations to society (Wartick and Cochran, 1985,

Figure II- 2

The Corporate Social Performance Model

Principles	Process	Policies
Corporate Social Responsibilities	Corporate Social Responsiveness	Issues Management
(1) Economic (2) Legal (3) Ethical (4) Discretionary	(1) Reactive (2) Defensive (3) Accommodative (4) Proactive	(1) Issues Identification (2) Issues Analysis (3) Response Development
<u>Directed at:</u>	<u>Directed at:</u>	<u>Directed at:</u>
(1) The Social Contract of Business (2) Business as a Moral Agent Philosophical Orientation	(1) The capacity to respond to change-Societal Conditions (2) Managerial Approaches to Developing Responses Institutional	(1) Minimizing "Surprises" (2) Determining Effective Corporate Social Policies Organizational

Source : Wartick, S. L. & Cochran, P. L. 1985. The Evolution of the Corporate Social Performance Model. Academy of Management Review, 10(4), 758 -769.

Wartick and Cochran model argued that corporations need to be more socially responsible. They extended the model of corporate social involvement from the Carroll's CSR model; these are social responsibility, social responsiveness, and social issues management. This model suggests that each of the dimensions has its own direction and orientation, but in a whole, they provide an integrated conceptualization of corporate social involvement.

One of the most important ideas in this model is that it understands and emphasizes

economic performance as the most significant concern among the principles of social responsibility. The model strongly argue that economic corporate social responsibility cannot be separated from any other corporate social responsibilities.

CSR and Financial Performance (Profitability)

The Relationships:

As the change of environmental and social concerns are now becoming important influences on corporate strategy to gain a corporate competitiveness (Freeman,1984). These trends are the results from the variety of stakeholder expectations and corporations' responses (Wood,1991; Waddock, 1996). Moreover, recent independent services have sprung up that evaluate corporations' social performance across a broad range of social activities and sell that information to the investment community (Waddock and Graves, 1997).

These ratings services seem to be having an effect on some investment decisions, which is evident in research that shows that institutional investors are more likely to incline toward corporations with higher corporate social performance when other things are equal and independent information on CSR is available (Graves and Waddock, 1994).

There is no clear-cut research output on the effects between CSR activities and its corporate financial performance because of so many intervening variables (Ullman, 1985).

Empirical researches have found positive, or beneficial effects, that the actual costs of CSR are minimal and that the benefits will be great in the future, while others have

shown negative or inconsequential effects, that the measurable economic benefits demand various costs which can reduce profits and shareholder wealth.

The first approach to investigate the effect between CSR and financial performance begins with the notion that CSR activities impact on the financial markets, especially stock market performance, through the stock price increase over time (Moskowitz, 1972; Vance, 1978; Spicer, 1978; Anderson and Frankle, 1980; Shane and Spicer, 1983; Cochran and Wood, 1988). This first approach concludes that CSR activities and its economic performance have a positive correlation (Moskowitz, 1972; Alexander and Buchholz, 1982; Cochran and Wood, 1988; Wokutch and Spencer, 1987; Mcguire, Schneeweiss and Sundgren, 1988; Freeman and Gilbert, 1988) or negative correlation (Vance, 1975; Aupperle, Carroll and Hatfield, 1985), or no correlation between stock risk levels and degree of social responsibility-no stock price change (Alexander and Buchholz, 1978).

The second approach in investigating the effect between CSR and its financial performance was to classify all corporations as low or high in CSR based on the number of lines or items devoted to the topic of CSR in their annual report (Bowman and Haire, 1975; Abbot and Monsen, 1979), and to utilize the performance criteria, such as Net Income, Profit Margin, Return On Equity, Return On Assets, and Earnings Per Share (Parker and Eilbert, 1975; Heinz, 1976; Sturdivant and Ginter, 1977).

The third advanced studies on the relationship between CSR activities and corporate performance were performed using some corporate characteristics and its specific category of social responsibility disclosures, such as corporate size, industry classification, profitability, and the presence of a CSR committee (Mills and Gardner, 1984 ; Cowen, Ferreri and Parker, 1988), Fortune's ratings of corporate reputation

(McGuire and Schneeweis, 1988), and controlled industry classification and corporate age (Cochran and Wood, 1984).

The fourth significant approach on CSR and its economic profitability research is Carroll's CS and CEP approach. CS stands for the concern for society, which includes Carroll's legal, ethical, and discretionary dimension. CEP means the concern for economic performance, which includes Carroll's economic dimension. Carroll's social orientation of a corporation is appropriately observed through the importance placed on the three non-economic dimensions relative to the economic performance. Therefore, higher CSR scores for a corporation could show a strong social orientation (Carroll, 1979).

The latest approach in this area is Ullmann's (1985) corporate social disclosure model explaining the relationship between CSR activities and corporate performance. Ullmann's model is strongly based on Freeman's stakeholder approach because he assumes that most current research in the social responsibility area have not tested the stakeholder influences as determinants of the level of corporate social responsibility activity and disclosure, even though we realize that the role of stakeholders have an enormous influence on corporate decisions (McGuire and Schneeweis, 1988).

Ullmann presented three dimensions to explain all correlation as much as he can in terms of social disclosure, and social and economic performance. The first dimension of the model includes stakeholders' power. It can be viewed as a function of the stakeholders' degree of control over resources required by the corporation (Ullmann, 1985). The more critical stakeholder resources are to the continued viability and success of the corporation, the greater the expectation that stakeholder demands will

be addressed. If social responsibility activities are viewed as an effective management strategy for dealing with stakeholders, a positive relationship between stakeholder power and social performance and social disclosure is expected.

Ullmann 's second dimension of the model is the corporation 's strategic posture toward corporate social responsibility activities. Strategic posture describes the mode of response of a corporation 's key decision-makers concerning social demands.

A company whose management tries to influence their organization 's status with key stakeholders through social responsibility activities possesses an active posture. If a corporation 's management, on the other hand, is continuously monitoring its position with stakeholders and is not developing specific programs to address stakeholder influences, then the corporation is perceived to possess a passive strategic posture. Thus, the more active the strategic posture, the greater the expected social responsibility activities and disclosures.

Finally, the third dimension of Ullmann 's model concerns the corporation 's past and current economic performance. The importance placed on meeting social responsibility goals may be secondary to meeting the economic demands that impact directly on a corporation 's continued viability. Corporate financial performance directly affects the financial capability to institute social responsibility programs; therefore, in certain levels of stakeholder power and strategic posture, the better the economic performance of a corporation, the greater its social responsibility activity.

The Measurements of CSR Activity

Up to now, the uncertainty about the relationship between CSR and financial

performance should have arisen from the problem of measuring CSR. No clarity has been reached on measurement of CSR.

CSR can be multidimensional constructs, including a wide range of behaviors classified at business operation levels, such as pollution control investment and environmental strategies, internal processes (woman and minority treatment, quality of products and customer satisfaction etc.), corporate levels, such as community involvement and philanthropic programs (Wood,1991a, 1991b; Wolfe and Aupperle, 1991; Aupperle, 1991, 1991; Gephart, 1991: Aupperle, Carroll and Hatfield, 1985), and industries with significantly different corporations' profiles, and performance (Waddock and Graves, 1994).

The measures used in empirical work have mostly been a single factor or dimensional variable, and have also been applied to a small number of corporate samples. Therefore, large number of corporate samples are required. The CSR measures used in the past have focused on forced-choice and Likert scales survey instruments (Carroll, Aupperle, 1990, 1991, 1984), financial reports, including return rates, the Fortune reputational scales and social responsibility index (Bowman and Haire, 1975; McGuire, Schneeweiss and Sundgeren, 1988; Wolfe, 1991; O'Bannon Preston, 1993), Social disclosure (Abbot and Monson,1979; Ullman, 1985), and Pollution control investment (Bowman and Haire,1975; Spicer, 1978; Shane and Spicer, 1983).

As mentioned above, many measures are either single or even undimensional, and these may not adequately reflect the overall corporate CSR. Thus, they are difficult to apply consistently across the range of industries and corporations to be studied.

The Causation Between CSR and Financial Performance

The argument has started at the points whether better financial (economic) performance will lead to increase CSR standards (which is slack resource theory), or improved better CSR will results in increased better financial (economic) performance (which is good management theory) (McGuire, Schneeweiss and Sundgren, 1988).

Slack Resources Theory:

This theory argues that better financial performance will encourage corporations to invest more in social performance domains such as community involvement or environment programs through the use of slack (financial and other) available. If slack resources are available, then better social performance will be expected from the allocation of the resources into the social domains; consequently, better financial performance will be a good indicator of better CSP.

Good Management Theory:

This theory assumes that better, improved management practices and good CSR domains (including the positive stakeholder groups relations, excellent community relations, positive government and community relations) can increase better overall corporate performance such as employee morale, productivity, and customer satisfactions, competitiveness. Such positive corporate stakeholder group preference could lead to increase the corporate sales volume and reduce the management costs.

Corporate Social Responsibility in Korea

Korean Corporation and Society

The major Korean corporations are generally referred to as Chaebols. A chaebol is defined as a business group consisting of large companies that are owned and managed by family members or relatives in many diversified business areas (Yoo and Lee, 1987).

Chaebol is a financial clique consisting of varied corporate enterprises engaged in diverse businesses and typically owned and controlled by one or two interrelated family groups (Ungson et al, 1997). Hyundai, Samsung, LG, Daewoo, Ssangyong, Sunkyong are examples. Today, there are more than fifty Chaebol groups of varying size in terms of sales.

The Chaebols in Korea have emerged as the engine of growth for the country's economic development through government supports. The Chaebols, however, have negative connotations despite their significant economic progress. A large part of the public perceives that the majority of Chaebols accumulated their wealth through unfair advantage or government connections. Moreover, most large corporations have been accused of exploiting their employees for the sake of profits, even though some of them have received widespread international recognition for their positive approach and contributions to establish welfare and community development in terms of their corporate social responsibility orientations.

In short, the Korean public feels that Korean corporations have not pursued social interests, enlighten interests, such as moral, ethical-oriented corporate social activities, but rather their own self-interests (profit maximization without profit return to the society) (Chung, 1996).

Korean Corporate Social Responsibility (CSR)

Korean corporations and government for the most part, have only been a little concerned with Corporate Social Responsibility (CSR) activity. The Korean corporations and public assume that as long as a corporation's economic performance is successful in terms of maximization of its economic profits, the corporate social responsibility has been fully achieved.

This view is based on Friedman's economic view of corporation (1962) than the social view of corporation (Bowen, 1953; Boulding, 1954; Berle, 1954; Frederick, 1960). The Korean public concept of the business/society relationship and the proper corporate social role has recently been evolving enormously.

Although Korea's industrialization history during the last two decades (1970's and 1980's) has been strongly concentrated on economic growth, resiliency, and international competitiveness through the export driving force policy, Since 1987 Korean corporations have begun to turn attention to their larger role in society. As a result, the Korean public realized that a better quality of life comes with the evolution of democracy, a free market, and fair labor-union practices before they faced the economic crisis at the end of 1997.

The Korean corporations argue that they increased corporate community contributions even though the country was faced in serious economic recession at the end of 1997 (The Korea Times, 1997). The Korean corporations have established formal corporate community involvement programs, including corporate strategic citizenship through a philanthropic and non-philanthropic community development program for the domestic and international purpose (The Federation of Korean Industries, 1998). These corporate

community relation programs for corporate good citizenship have been intended to learn about the most workable, effective models for gaining corporate competitiveness in their international operations over the world, especially in terms of their new strategic corporate expansions.

As in many developed and industrialized Western countries, the impact of corporate activities on the quality of human and social life has become a prominent issue and concern in Korea since the democratic political revolution in 1987 (Chung, 1995). These economic and political changes has led to a growing recognition of the social cost of economic development and a basic change among the intellectual and political/human components.

Furthermore, an increasing proportion of the general public is gradually turning away from the purely economic orientation of the past toward an emphasis on post-industrial, corporate social involvement. After a period of tremendous economic growth and a high degree of consensus about the prevailing economic interest in society from the sixties to the mid-eighties, other priorities summarized as quality of life issues have become increasingly prominent and politically significant. The new agendas are as follows: First, the reorientation of the ecological burden of mounting industrial production as well as the growing shortage of natural resources (saving energy). Secondly, the rapid growth of social groups, and society demanding participation in corporate decision making managerial process in areas like industrial location such as the nuclear power location debate. Third, the reorientation of labor movement from demanding better work conditions such as higher wages and less work hours, better health condition and human resource development. Fourth, the increased attention for the quality of human life by

general media.

These new priorities stimulated the search for a new paradigm, which is quality of life, and also stimulated a political discussion about who is to be blamed for the negative side effects of economic growth.

As a consequence of these changes or movements, two trends have played major roles in determining the business and society relationship since the mid eighties in Korea. First, a growing demand and pressure on business is to integrate more social considerations into its corporate managerial decision-making process. Second, a significant frustration in the business community is about its future role in society. The combination of these trends showed a sharp change in the relationship between business and society.

During twenty-five years of post industrialization, Korean business was considered a prime source of growth, wealth, well-being, and even national power in the world. The business community, accordingly, was not immediately prepared to understand this rather fast profound value change and to adjust policies. This general situation of frustration, alienation, and lack of guidance for future development was reinforced by extensive discussion in political concepts to force business to integrate social considerations into its managerial decision-making, including basic changes in the overall economic system, restructuring of corporate finance, and governance to the Korean Chaebol, extension of participation on the part of the employees and unions, high flexibility of the labor market, and more detailed and extensive governmental intervention; more perceived quality of life by tight legislation, regulation, and rigorous standards. These three developments clearly indicated to the business area that the future of the corporation as a social

institution was at a stake.

Business realized that if it did not start taking a broader view of its relationship to society, it would be increasingly subject to detailed external control and intervention. A growing number of business executives perceived this pressure as a important challenge. They began to recognize the need to reconsider the role and task of business in society and to develop new concepts to guide the future development of individual corporations, as well as the business community as a whole.

The government, financial institutions, and employee, are the most important stakeholder to the corporations and the society in Korea. Therefore, the corporate social and economic goals should comply with government's industrial policies for the corporate survivors and development without consideration of corporate interests for only social interests. Giving a favor to the small supplier by a large corporation, and voluntary reducing the price for the stable government economic policy will be good examples (Chung, 1996).

Even though top executives in Korean corporations still believe that government intervention in business sector decision-making will increase during the next era, they are also convinced that a carefully designed, rigorous, and transparent policy of expanding the social responsiveness and accountability of the business corporation is the alternative strategy. Such a strategy will force a corporation to take its social impact into consideration, and it will avoid detailed and often ineffective governmental intervention or a centralization of corporate decision making on investment, production technology, and products.

Korean Corporate Community Relations

Under the special corporation and government relationship in Korea, Korean large corporations will be better able to accept the stakeholder model, rather than the stockholder model. Korean society believes that large Korean corporation have been grown with the government's capital supports and Confucian capitalism. Thus, the society demands the large scope of CSR practices from the corporations.

Korean corporate community relations can be divided into two types:

Korean Corporate Foundation

Many large Korean corporations have established their corporate foundations, and corporate social responsibility programs to return profits to society in the spirit of corporate citizenship. In addition, they have emphasized the corporate community relationships and corporate voluntarism with the campaign of the social issue, such as environmental protection and saving energy, the earth etc. through their corporate foundations. These issues must be a proof that their corporate activities for CSR has been one step further progresses.

Korean foundations have been established since the economic boom of 1970s, and the number of foundation has grown with the emerging of CSR practices. According to research, 88.95 % (75) of total respondents (84) established their corporate foundations after the 1970s. They are performing community services in terms of community welfare service (45.6%), culture and arts service (31.3%), educational service (13.5%), community development service (.5%), and others (9.1%). The rate of community welfare has been increased gradually. This means Korean corporate foundations have changed their activity from the field of educational scholarship grant service to the

community social development issues (The Federation of Korean Industries, 1998).

Corporate community involvement is an interactive relationship between corporations and society. The good community relationship can be that a corporation gain a good corporate image and fame from the community members and organizations through the contribution of corporate social activities.

Corporate Community Relations Programs

Sponsoring an active employee volunteer program, making donations to local charities, publicly demonstrating concern for the environment, and encouraging employees to be active in civic groups and events are good examples (Samsung, 1996). There are several types of corporate community relation activities (The Federation of Korean Industries, 1998).

Social Community Welfare/Philanthropy Program

The least sharing, the most loving campaign sponsored by Samsung Electronics is an example of grantship program for improving the welfare of the alienated class. Samsung is committed to contributing 1 % of its purchasing prices to whatever institutions their customers choose in terms of philanthropic causes.

This campaign expand its ranges from more specifically, supporting the teenaged orphans/teen age family assistance, helping impoverished people to be independent, supporting and helping children, disabled, women, and the elderly (Samsung, 1996). LG Electronics, Korea Yogurt, and Han Il Bank have established a program for helping needy neighbors.

Samsung, LG, SK, and Daewoo etc., support the disabled by promoting rehabilitation

and employment and accident prevention and rehabilitation, by building nursing homes, hospitals, electronic factories designed exclusively to employ disabled, and donating special vehicles for the disabled (The Federation of Korean Industries, 1998).

Education Programs

The Korean corporate community education program has expanded their scopes. The programs are vary (The Federation of Korean Industries). University support program (SK Telecoms, Hansol Electronics, Samsung Group), scholarship programs (Samsung , Hyundai, Sunkyung, L.G., Ssangyong Group, etc.), support for the construction of college facilities (L.G. Group, L. G. Electronics, Inkel AV), college (graduate school) thesis prize (Hyundai, L. G. Electronics, and support for Korean studies (Sin Han Bank), and support programs for educational institution, including free computer givings and lessons (Samsung Electronics, Samsung SDS, and Korean Telecom) are good examples of education programs.

Culture and Arts Programs

The Korean corporate sponsorship for Korean culture and art programs is also an example of corporate community relations. The sponsoring of Korean cultures and arts programs is related with corporate marketing strategy since 1980s. The Korean Business Council for the Arts has been established and has involved their activities in terms of corporate Meccnat. This organization extends not only to the International Network of Business and Arts Association in 1996, but to the Asian Business Council for the Arts (Kim, 1998).

The Korean corporate sponsorship for culture and arts programs includes some different types, which are establishing corporate foundations for cultivating the talented person in arts, corporate investment for cultural facilities such as museum & art gallery programs, and corporate sponsoring and support for the cultural and artistic activities through philanthropy and patronage.

The corporate programs for culture and arts in Korea have been increased gradually, and more than fifty percent (54%) of respondents indicate they are effective for corporate social performance, but corporations need the independent department to manage and control the programs as the long term corporate strategic plan (Kim, 1998).

Environmental Preservation Programs

Korean corporate environmental protections are based on a environment-friendly management philosophy (total quality environment management) (Samsung,1996). The program includes “Green Management” (Samsung Electronics), 4 R environment movement, and environmental preservation (Samsung group, Sunkyung).

Green management focuses on being a environment-friendly corporation for a better quality of work, more safety, and a more healthy life through a campaign of resource recycling, resource saving, anti pollution, and recycling and reducing waste. 4 R management stands for recycling, reuse, reduction, and refrainment. Environment preservation programs include some campaigns, such as “Green Mountain,” “Clean river,” “Green Parks” (The Federation of Korean Industries, 1998).

Volunteer Service Programs

Corporate volunteer programs positively affect the community relationship through their volunteer activities, using job knowledge and skill. The programs are divided into two sections: domestic and overseas community volunteer services, and disaster assistance.

The Samsung group performs voluntary medical treatment for remote areas, mountain climbing with the visually impaired. Samsung's rescue program including rescue operation, and disaster relief operation.

Korean corporate sponsorship for volunteer activities expanded its scopes in terms of volunteer service financial support, paid leave for volunteer service, global volunteer week, volunteer network, volunteer awards, volunteer service coordination, and volunteer service insurance (The Federation of Korean Industries, 1998).

International Exchange Programs

The Korean corporate international exchange programs and activities are focused on the education and arts field. The current examples are various (Samsung, 1996).

Providing scholarship and training for students in developing countries, promoting international solidarity and collaboration, support for Korean studies, Korean language programs in Russia and China, and support for English translation of Korean Literature are some examples. Samsung fellowship program. Samsung Gallery at London's Victoria & Albert Museum, Samsung's sponsorship for Korean Literature Forum in France, Samsung's support for Korean Gallery at New York's Metropolitan Museum are also examples.

Chapter III

Research Design and Methodology

This chapter discusses the methodology which is to examine whether Corporate Social Responsibility practices and Corporate Social Responsibility (CSR) measurements which is a professional corporate culture could be transferred to third world countries, especially Korea.

The structure of the methodology, including type of study, research questions and hypotheses, specific variables, sample size, and appropriate data source for the model to be tested. The survey questionnaire, collecting and processing data, and the statistical reliability and validity of the survey are discussed in detail.

Methodology (Type of the Study)

This dissertation consists of quantitatively structured comparative research investigating cross-cultural corporate social responsibility practices between U.S. and Korean Multinational corporations.

The research is also a multivariate research, a model specification along with explanatory Likert scales in international comparative management.

There are two aspects of cross-cultural impacts on international comparative management methods: One is arguing that there are a number of cultural factors that influence and differentiate organizational behavior across various countries (Hofstede, 1980,1984; Adler,1986,1991).

A famous cross-cultural study indicates the reasons of significance of the nationality of International Management. For example, nations are political institutions with the formal structure and informal means of using them, nationality has a symbolic value to citizens for the harmonization, and nationality has a potential to partially condition people's thinking. Therefore, the nature of management skills is such that they are culturally specific; in other words, a management practice or philosophy that is

appropriate in one national culture is not necessarily appropriate in another (Hofstede, 1984).

On the contrary, the other is arguing that there are specific cultural factors to be transferred and influenced across the countries (Adler, 1986).

The research introduces the basic assumption that the specific cultural factors in a country can be transferred across the world and expected that the business environment, including any social demand, in a certain country will be the same, for example, the different country environments can demand same practices from their business participants-society members.

Consequently, it might be assumed that the corporate social responsibility components and dimensions are same across cultures. In summary, the idea of corporate social responsibility management practice can be correlated between the U.S. and Korean corporations.

With the basic assumption that they are correlated in implementing their practices, affected by their own management cultures, the research conducts through the research design process, which are developing a model, designing a survey, administering the survey, and collecting and analyzing them.

Research Hypotheses

The primary purpose of this research is to examine that the idea of Corporate Social Responsibility, which is a by-product of professional corporate culture, is transferable to the Korean MNCs' and their management operating in the U.S.

The research examines the existence and nature of the Korean MNCs' perceptions on CSR practices. These examinations extends to the cause and effect relations between CSR and corporate profitability.

The conceptualized model of Korean CSR management practice consists of one dependent variable, Korean MNCs' CSR practice, and seven categorized predictors

(independent variables).

The research also includes six demographic questioning variables as controlling variables. These control variables have been articulated with its hypothesis to test their statistical relationships between dependent and independent variables, and among independent variables with their control variables. All research hypotheses are presented as follows:

Primary Research Hypothesis

H: The corporate social responsibility practice of Korean MNCs in the U.S. is significantly correlated with those of U.S. corporations because the idea of Corporate Social Responsibility is a by-product of professional corporate culture. Therefore, Corporate Social Responsibility practice can be transferred to the different cultures.

Research Hypothesis 1:

H1: The corporate social responsibility goals of Korean MNCs in the U.S., such as economic, legal, ethical, and philanthropic or discretionary, are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation in the CSR goals between Korean MNCs and U.S. corporations.

Research Hypothesis 2:

H2: The corporate social stakeholders (Shareholders, employees, customers, suppliers, creditors, community, competitors, social activists, political groups, governments, international institutions) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 3:

H3: The corporate social issues (employee relations, shareholders, fair employment practice, product safety and quality, suppliers and customer relations, communities, consumer protections, environmental productions, political activities, governmental relations, foreign direct investment issues) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 4:

H4: The corporate strategic community relations programs (quality of life, philanthropic corporate behavior, corporate capital facility programs, corporate human capital programs, corporate ethical compliance programs, corporate strategic marketing programs, and corporate social and environmental scanning programs) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 5:

H5: The corporate managerial structure and authorities for the implementation of CSR (corporate guidelines and formal instructions, official organizational structure and design, budget plan, open communication) of Korean MNCs in the U.S are significantly correlated with those of U.S. corporations because the idea of CSR is a by-product of professional culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 6:

H6: The perceptions on the relationship on CSR and financial performance (positive,

negative, no effects, causation) of Korean MNCs in the U.S. are significantly correlated with those of U.S. corporations because the idea of CSR management practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation exists.

Research Hypothesis 7:

H7: The corporate CSR commitments (treatment of women, corporate community donation, corporate community improvements, frequency of discussion on corporate social responsibility) of Korean MNCs in the U.S. are significantly correlated with those practices of U.S. corporations because the idea of CSR practice is a by-product of professional corporate culture. The null hypothesis is that there is no correlation.

Model Construction

The research model on this dissertation focuses on specific corporate social responsibility and performance variables. Overall, the constructed CSR research survey is based on the U.S corporate social responsibility theory with corporate social responsiveness (Carroll, 1979; Aupperle, 1990, 1991; Cochran and Wood, 1984; Wartick and Cochran, 1985; Frederick, 1978, 1986; Pinkston, 1991; Wood, 1991a, 1991b) and U.S. stakeholder theory (Freeman, 1984), in that it is defined in terms of addressing the interests of various constituencies, both internal and external.

The dissertation conceptualizes corporate social responsibility practices and its measurement as fundamentally a matter of responding to each kind of stakeholder pressure, each dimension of the principle-based corporate social responsibility practice, and each corresponding corporation's perception between corporate social responsibility and financial performance (profits).

The model has been designed to test seven predicted corporate social responsibility

variables in these specific areas: (1) Corporate Social Responsibility (CSR) goal and priority--corporate perceptions of four CSR goals (Carroll, 1979; Aupperle, 1990,1991; Pinkstone, 1991); (2) Corporate stakeholders (Freeman, 1984); (3) its social issues (Freeman, 1984)--the stakeholder groups and their different social agendas, in that it is defined in terms of addressing the interests of various constituencies, both internal and external; (4) Top executive or management commitment for CSR--strategic decision making process or concerns (Lewin, Sakano, Stephens, and Victor, 1995; Ackerman, 1975; Wood, 1991b); (5) Strategic community relations--non philanthropy and philanthropy--current and future philanthropic and non- philanthropic commitment (Pinkston, 1991; Lewin et al., 1995; Wokutch and Spencer, 1987; Levy and Shatto,1980; Kedia and Kuntz,1981), (6) Organizational structure for implementing CSR standards and guidance--corporate managerial maintaining process including defining ethical issues, establishing code of ethics, designing organization, monitoring and improving systems, and training guidance etc (Lewin et al, 1995; Pinkston, 1991); and (7) CSR and financial performance relations (Aupperle, 1991; Lewin et al., 1995; Cochran and Wood, 1984; Wood, 1991b; Pava and Krausz, 1995, 1996; Waddock and Graves, 1997; Stanwick and Stanwick,1998)--positive, negative, and neutral, and causation between CSR and financial performance as the dependent and independent variables. The conceptualized model was constructed (Figure III-1).

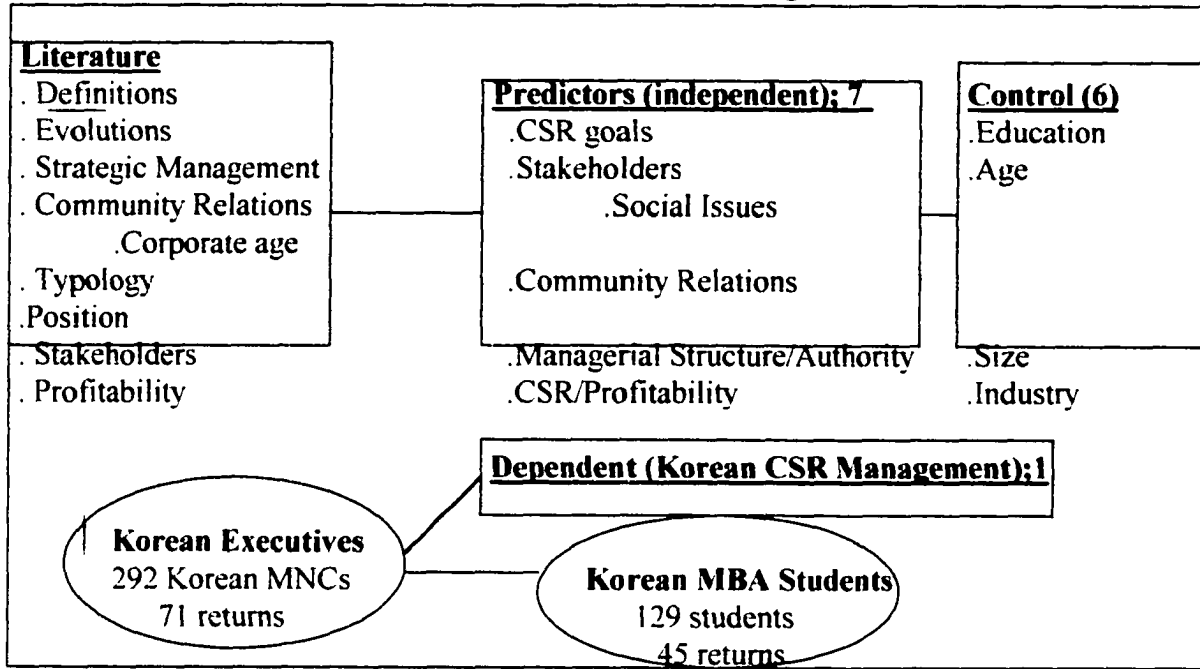
Corporate Social Responsibility goals and its priority:

Caroll (1979) proposes four CSR goals (economic, legal, ethical, and discretionary (philanthropic)). He argues that there is a clear ordering of priorities for the four CSR goals and that the relative importance of each goal of responsibility is fairly consistent.

The proposed rough weightings of the four CSR goals are 4:3:2:1 respectively. In this dissertation, the use of this CSR goals are to determine whether or not these contexts and

Figure III-1

A Conceptual Model for Korean CSR Management Practice



their proposed weightings are correlated to the Korean MNCs in the U.S. The research assumes that the corporate social responsibility goals of Korean MNCs in the U.S. are correlated with those of U.S. corporations.

Corporate Stakeholders Identified:

As chapter II (the section on CSR and organizational stakeholders) indicates the stakeholder groups of a corporation have been cited in the previous literature (Freeman, 1984; Freeman and Reed, 1983; Ackoff, 1981; Sethi, 1985; Shrivastava, 1987; Amba - Rao, 1989), including (1) owners (shareholders), (2) employees, (3) customers, (4) suppliers, (5) creditors, (6) community, (7) competitors, (8) social activist groups, (9) public at large-usually political activities, (10) foreign and host government, (11) international institutional for environment and development. The priority, however, of these stakeholder groups and their social issues followed cannot be consistent anytime or

anywhere.

In Korea, the research assumes that the CSR and corporate stakeholders of Korean MNCs in the U.S. are correlated with those of U.S. corporations. In summary, the research assumes that the corporate stakeholders of Korean MNCs in the U.S. are correlated with those of U.S. corporations.

Corporate Social Issues:

Both in the international and domestic business arena, the general corporate social issues can be classified as follows: (1) employees (L' Etang, 1995), including employee safety (working environment), employee rights and autonomy (human rights), non-discriminatory and fair working practice (less lay offs), fair employment practice for women and minorities, employee welfare, and job security (plant closing), (2) cooperation with host and local governments, disclosure of information, (3) environmental protection more importantly, (4) product safety and quality, (5) profitability, (6) contribution to community affairs as an international and domestic corporation--philanthropic and non-philanthropic, (7) legal/ethical behavior, and more extensively, (8) foreign direct investment to overseas--environmental protection, job creation, the harmonization with society, including community development with philanthropy, the adaptation to local laws, management practices, ethics, cultural differences etc.

At this dissertation, the issues are adjusted and narrowed down. Once separated from the mixed-up previous research, Korean corporate social issues are focused on: (1) employee relations, (2) owners or shareholders, (3) treatment of women , (4) product safety and quality, (5) suppliers and customer relationship, (6) community development--philanthropic and non-philanthropic, (7) consumer protection, (8) environmental protection, (9) political activity--foreign government and Korean government relationship, and (10) foreign direct investment--economical, social, political,

technological, legal, and ethical behavior.

With these backgrounds, the simple assumption were made that corporate social issues are correlated between the U. S. and Korean corporations. The research assumes that the corporate social issues of Korean MNCs in the U.S. are correlated with those of U.S. corporations.

Corporate Strategic Commitment for CSR

As the previous chapter in the section of CSR and Strategic Management indicated, corporate social responsibility activities and related programs are the domain of the corporate top executives or decision makers (Elkins, 1977; Carroll, 1979; Keim, 1978) because of their budget levels, and benefactors and range of strategic implications that affect corporate operational success (Drucker, 1954).

The success of CSR programs, therefore, depends on unlimited support from the corporate top decision makers; their continuous concern and budgetary support can guarantee the success of CSR programs.

To examine the degree of the top executive's or decision maker's corporate commitment to CSR programs, all respondents were asked a frequency of discussion concerning on CSR activities by top management, and the influenced top management's individual various motives, such as (1) social and governmental pressures (Frische and Ehler, 1982; Slatter, 1980), (2) self interest of corporation-long term profit (Ostlund, 1977), (3) managerial ego satisfaction (Elkins, 1977), (4) corporate morality (Goodpaster and Matthews, 1982), and so on.

The research assumes that the corporate commitment levels to CSR of Korean MNCs in the U.S. are correlated with those of U.S. corporations.

Corporate Strategic Community Relations-Philanthropic and Non Philanthropic:

In effective relationships between society and business, especially with large

corporations, society has demanded and expected the corporation to involve itself and participate in community development. Corporation use two kinds of corporate strategic actions, such as pure philanthropic corporate charity and donation--corporate philanthropy, and corporate non-philanthropic strategy.

The generalized corporate community development programs in this dissertation are categorized as follows: (1) corporate philanthropy--corporate foundation, 1-5 % club commitment, matching funds, charitable trust, contribution, fund raising, donation, endowment etc. (2) capital facility investment program--site location, site revitalization, (3) human capital program--job creation, training, hiring and replacement, (4) ethical compliance program--customer and supply relationship (domestically and internationally), (5) strategic marketing program-cause-related and issue-related marketing, in-kind philanthropy, an employee volunteer program, (6) social and environmental program--social and environmental scanning and reporting.

The research assumes that the corporate community relation programs of Korean MNCs are correlated with those of U.S. corporations. In other words, there is an assumption that the corporate strategic community relations programs to achieve CSR purpose are same between the U.S. corporations and Korean MNCs in the U.S.

Corporate Management Structure/Authority for CSR Practice:

A central characteristic of corporate social responsibility efforts is to establish the formalization and systemization of management practices to carry out extra economic goals.

The formalization and systemization of management practices for CSR tends to be more advanced through two aspects. First, the structural mechanisms are more advanced. For example, specialized department for stakeholder management was developed with detailed ethical codes even if this trend might bring a bureaucracy. Secondly, the nation's legal environment is more advanced. For example, government intervention and

legislation on behalf of stakeholder are in such following areas as: occupational health and safety, environmental protection, consumer protection, whistle blowing, securities and so on.

The U.S. CSR practices tend to be bureaucratic. This means they focus primarily on legally based procedures and government guidelines, rather than on corporate guiding principles oriented to operation and employees.

The compliance of government guiding principles cannot provide flexible decision-making autonomy and general objectives, but specific, rigid instructions or outcome measures. Control, for example, can be achieved with continuous planning activities from the feedback. These planning activities require an integration or adjustment of all business principles for their synergy effect--harmony or efficiency.

To measure corporate supportive management practice for CSR, there have been two questions: (1) How can corporations implement their CSR practices effectively ? (2) How can their organizational designs or structures effectively control the system ?

Korean corporations are paying attention to the manner in which U.S. corporations implement CSR practices. Many Korean CSR policies academically and practically have been adapted from the U.S corporations.

The Korean CSR management practices consider two factors implementing their effective corporate management structure and authority for their CSR programs: (1) whether corporation has the implementation of corporate guidelines--codes of ethics, and (2) organizational structure for managing CSR--a specialized staff, a department, a committee, a direct level of manager, or any other authorization.

The research assumes that the corporate management structure and authority for CSR programs of Korean MNCs in the U.S. are correlated with those of U.S. corporations.

CSR and Corporate Financial Performance:

Many empirical studies of CSR practices tend to focus on only one or two dimensions

of social performance while ignoring the rest of them. It was difficult to construct a truly representative CSR measure because of its complexity and because measurements of a single dimension provide too limited a perspective on how well a corporation is actually performing in the relevant social domains (Wolfe and Aupperle, 1991; Aupperle, 1991).

This dissertation examines: 1) the relationships, and 2) causation between the variable of CSR and corporate financial performance through the perceptions of Korean corporations to these two variables even though the measurement of corporate financial performance (economic profitability) should include some accounting variables, such as return on assets (ROA), return on equity (ROE), return on sales (ROS), debt/asset ratio (Debt/Asset ratio), providing a range of measures used to assess corporate financial performance by the investment area (Waddock and Graves, 1997).

The research examines the degree of perceptions on the relations between CSR programs and their corporate financial profits. The research assumes that the perceptions of Korean MNCs are correlated with those of U.S. corporations.

Variables

Independent Variables:

The independent variables to examine in this research included: 1) CSR goals, 2) corporate stakeholders, 3) corporate social issues, 4) corporate community relation programs, 5) corporate commitment to CSR, 6) corporate structure and authority for CSR, and 7) the perceptions on the relationship between CSR programs and its financial performance. Responses were made on five-point Likert-type scales. The clustered items (questions) for each independent variable were summed for their statistical tests.

For the validation and reliability of all measurements (items) and independent variables in the research, the Pearson correlation coefficient, one sample T-test, alpha test, and factor analysis were performed.

These analyses determines whether the four CSR goals exist for the data generated in the sample and work as an appropriate conceptualization for corporate social responsibility. The Varimax rotated factor analysis with three factors was used for the Kim's model specification.

The first independent variable of this research is the CSR goal. The CSR goals are being measured with four questions (items) (Aupperle, 1990, 1991). These four questions were originated by Carroll's four types of CSR goals (economic, legal, ethical, and discretionary responsibility).

The second independent variable is the corporate stakeholders (Freeman, 1984). This independent variable contains eleven questions (shareholders, employees, customers, suppliers, creditors, community relation groups, competitors, activists, political groups, governments, and International Institutions).

The third independent variable is the corporate social issues (Freeman, 1984) with ten questions (employee relations, shareholders relations, fair employment, product safety, suppliers, community relations, consumer protection, environment, political relations, foreign direct investment).

The fourth independent variable is the strategic corporate community relations. This variable is measured with seven questions (quality of life, philanthropic corporate behavior, corporate capital facility programs, corporate human capital programs, corporate ethical compliance programs, corporate strategic marketing programs, and corporate environment scanning programs).

Next, the fifth independent variable of this research is the corporate managerial structure and authorities for the CSR implementation. This independent variable includes four questions (corporate guidelines and formal instructions, organizational structure and design, budget plan, open communication).

The sixth independent variable is an examination of the relationship between the CSR and its corporate financial performance through their causation. The independent

variable is measuring with five questions (positive, negative, no effect, causation from CSR to profit, or causation from profit to CSR).

Finally, the seventh independent variable independent variable is the level of Korean MNCs' CSR commitment. The independent variable contains four questions (frequency of discussion on CSR, treatment of women, corporate philanthropic, and non-philanthropic activities).

Of these questions, the treatment of women is a very effective measurement. There are some discriminatory patterns of occupational and wage segregation by gender in Korea. As it is, men enjoy privileges at both home and work that women do not. In Korea, the relatively low participation rates of married and highly educated women is a complex social problem that should be addressed. Equal treatment of women in the Korean workforce helps the country achieve the high rates of growth projected (Turner & Turner, 1994).

Korean corporations, however, are still hesitating to accept such reforms even though they realize that they should do in terms of their CSR philosophy.

Respondents are given on a five point Likert scales where a "5" indicating a lower level of the priority, not important, disagree, or lower concerns and "1" representing a high level, strongly agree, very important one.

Likert scales is used all the question with "5" representing strong disagreement and dissatisfy while, "1" indicating strong agreement or satisfy of the question. Consequently, "1" point, thus, assigns the issues "most important" by the corporation, "2" point to the issues is "important" by the corporation, "3" points to the issues meant "no difference" by the corporation, "4" point to the issues represents "not so important", and "5" point to the issues is "least important" The results of all statistic tests are presented and compared in Table III-1 and Appendices.

**Table III-1
Lists of Independent Variables, Items, and Questions**

Independent Variables	Items	Question Numbers
CSR goals	Economic, Legal, Ethical, and Discretionary (Philanthropic)	Question #, 1, 2, 3, 4.
Corporate Stakeholders	Shareholders, Employees, Customers, Suppliers, Creditors, Community, Competitors, Social groups, Governments, Political groups, International institutions	Question #, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15.
Corporate Social Issues	Employee, Shareholder, Fair employment, Product safety, Suppliers, Community, Consumer protection, environment, Political, Foreign direct investment	Question # 16, 17, 18, 19, 20, 21, 22, 23, 24, 25.
Corporate Relations Programs	Quality of life, Philanthropic behavior, Capital facility investment, Ethical compliance, Human capital programs, Strategic marketing programs, Social and environmental scanning programs	Question # 26, 27, 28, 29, 30, 31, 32.
Corporate Structure/Authority for CSR practice	Guidelines & instructions, Organizational structure and design, budget, open communication network	Question # 33, 34, 35, 36.
CSR and Corporate Financial Performance (Profits)	The relationship between CSR and corporate profits--positive, negative, and no effect, Causation between CSR and profits	Question # 37, 38, 39, 40, 41.
Corporate Commitment on CSR	Treatment of women, Philanthropic, Non-philanthropic commitment, Discussion on CSR	Question # 42, 43, 44, 45.

Control Variables

The research examines demographics as of an control variable. The selected demographic backgrounds. These variables include education level, age of the respondent, job position, age of the corporation, size of the corporation, and industry classification of the corporation. Of these variables, size of corporations, industry classification, and age of corporations are the general factors in previous study in examining the relationship between CSR activity and its corporate financial performance (Ullman, 1985). The control variables are presented in Table III-2 and Appendices.

Table III-2

Lists of Control Variables, Items, and Questions

Control Variables	Items	Question numbers
Education	College to Doctorate	# 46
Age (Respondents)	30 to 69	# 47
Position (Respondent)	Manager's to Executive's	# 48
Age (Corporation)	0 to over 50 yrs	# 49
Size (number of employees)	1 to over 250	# 50
Industry (Corporation)	Manufacturing, Service, etc.	# 51

Dependent Variables

The dependent variable in this research is the Corporate Social Responsibility management practices of Korean MNCs in the U.S.

The dependent variable is calculated with the added values of their measurements. For example, the Korean MNCs' CSR practice as a primary dependent variable is calculated with the total values of all forty-five measurements (questions).

Table III-3

Dependent Variable

Dependent variable	The Corporate Social Responsibility of Korean MNCs in the U.S.
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Survey Questionnaire

A cross-cultural and comparative research conducting across cultures in international arena should consider its ability how to transfer the intent of U.S. based measurement to other cultures (Hofstede, 1980, 1983, 1984). Sometimes, measurements can be produced and translated across cultures into wrongful responses and directions.

To avoid these misinterpretation problems, this research provides retranslation method (Earley, 1989).

This method require a researcher, who is a native Korean speaker to translate the survey instruments effectively, then another bilingual specialist to translate it back into English. During the reviewing and screening of first draft survey questionnaires from the committee meeting, all discrepancies and misleading of terminology or misunderstanding of concepts are resolved.

This procedure enhances the cross-cultural research facing the validity of the measurements, including the questionnaire. The survey questionnaire is shown in the appendices (Appendix A, B).

Sample Size

The research is designed as a comparative analysis of Korean MNCs and their foreign subsidiaries U.S. whose parent corporations are headquartered in Korea but operate in the U.S.

The Korean corporations used as samples for the research were selected from the Directory of Korean Major Corporations 1998, published by the Federation of Korean Industries. This directory presents the names, addresses, and phone numbers of CEO and top executives, and top decision level of managers of Korean MNCs in the U.S.

The sample corporations also includes 30 largest top Chaebols in Korea. Korea's 30 Chaebols expand their operations to Korea's highly, economically weighted industries-- automobile, construction, ship building, semiconductor, heavy, and electronic industry etc.

Korea's top 30 Chebol resembles the early Japanese Zaibatsu model in place before World War II (Ungson et al., 1997), owned and controlled 1,718 firms both in

domestically and internationally. The economic concentration of top 30 Chaebols, however, accounted for about 30 % of the country's GNP manufacturing sector in 1990 and in terms of revenue, about 80 % of Korea's GDP in 1992 (Korea Business, 1994).

Korea's top 30 Chaebols includes Hyundai, Samsung, Daewoo, Gold Star, Sun Kyung and so on. After sample corporations were selected, the confidential survey questionnaires were distributed directly to individuals or indirectly through the director of corporation's public-relations department because of unidentified individual profiles. The directors distributed to those who are in the management positions.

Collection of the Data

This dissertation is conducting with two sorts of data bases--primary data, which includes research with the questionnaire field study, and secondary data, which analyzes and evaluates the data publicized by the official institutions both in Korea and the U.S.

The primary data was delivered to the University of New Haven directly. If the data is not clear in any part, the next step was to interview by phone, in order to follow up and resolve any misunderstanding.

The source of books included The International Directory of Corporate Affiliations (1994/95) and The Directory of Major Korean Corporations (1998).

The survey mailing lists were developed from the two above-mentioned directories published in Korea and the U.S. A mailing list with the appropriate names and their addresses of specific corporation were prepared from these two books.

The primary data was filed up on the data base. These all data was collected within the limited time periods, April 1 1998 to August 31 1998 after distributing the

questionnaires.

A survey questionnaire (Appendix A.B) were mailed to the qualified respondent with self- addressed, stamped return envelope. For the promptness of data collection, telephone calls were made to respondents who have not yet responded.

Data Processing

All responses returned to the researcher were coded with a score and filed up on the statview computer data bases for computer analysis. After double-checking and scanning entered data, data was tabulated to detect and correct errors easily.

All raw data entered from the respondents were translated from the spreadsheet onto the SPSS window version program for analyses of the study. For the most effective statistical analyses, all data were combined to form a single data set.

In some cases, in order to perform statistical inferences, data was computed and transformed to create summary variables, or to change some numerical values to string variables with labels. Structural equation modeling analyses require some different type of data formation. The summary of all statistics and tabulations of the data have been presented in Chapter IV and Appendices.

Validity and Reliability Test

A questionnaire, as a survey instrument, should be evaluated with regards to its validity and reliability. The questionnaire was tested on its validity and reliability.

A Validity test requires that factual, objective questions should be very straightforward, clear, and understandable, for its validation (Zikmund,1991; Nachmias, 1992).

The judgmental questions on the questionnaire have been tested as well a pretest as a dissertation workshop with doctoral dissertation committee members. A pretest of the research questionnaire for its validation was held by the Korean MBA students at University of New Haven, Fairfield University, University of Bridgeport, and Long Island University.

The Korean MBA students of advanced management programs of business schools in the U.S. are mostly potential top executive candidates of business corporation in the future. A completed individual pilot questionnaire has been followed and interviewed with the respondents, forty five (45) to identify questions that were unclear, hard to answer, possibly subject to bias, or unexpected misinterpretation. In addition, for the validity test, Factor Analysis was employed. Factor analysis determines the extent of scale variation as well identify the factor variables in the questionnaire. The results of Factor analysis were also presented in Chapter IV.

The reliability scales measure the internal consistency of the subjective, or judgmental questions as indicated in model development sections. This test measure if the questionnaire developed has variable error (Nachmias,1992). The decision point of the factor analysis has been preset at the point .55, though .5 is a minimal acceptance level (Hair, Anderson, Tatham, and Black, 1995).

Cronbach's Alphas is a measurement of the reliability of the instruments and their subsidiary variable scales test--measurement of model fit--in statistic area. Higher alphas result in a high correlation between the items, thus a higher internal consistency of questionnaire. The decision point of the Alpha scores can be vary depending on the research types. For example, high Alpha scores are required for scale validity, when to

measure a theory which requires high correlation between scale items.

The Cronbach Alphas generally ranges higher than .7 can be accepted but, this is not an absolute standard. Sometimes even in .5 - .6 also can be accepted though values below .7 have been deemed acceptable (Hair et al., 1995; Nunnally, 1978).

This research consequently accepted a .7 Alpha hurdle rate in evaluating the reliability of the questions. Cronbach Alphas are shown in Chapter IV. The completed results are also presented with full statistic descriptions in Appendices.

Hypotheses Test

The hypotheses were statistically tested in terms of Multivariate multiple regression model specification processes including one sample t-test, correlation coefficient, scales reliability, factor analysis, and multiple regression analysis. This method is useful in evaluating relationships after the adjustment of data collected by comparing of the conceptualized model constructed and the final model.

Pearson's correlation coefficient and One-sample T-test were measured the correlation between the seven independent variables and dependent variable of CSR through partialling out the influence of the subject not significant variables in steps.

The independent variables entered together and each other with a critical value of alpha, $p \leq .05$ have been evaluated and determined again. The correlation coefficient is a critical decision point to test hypothesis in the model specification. As a matter of fact, this research tested in a two steps.

The first constructed conceptual model entered and modified into the second version of fitted model, then goes to next model modification with more accurate model

specification with high level of validity and reliability-- One Sample T-test, Scales Reliabilities, Factor Analyses, and Multiple Regressions.

Table III-4

Summary of Research Hypotheses, and Statistical Tools

Hypothesis Numbers	Sub-hypothesis Numbers	Statistical Analysis
H: Corporate social responsibility	All Qs	Multiple Regression,
H1: Corporate social responsibility goals	Q1Q2Q3Q4	Correlation, One Sample T-tests, Alpha (Reliabilities), Factor (Varimax),
H2: Corporate stakeholders	Q5Q6Q7Q8Q9Q10 Q11Q12Q13Q14Q15	Correlation, One Sample T-tests, Alpha, Factor.
H3: Corporate social Issues	Q16Q17Q18Q19Q20 Q21Q22Q23Q24Q25	Correlation, One Sample T-tests, Alpha, Factor,
H4: Corporate community relation programs	Q26Q27Q28Q29Q30 Q31Q32	Correlation, One Sample T-tests, Alpha, Factor.
H5: Corporate managerial structure/authority for CSR	Q33Q34Q35Q36	Correlation, One Sample T-tests, Alpha, Factor.
H6: CSR and corporate financial performance	Q37Q38Q39Q40Q41	Correlation, One Sample T-tests, Alpha, Factor.
H7: Corporate commitment for CSR	Q42Q43Q44Q45	Correlation, One Sample T-tests, Alpha, Factor.

Chapter IV

Findings and Discussion:

Data Collection, Handling, and Statistical Analysis

This chapter explores the data results of the dissertation research regarding the survey questionnaire mailings, collections and handlings (including response rates, coding process, descriptive statistics testing, one sample t-tests, Pearson's correlation, Cronbach's scales reliabilities alphas test, Varimax rotated factor analysis for validity and reliability, and Multiple Regressions for the model specification).

Research Data Collection

An empirical research was focused on the Korean MNCs' perceptions of corporate social responsibility practices, which is a by-product of professional corporate culture. A field survey was executed in the Korean MNCs in the U.S. (total of 292 executives of Korean MNCs and their subsidiaries).

To improve data reliability and enhance the model's validity, 129 Korean MBA students studying in the U.S. have been participated in the pilot study. All participating graduate Korean MBA students were in Business Administration programs at private colleges and universities in the states of New York and Connecticut.

These Korean students were randomly selected group for the pilot test. Forty five students have returned their responses. The return rate was 34.8 % (45 respondents out of 129 samples).

Seventy one (71) of two hundred ninety two (292)(a return rate of 24 %) top executives returned their responses for the main research. The interviews were followed

up to clarify any unclear answers after the data were collected. A summary of the responses is provided in Table IV-1.

Table IV-1

Profile of Respondents

Education level	Frequency	Percent(%)
Some College	2	2.8
College	50	70.4
Master's	16	22.5
Doctorate	3	4.2

Age	Frequency	Percent(%)
30-39 yrs	23	32.4
40-49 yrs	28	39.4
50-59 yrs	16	22.5
60-69 yrs	4	5.6

Position	Frequency	Percent(%)
Manager's	44	62.0
Director's	19	26.8
Executive's	6	8.5
CEO's	2	2.8

Company History	Frequency	Percent(%)
0-3 yrs	2	2.8
4-10 yrs	8	11.3
11-20 yrs	20	28.2
21-50 yrs	38	53.5
over 50 yrs	3	4.2

Size	Frequency	Percent(%)
less 50	32	45.1
51-100	12	16.9
101-150	1	1.4
151-250	4	5.6
over 251	22	31.0

Industry	Frequency	Percent(%)
Finance	27	38.0
Electronics	3	4.2
Autos	8	11.3
Trading	22	31.0
Others	11	15.5

The summary of data indicates that all 71 top executives who responded have at least finished a college degree. 44 (62%) respondents were in the age range between 40 and 59.

53 (90%) of them were in the position of manager, or director. 62 (86%) respondents indicated they have more than 11 years of company history. 32 (45%) respondents were in companies employing people less than 50; 12 (17%) in companies of 51-100; 1 (1.4%) in a company of 101-150; 4 (5.6%) in a company of 151-250 employees; and 22 (31%) in companies employing over 251.

The industry classifications of the returned samples were as follows: 27 (38%) samples were in finance industry; 3 (4.2%) were in electronics; 8 (11.3%) were in autos; 22 (31%) were in trading; and 11 (15.5) were in others.

Results for the Model Specification

For both the reliability and validity of data and model specification, Cronbach a-test, One sample t-test, Varimax rotated factor analysis, and Pearson's Correlation for the hypothesis were calculated and presented in tables and appendices. All relationships presented as rejecting the null hypothesis reference a positive direction to the association unless otherwise indicated.

Pilot Study

A pilot study was conducted with the Korean MBA students at five large university in New York and Connecticut. Appendix A presents the results of one-sample t-test

showing the means, t-values, and statistical significance for all survey questions (items).

The one sample t-test was conducted to compare their representativeness of the larger population because the sampling data was limited in number. With the significant decision range ($P \leq .05$) Table IV-2 summarizes which items (questions) were retained or deleted from the questionnaire.

The pilot results identified that Questions # 3, 4, 8, 9,10, 12, 13, 15, 18, 20, 21, 23, 24, 25, 39, 40, 41, 44, 45 are statistically insignificant. These questions (items) preside inconclusive results for the sample and cannot generalize to the population.

The ethical and discretionary questions of corporate social responsibility goals and corporate stakeholders (suppliers, creditors, community, political group, and international institution) are also not significantly correlated.

The questions of corporate social issues, such as treatment of women, supplier and customer relations, community relations, environment, political activities, and foreign direct investment are also not significantly correlated.

The questions (items) on the relationship between CSR and profits (no relationship, the two sorts of causation between CSR and profits) were not correlated.

The questions of CSR commitment questions--corporate philanthropic commitment and discussion of CSR program--were not significantly correlated. On the other hand, all questions for two predictor variables--corporate community relations programs and corporate managerial structure and authority, were significantly correlated.

Table IV-2

One Sample T-Tests of Pilot Study

Variables	Questions with significance	Questions without significance
CSR Goals	Q1 **, Q2 **,	Q3 , Q4,
Corporate Stakeholders	Q5 * , Q6 **, Q7 **, Q11* , Q14**,	Q8, Q9, Q10, Q12, Q13, Q15,
Corporate Social Issues	Q16**, Q17*, Q19**, Q22**,	Q18, Q20, Q21, Q23, Q24, Q25,
Corporate Relations	Q26* , Q27**, Q28**, Q29**, Q30*, Q31*, Q32**,	
Corporate Management/ Authority	Q33**, Q34**, Q35**, Q36**, Q37**, Q38**, Q42**, Q43**,	Q39, Q40, Q41, Q44, Q45,
CSR/Profits		
CSR Commitment		

Questions (items) with significance values $P > .05$ are not significant.
* $P \leq .01$
** $P \leq .001$

CSR Model (I) Specification

A research survey questionnaire, called a measurement instrument, should be evaluated for its validity and reliability. Validity can be defined as determining that one measures what one thinks (Nachmias and Nachmias, 1987). For instances factual, objective questions can be regarded as a straightforward example of validity.

More specifically, the objective questions, such as demographic questions, including company revenue, age, or number of employees are considered to have validity because of the clear, understandable, factual, objective nature of these questions.

The objective and judgmental questions were tested previously in both a pilot test in March 1998 and a pretest of this research for both objective and subjective validity.

The questionnaire was also double-checked by the pilot study with Korean MBA students, dissertation committee members meetings, as well as through the dissertation workshop.

Reliability is concerned with the extent to which a measuring survey questionnaire contains variable error (Nachmias and Nachmias, 1987). The reliability test, Cronbach's

Alpha (Scales Reliability) test, measures the internal consistency of subjective, judgmental questions (Cronbach, 1951; Cronbach and Meel, 1955).

The acceptance range of the Alpha score is generally limited to the minimum of 0.7 (Hair, Anderson, Tatham and Black, 1998). Higher internal consistency with higher scale validity can occur only when the theory being measured requires high correlation between scale items.

Once the questions for the research were pre-tested with the Korean MBA students through one sample t-test, this was given to the Korean MNCs' top executives. The results of both were compared.

A correlation, an explanatory varimax rotation factor analysis, a reliability alphas (α) evaluated the survey questions. With the above statistical inferences, I decided whether the designed survey questions are significant and to be retained. The details are presented (Table IV-4).

One Sample T-Test

The sample data were also compared for their representativeness of the larger population. The range was assessed between 0 and 3.

Table IV-3 presents the results of one sample t-test. Q1 (economic goal), Q2 (legal goal), and Q3 (ethical goal) of the corporate social responsibility goals were statistically significant at .05 significant level, except Q4 (philanthropic CSR goal; mean of 3.01 and $p=.91$).

Q5 (corporate shareholders), Q6 (corporate employees), Q7 (corporate customers), Q11 (corporate competitors), Q12 (corporate social activist groups), Q13 (corporate

political groups), and Q15 (corporate international institutions) of the corporate stakeholders were significant. Q5, Q6, Q7, Q11, Q12, Q13, and Q15 should be retained.

On the other hand, Q8 (corporate suppliers), Q9 (corporate creditors), Q10 (corporate community), and Q14 (government relations) were not significant. Q8, Q9, Q10, and Q14 (means of 3.14, 2.83, 3.06, and 3.08 and significant levels of .36, .18, and .18) should be dropped from the list.

In the corporate social issues, Q16 (corporate employee relations), Q17 (corporate shareholders relations), Q19 (corporate product safety and quality), Q20 (corporate customers and suppliers), Q21 (corporate community relations), Q22 (corporate consumer protections), Q23 (corporate environmental protections), and Q25 (the foreign direct investment) are significant and should be retained.

Both Q18 (fair employment issues; mean of 2.92, .4 of significant level) and Q24 (political relations; 2.96 of mean, .76 significance) of corporate social issues are not significant at .05 significant level. These two questions should have been deleted from the list. The details of output are provided in Appendix B.

The quality of life (Q26), corporate philanthropic behaviors (Q27), corporate capital facility investments (Q28), human capital investments (Q29), corporate ethical compliance (Q30), corporate strategic marketing programs (Q31), and corporate social and environmental scanning programs (Q32) were all significant.

Q33 (corporate guidelines and instructions for CSR), Q34 (corporate official organizational structure and designs), Q35 (budget plan), and Q36 (open communication) of the predictor variable, corporate managerial structure and authority for CSR, were significant.

The questions (items), Q37 (positive relationship), Q38 (negative relationship), Q40 (causation CSR to profit), and Q41 (causation profit to CSR) were significant, CSR and their profit (financial performance). Meanwhile, Q39 (no relationship; 2.91 of mean, .50 significant level) are no longer significant.

All the questions (items) in the predictor variable, corporate commitment level, Q42 (fair treatment of women), Q43 (Corporate philanthropic behavior), Q44 (corporate non-philanthropic behavior), and Q45 (discussion of CSR) are strongly significant. Therefore, all the question in this category should have been retained.

Table IV-3
One Sample T-test of Korean MNCs in the U.S.

Variables	Questions with significance	Questions with insignificance
CSR Goals	Q1 **, Q2 **, Q3 **,	Q4
Corporate Stakeholders	Q5 **, Q6 , Q7 * , Q11*, Q15*	Q8, Q9, Q10, Q12, Q14
Corporate Social Issues	Q16**, Q17**, Q19**, Q20**	Q18, Q24
Corporate Relations Programs	Q21**, Q22**, Q23**, Q25, Q26**, Q27*, Q28**, Q29**, Q30, Q31**, Q32**, Q33**, Q34**, Q35**, Q36**,	
Corporate Managerial Structure/ Authority		
CSR/Profits	Q37**, Q38, Q40**, Q41**	Q39
CSR Commitment	Q42**, Q43, Q44**, Q45**	

Questions (items) with value of $P \leq .05$ are significant.
 * $P \leq .01$
 ** $P \leq .001$

Descriptive Analysis

Descriptive statistics, including means and standard deviation and Pearson correlation of seven predictor variables. are presented in Table IV-4. The seven predictors were categorized, such as corporate social responsibility goals, stakeholders, social issues,

corporate community relation programs, managerial structure and authority for CSR, CSR/financial performance, and corporate CSR commitment to their CSR practice.

Correlation

Pearson correlation coefficients are as follows: .32, .89, .76, .70, .54, .54, .36 in which all predictor variables are significant at .05 significant level, since the questions (all items) were based on a literature review and explanatory analysis.

Scales Reliability (Alphas)

Reliability alphas were calculated to examine the reliability (internal consistency) of the survey questionnaire. Table IV-4 presents the alpha value of their predictor variables. Reliability alphas for each predictor variable are as follows: CSR goals, .25; stakeholders, .86; social issues, .41; corporate community relation programs, .80; corporate managerial structure/authority for CSR, .35; relationship between CSR/Profits, .52; and corporate CSR commitment, .49.

This research is explanatory model construction research. Therefore, the Alpha cutoff point of .70 would be acceptable (Hair et al., 1997).

The second predictor variable, corporate stakeholders, produced a pretty high Alpha scales of .86 in the survey instrument. The fourth Alpha test of independent variable with seven questions in the survey instrument, corporate community relations, presented higher Alpha scores of .82. Consequently all the questions (items) of these two predictor variables maintained a good standard in the internal consistency test.

On the other hand, the first predictor variable with four questions, CSR goal, has an Alpha of .25, which is below a required .70 limit range. The third predictor variable, corporate social issues with ten questions, also indicated lower Cronbach Alphas of .41.

The fifth predictor variable with four questions (corporate management structure/authority), the sixth predictor variable with five questions (CSR and corporate financial performance (profits), and the seventh predictor variable with four questions (corporate CSR commitment) presented lower Alphas .35, .42, .49 respectively, which cannot be accepted due to the lower Alpha reliabilities.

The predictor variables' internal consistency reliability alphas are presented in Table IV-4. On the basis of these statistical analyses, I have decided to take some insignificant items out of the original questions (measurements).

Nine items (1 item--philanthropic goal--from CSR goals; 5 items--supplier, creditor, community, social group, and government--from stakeholders; 2 items (fair employment, and political activity issues) from corporate social issues; and 1 item--no relations--from CSR/profit) failed to correlate with Korean CSR practices and were dropped from subsequent analyses. After the deletion of insignificant nine questions (items), I conducted a reliability test again.

The second reliability alphas were performed with only statistically significant items (questions). The alphas still at lower scores were adjusted again (.25, .81, .46, .82, .35, .52, and .49). For higher reliabilities alphas, the data were readjusted statistically insignificant items were deleted.

For higher internal consistency of data, another five items (ethical CSR goal, product and safety issues from corporate social issue, open communication of CSR managerial structure/authority, CSR caused by profit, and corporate top executive philanthropic behavior) were deleted and tested alpha coefficient. As a result, two predictor variables, CSR/profit relation and CSR commitment came closer to conventional cutoff alpha

scores (.70) although the internal consistency was a little weak. Unfortunately, three predictor variables, including CSR goals, social issues, and corporate managerial structure/authority for CSR practice, could not reach to the cutoff range.

In general theoretical literature reviews, I determined that four dimensions of CSR goal were basic criteria to test of corporate CSR goals and its priority (Pinkstone, 1991; Carroll, et al., 1991).

I decided to keep two constructed questions (items) of CSR goals in the model specification (Model I-c). However, the rest of all predictor variables (corporate stakeholders, corporate social issues, managerial structure/authority for CSR practice, CSR/profit, and CSR commitment) were used with adjusted new items (questions). Table IV- 4 also shows new version of results with modified questions (items).

Table IV- 4
Mean, SD, Correlation, Reliabilities, Factor Analyses

Variables/	Mean	s.d	Correlation	Alpha		
				1	2	3
Dependent/Independent						
<u>CSR/</u>						
CSR Goals	8.79	2.03	.32**	.25/.25/.38/.38	.67	
Stakeholders	33.76	8.49	.89***	.86/.81/.81/.81	.63	
Issues	24.31	4.10	.76***	.41/.46/.53/.55	.86	
Corporate Relations	17.73	4.40	.70***	.82/.82/.82/.82		.69
Structure/Authority	8.77	1.94	.54***	.32/.35/.45/.48		.86
CSR/Profit	13.07	2.59	.54**	.42/.52/.62/.62		.68
Commitment	12.31	2.33	.36**	.49/.49/.62/.68		.87
Alphas (a)					.83	.80
Eigenvalues					2.57	1.27
Total percentage of Variance					36.8	18.1
						15.5

N=71. Correlation $\geq .3$ are significant at $\alpha = .05$.

* $p < .05$

** $p < .01$

** $p < .001$

- ↳ Reliability Factored-Alphas (a) with a value of .70 was considered significant
 - ↳ Factor loading with an absolute value of .50 were considered significant.
-

Multiple Regressions of CSR Model (I)

The first step of the multiple regression equation and all variables are demonstrated in Table IV-5, 6.

The first constructed multiple regression equation = *[(total scores of CSR goals (4 items) + stakeholders (11 items) + social issues (10 items) + corporate relations (7 items) + managerial structure/authority for CSR (4 items) + CSR/profit (5 items) + commitment (4 items)]*.

The research questionnaire was based on the explanatory and qualitative. Consequently, the equation doesn't need constant variables which are not working (all test results were the same; no differences).

Although the first constructed model was tested without the constant, the test results found that the equation produced the same results with not statistical difference.

CSR Model 1 (a)

The next model equation for a benchmark model was based on the results of one sample t-test. The second multiple regression model, as a basic statistically inferred one, was developed after review and deletion of the results of one sample t-test. The results of one sample t-test indicated total of **nine items** were insignificant (Table IV-5, 6). The research recommended to deleted insignificant questions (9 items). The second multiple regression equation, Model I (a) is as follows:

CSR = [1.582298 x goal (3 items) + 1.444731 x managerial structure/authority (4 items) + 1.313121 x stakeholders (6 items) + 1.247864 x community relations (7 items) + 1.175236 x social issues (8 items) + 1.120458 x commitment (4 items) + 1.008505 x CSR/profit (4 items)] .

CSR Model 1 (b)

The third multiple regression equation was based on the review of reliabilities coefficients again. The equation was suggested as follows after additional deletions (Table IV-5, 6):

CSR = [1.890978 x issues (7 items) + 1.496655 x commitment (3 items) + 1.371304 x goal (2 items) + 1.326657 x managerial structure/authority (3 items) + 1.270516 x stakeholders (6 items) + 1.242013 x community relations (7 items) + 1.212535 x CSR/profit (3 items)] .

CSR Model 1(c)

The fourth regression equation was based on the results of reliabilities of alphas coefficients and theoretical literature reviews. The equation respected the previous theoretical results rather than the statistical results. For example, a predictor variable of CSR goals and its priority categorized with four dimensions (Carroll, 1990, 1979; Pinkston (1991); Aupperle (1991, 1990). Of four dimension of CSR goals, economic and legal corporate social responsibility goals were the minimum dimensions of four goals. However, the legal goal in the reliabilities test was statistically too insignificant to accept into the equation ($\alpha = .36$). The third equation included the last updated equation I (b)

(Table IV-5, 6).

CSR = f [1.734111 x issues (6 items) + 1.698196 x goal (2 items) + 1.551143 x stakeholders (6 items) + 1.446223 x community relations (7 items) + 1.355940 x managerial structure/authority (3 items) + 1.387579 x commitment (3 items) + 1.286944 x CSR/profit (3 items)].

CSR Model I (d)

The fifth modified regression equation was based on the deletion of insignificant questions (items) through the correlation test in only one categorized predictor variable.

A total of 45 questions (items) were compared with Korean MNCs' CSR (Table IV-5,6). Any questions (items) with the correlation ($r \leq .3$; $p > .05$) were deleted from the list. The results were put in the equation [Model I(d)]. A predictor variable of CSR goal also as Model I(c) included two items (economic and legal CSR), rather than one item (economic CSR). The details are presented in Appendix C.

CSR = f [3.731144 x commitment (2 items) + 2.495660 x CSR/profits (3 items) + 1.694086 x Issues (8 items) + 1.435239 x goal (2item) + .811159 x stakeholders (9 items) + .804461 x community relations (7 items) + .186771 x managerial structure/authority (2 items)].

CSR Model I (e)

The sixth regression equation was a product of the test results of reliability coefficients in which all 45 questions for the research were merged for only one alpha coefficient value. Therefore, all constructed questions were clustered and tested as only

one predictor variable. All alphas of questions (items) were compared with the total alpha score (.8638) in the section of alpha scores, if item was deleted. The model I (e) also included two items, rather than only one, on the predictor variable of CSR goal.

I decided to delete items when the specific question would reduce the total alpha values (Table IV-5, 6).

$$CSR = f [2.601753 \times \text{commitment (3 items)} + 2.308949 \times \text{CSR/profits (3 items)} + 1.584043 \times \text{issues (8 items)} + .900074 \times \text{goal (2item)} + .840065 \times \text{community relations (7 items)} + .828581 \times \text{stakeholders (10 items)} + .498667 \times \text{managerial structure/authority (3 items)}].$$

Table IV-5
Results of Multiple Regression for CSR Model I

<u>Model I</u>					
	Model I (a)	Model I (b)	Model I (c)	Model I (d)	Model I (e)
Variables	T-value/Sig.	T-value/Sig.	T-Value/Sig.	T-value/Sig.	T-value/Sig.
CSR goals	6.615***	3.300***	3.686***	3.281**	2.113***
Stakeholders	12.304***	8.937***	10.593***	7.413***	8.589***
Social Issues	10.148***	10.2184***	8.609***	9.051***	8.487***
Community Relations	11.712***	8.508***	9.131***	5.005***	5.282***
Structure/ Authority	6.451***	3.917***	2.848**	0.393!!!!	1.305!!!!
CSR/Profits	6.448***	5.329***	5.063***	7.049***	6.358***
Commitment	6.621***	6.213***	5.346***	9.547***	5.282***
R²	0.99937	0.99886	0.99857	0.99883	0.99890
R² (Adjusted)	0.99930	0.99874	0.99842	0.99870	0.99878
Standard Error	3.17587	4.25807	4.77436	4.32344	4.19826
df	7, 64	7, 64	7, 64	7, 64	7, 64
F	14466.70***	8043.63***	6396.15***	7801.94***	8274.68***
Dubin - Watson Test	2.09960	1.89492	1.92251	2.37386	2.24923

!!!! $p \geq .05$

* $p \leq .05$

** $p \leq .01$

*** $p \leq .001$

a Model I(a) has been decided the best model to fit multiple regression analyses.

Table IV-6

Comparisons of Model I Components

Constructed model	Model I(a)	Model I(b)	Model I(c)	Model I(d)	Model I(e)
Dependent/CSR					
/Independent/					
Total items (45)	(36)	(31)	(29)	(33)	(36)
Overall a-value:					
(.86)	(.83)	(.84)	(.83)	(.87)	(.87)
1. CSR goals(4)					
(3)	(2)	(2)	(2)	(2)	(2)
Q1: Economic	Q1:	Q1	Q1	Q1	Q1
Q2: Legal	Q2:	Q2	Q2	Q2	Q2
Q3: Ethical	Q3:	xx	xx	xx	xx
Q4: Philanthropic	xx	xx	xx	xx	xx
Alphas: .25	.25	.38	.38	.38	.38
Correlations:					
.32***	.35**	.36**	.36***	.36***	.36***
2. Stakeholders (11)					
(6)	(6)	(6)	(6)	(9)	(10)
Q5: Shareholders	Q5	Q5	Q5	Q5	Q5
Q6: Employees	Q6	Q6	Q6	Q6	Q6
Q7: Customers	Q7	Q7	Q7	Q7	Q7
Q8: Suppliers	xx	xx	xx	Q8	Q8
Q9: Creditors	xx	xx	xx	Q9	Q9
Q10: Community	xx	xx	xx	Q10	Q10
Q11: Competitors	Q11	Q11	Q11	xx	Q11
Q12: Social activists	xx	xx	xx	Q12	Q12
Q13: Political groups	Q13	Q13	Q13	Q13	Q13
Q14: Governments	xx	xx	xx	xx	xx
Q15: International Organization	Q15	Q15	Q15	Q15	Q15
Alphas: .86	.81	.81	.81	.86	.87
Correlations:					
.89***	.88***	.91***	.91***	.92***	.89***
3. Social Issues (10)					
(8)	(7)	(6)	(6)	(8)	(8)

Q16: Employee Relation	Q16	Q16	Q16	Q16	Q16
Q17: Shareholder	Q17	Q17	Q17	Q17	Q17
Q18: Fair Employment	xx	xx	xx	xx	xx
Q19: Product Safety	Q19	xx	xx	xx	xx
Q20: Supplier relation	Q20	Q20	Q20	Q20	Q20
Q21: Community relation	Q21	Q21	Q21	Q21	Q21
Q22: Consumer Protection	Q22	Q22	Q22	Q22	Q22
Q23: Environment	Q23	Q23	Q23	Q23	Q23
Q24: Political Relations	xx	xx	xx	Q24	Q24
Q25: Foreign Direct Invest	Q25	Q25	xx	Q25	Q25
Alphas: .41	.46	.53	.55	.50	.50
Correlations:					
.76	.73***	.74***	.76***	.64***	.79***

4. Community Relations(7)(7) (7) (7) (7) (7)

Q26: Quality of Life					
Q27: Corporate Philanthropy					
Q28: Capital Facility Invest					
Q29: Human Capital Invest					
Q30: Ethical Compliance					
Q31: Strategic Marketing					
Q32: Social & Environment					
Alphas: .82	.82	.82	.82	.82	.82
Correlations:					
.70***	.70	.70	.70	.70	.70

5. Management Structure/(4) (3) (2) (2) (3)

Authority (4)					
Q33: Guidelines	Q33	Q33	Q33	Q33	Q33
Q34: Structure & Design	Q34	Q34	Q34	Q34	Q34
Q35: Budget planned	Q35	Q35	xx	xx	Q35
Q36: Open Communication	Q36	xx	xx	xx	xx
Alphas: .35	.35	.45	.48	.48	.45
Correlations:					
.54***	.54***	.51***	.52***	.52***	.51***

6. CSR & Corporate Profits(5) (4) (3) (3) (3) (3)

Q37: Positive Relations	Q37	Q37	Q37	Q37	Q37
Q38: Negative Relations	Q38	Q38	Q38	xx	xx
Q39: No Relations	xx	xx	xx	Q39	Q39
Q40: Profit to CSR	Q40	xx	xx	Q40	Q40
Q41: CSR to Profits	Q41	Q41	Q41	xx	xx
Alphas: .42	.52	.62	.62	.09	.09
Correlations:					
.36***	.27***	.14!!!	.14!!!	.48***	.48***

7. Corporate Commitment (4)(4)	(3)	(3)	(2)	(3)
Q42: Treatment of women Q42	Q42	Q42	xx	Q42
Q43: Top-philanthropic activity Q43	xx	xx	Q43	Q43
Q44: Philanthropic activity Q44	Q44	Q44	Q44	Q44
Q45: Discussion of CSR Q45	Q45	Q45	xx	xx
Alphas: .49	.49	.62	.68	.11
Correlations:				
.36**	.36**	.30*	.31**	.37***
				.38***

xx indicated items to be deleted on the questionnaire for model development.

xx in Model I(d) indicated deleted items with correlation $\leq .16$ ($p > .05$).

xx in Model I(e) indicated alpha coefficients of each item were below than $\alpha < .8683$ and should be deleted.

CSR Model II Specification

The Korean MNCs' CSR model II attempted some statistical analyses on the data, including (A) Varimax rotated three factor analyses: 1) corporate societal factors, 2) corporate level of strategy, and 3) business level strategy, (B) Scales reliability test (alphas) on the factored scales, (C) Multiple regression analyses to test for a best fitted model specification through the test of direct relationship.

I used explanatory factor analysis to assess which variables of the seven predictor variables constructed could be clustered with high correlation.

Factor Analysis

This research adopted explanatory factor analysis to determine whether the seven independent variables should be kept alone in subsequent analysis (Nunnally and Bernstein, 1994). The research used explanatory factor analysis, which was based on literature reviews and constructed questions (51 items in all), including six control items.

Varimax rotation factor analysis was based on and performed with Model I (a), which has been decided as the best fitted model. Three factors have emerged with eigenvalues greater than 1.0 and 69.2 of total explained cumulative percent of the variance.

The three factors corresponded to the theoretical and conceptual model of the predictor variables. Varimax rotations brought three clear factors with high loading. The first factor, which was labeled “CSR societal level factors,” included CSR goal, stakeholders, and social issues clustered and correlated in factor 1 (17 items) with the value of .57, .77, .88.

The second factor which was labeled “CSR corporate level strategic management factor” was composed of 15 items in three predictor variables, such as corporate relation programs, managerial structure/authority for CSR, and corporate commitment with the coefficients of .62, .53, and .88.

The third factor, which was labeled “CSR finance management factors” consisted of one predictor variable, including CSR/corporate financial performance (profit) and a total of 4 items with a coefficient of .91.

All the variables in each factor were compared and analyzed by varimax rotated factor analysis in three-factors with eigenvalues which is greater than 1.0 (2.51, 1.27, 1.04), and explained a total percent of the variance (36.8, 18.1, 15.5).

Scales Reliability

The test also reevaluated the reliability alpha scales on the factored-scales (.83, .80, .53). All the loaded factors corresponded to the conceptual and theoretical model. Results of factor analysis of the Korean corporate social responsibilities are presented in Table

IV-7, 8.

Of all three factored-alpha scores, the serious one to be discussed is factor 3 (CSR Business Strategy; the relationship between CSR activity and their profits) with unacceptable scores (.53). This would be addressed later in the discussion section.

Table IV-7

Mean, SD, Correlation, Scale Reliabilities (a), Factor Analyses (Factored)

Variables/	Factors _a		
	1	2	3
CSR Societal factors:			
/ CSR goals	.58		
/ Corporate Stakeholders	.77		
/ Corporate Social Issues	.88		
CSR Corporate Strategy:			
/ Corporate Relation Programs		.62	
/ Managerial practice/ Authority for the CSR program		.53	
/ Corporate CSR commitment		.88	
CSR Business Strategy:			
/ CSR/Financial Performance			.91
Total items	(17)	(15)	(4)
Alpha _b	.78	.78	.52
Eigenvalue	2.51	1.31	1.02
Total percentage of variance	35.9	18.7	14.6

N=71. Correlation \geq .16 are significant at .05.

* P \leq .05

** P \leq .01

*** P \leq .001

_a Reliabilities Alphas (a) with a value of .70 were considered significant.

_b Factor loading with an absolute value of .50 were considered significant.

Varimax Rotated Factors were based on Model I (a) which was evaluated as a best fit model specification statistically.

Multiple Regression Analysis of Model II

Multiple regression analysis attempts to look at research hypotheses and to study the

direct relationship between dependent and independent variables simultaneously. The research used multiple regression analysis to test the hypotheses so that the predictor variables introduced into the equation could be specified.

The three varimax rotated factors were calculated with each factor's scores entered into the multiple regression equation, $CSR = [B_1 (F_1) + B_2 (F_2) + B_3 (F_3)]$. Here, coefficients, B_1 , B_2 , B_3 resulted from the varimax rotated factor coefficient scores.

The total value of each factor, such as F1 (Corporate Societal Factors), F2 (Corporate Level Strategy), and F3 (Business Level Strategy) should be multiplied by each predictor variable's coefficients, then each predictor variable's total scores should be added up to the total factor scores. For example, the basic model in Model II specification has been brought up from Model I(a).

According to the results of varimax factor rotation, total values of $F1 = [.57629 x (goal) + .77410 x (stakeholders) + .87765 x (issues)]$, total values of $F2 = [.61934 x (community relations) + .52749 x (management structure/authority for CSR practice + .87665 x (commitment))]$, and total values of $F3 = [.91026 x (CSR/profit)]$.

CSR Model II (a)

The model was based on varimax rotated with three factors. **CSR rotated total factored scores = {[B1 CSR factor 1 (CSR Societal factors; 17 items)] + [B2 CSR factor 2 (CSR Corporate strategy; 5 items)] + [B3 CSR factor 3 (CSR Business strategy; 4 items)] = {B1(1.645768) x [.57629 x (goals; 3 items) + .77410 x (stakeholders; 6 items) + .87765(issues; 8 items)]} + {B2(1.792154 x [.61934 x (community relations; 7 items) + .52749 x (management structure/authority; 4 items) + .87665 x (commitment; 4**

items}} + {B3(1.185256) x [(CSR/profit; 4 items)]}.

CSR Model II (b)

The multiple regression equation was as follows:

CSR rotated factors = {B1 F1[(CSR Societal factors; 15 items) + B2 F2(CSR Corporate strategy; 13 items) + B3 F3 (CSR Business strategy; 3 items)]} = {1.943556 x [1.57629 x (goals; 2 items) + .77410 x (stakeholders; 6 items) +.87765 x (issues; 7 items)]} + {1.913631x [.61934 x (community relations; 7 items) +.52749 x (management structure/authority; 3 items) + .87665 x (commitment; 3 items)]} + {1.372071x [.91026 x (CSR/profits; 3 items)]}.

CSR Model II (c)

This model was as follows:

CSR rotated total factor scores = {B1 F1 [(CSR Societal factors; 14 items) + B2 F2 (CSR Corporate strategy; 12 items) + B3 F3 (CSR Business strategy; 3 items)]} = {2.094396 x [1.57629 x (goals; 2 items) + .77420 x (stakeholders; 9 items) + .87765 x (Issues; 6 items)]} + {2.022333 x [.61934 x (community relations; 7 items) +.52749 x (management structure/authority; 2 items) + .87665 x (commitment; 3 items)]} + {1.387861x [.91026 x (CSR/profits; 3 items)]}.

CSR Model II (d)

The model II(d) was based on following:

CSR total rotated factor scores = {[B1 F1 (CSR Societal factors; 19 items) + B2 F2 (CSR Corporate strategy; 11items) + B3 F3 (CSR Business levels; 3 items)]} =

$\{1.383122 \times [(.57629 \times \text{goals; 2 items}) + .77410 \times (\text{stakeholders; 9 items}) + .87765 \times (\text{issues; 8 items})]\} + \{2.208527 \times [.61934 \times (\text{community relations; 7 items}) + .52749 \times (\text{management structure/authority; 2 items}) + .87665 \times (\text{commitment; 2 items})]\} + \{2.960686 \times [.91026 \times (\text{CSR/profits; 2 items})]\}.$

CSR Model II (e)

$\text{CSR total rotated factor scores} = \{B1 \text{ F1 (CSR Societal factors; 19 items)} + B2 \text{ F2 (CSR Corporate strategy; 13 items)} + B3 \text{ F3 (CSR Business strategy; 3 items)}\} = \{1.306082 \times [.57629 \times (\text{goals; 2 items}) + .77410 \times (\text{stakeholders; 10 items}) + .87765 \times (\text{issues; 8 items})]\} + \{1.995374 \times [.61934 \times (\text{community relations; 7 items}) + .52749 \times (\text{management structure/authority; 3 items}) + .87665 \times (\text{commitment; 3 items})]\} + \{2.521466 \times [.91026 \times (\text{CSR/profits; 3 items})]\}.$

Table IV-8

Results of Multiple Regression for CSR Model II Specification					
Dependent/ Independent	(a)	(b)	(c)	(d)	(e)
	T-value/Sig.	T-value/Sig.	T-value/Sig.	T-value/Sig.	T-value/Sig.
CSR/					
/CSR Societal level (F1)	28.575***	25.743***	23.220***	15.525***	18.169***
/CSR Corporate level (F2)	21.157***	17.523***	15.959***	13.601***	16.354***
/CSR Business level (F3)	6.718***	5.978***	5.417***	7.362***	7.011***
R ²	0.99919	0.99879	0.99849	0.99823	0.99864
Adjusted R ²	0.99915	0.99874	0.99842	0.99815	0.99858
Standard Errors	3.49319	4.26305	4.77083	5.15951	4.51390
DF (degree of freedom)	3, 68	3, 68	3, 68	3, 68	3, 68
F	27896.58***	18723.27**	14945.2***	12813.48***	16697.64***
Dubin-Watson test	1.99970	1.95954	1.88688	2.20830	2.16203
N=71 for the CSR Model.					
* P ≤ .05					
** P ≤ .01					
*** P ≤ .001					

Table IV-9

Comparisons of CSR Model II Components

Constructed CSR	CSR Model II					
	II(a)	II(b)	II(c)	II(d)	II(e)	
Total items	(45)	(36)	(31)	(29)	(33)	(36)
I Societal factor	(25)	(17)	(15)	(14)	(19)	(20)
1. CSR goals	(4)	(3)	(2)	(2)	(2)	(2)
Q1: Economic		Q1	Q1	Q1	Q1	Q1
Q2: Legal		Q2	Q2	Q2	Q2	Q2
Q3: Ethical		Q3	xx	xx	xx	xx
Q4: Philanthropic		xx	xx	xx	xx	xx
2. Stakeholders	(11)	(6)	(6)	(6)	(9)	(10)
Q5: Shareholders		Q5	Q5	Q5	Q5	Q5
Q6: Employees		Q6	Q6	Q6	Q6	Q6
Q7: Customers		Q7	Q7	Q7	Q7	Q7
Q8: Suppliers		xx	xx	xx	Q8	Q8
Q9: Creditors		xx	xx	xx	Q9	Q9
Q10: Community		xx	xx	xx	Q10	Q10
Q11: Competitors		Q11	Q11	Q11	xx	Q11
Q12: Social activists		xx	xx	xx	Q12	Q12
Q13: Political groups		Q13	Q13	Q13	Q13	Q13
Q14: Governments		xx	xx	xx	xx	xx
Q15: International Organization		Q15	Q15	Q15	Q15	Q15
3. Social Issues	(10)	(8)	(7)	(6)	(8)	(8)
Q16: Employee Relation		Q16	Q16	Q16	Q16	Q16
Q17: Shareholder		Q17	Q17	Q17	Q17	Q17
Q18: Fair Employment		xx	xx	xx	xx	xx
Q19: Product Safety		Q19	xx	xx	xx	xx
Q20: Supplier relation		Q20	Q20	Q20	Q20	Q20
Q21: Community relation		Q21	Q21	Q21	Q21	Q21
Q22: Consumer Protection		Q22	Q22	Q22	Q22	Q22
Q23: Environment		Q23	Q23	Q23	Q23	Q23
Q24: Political Relations		xx	xx	xx	Q24	Q24
Q25: Foreign Direct Invest		Q25	Q25	xx	Q20	Q25
Alphas:	.83	.77	.79	.78	.86	.87
II Corporate Strategy	(15)	(15)	(13)	(12)	(11)	(13)
4. Community Relations	(7)	(7)	(7)	(7)	(7)	(7)
Q26: Quality of Life						

Q27: Corporate Philanthropy
 Q28: Capital Facility Invest
 Q29: Human Capital Invest
 Q30: Ethical Compliance
 Q31: Strategic Marketing
 Q32: Social & Environment

5. Management Structure/	(4)	(4)	(3)	(2)	(2)	(3)
Authority						
Q33: Guidelines		Q33	Q33	Q33	Q33	Q33
Q34: Structure & Design		Q34	Q34	Q34	Q34	Q34
Q35: Budget planned		Q35	Q35	xx	xx	Q35
Q36: Communication		Q36	xx	xx	xx	xx
7. Commitment						
Q42: Treatment of women	(4)	(4)	(3)	(3)	(2)	(3)
Q42: Treatment of women		Q42	Q42	Q42	xx	Q42
Q43: Top-philanthropic activity		Q43	xx	xx	Q43	Q43
Q44: Philanthropic activity		Q44	Q44	Q44	Q44	Q44
Q45: Discussion of CSR		Q45	Q45	Q45	xx	xx
Alphas:	.79	.79	.80	.80	.81	.81

III Business Strategy(5)

6. CSR & Corporate

Profits	(5)	(4)	(3)	(3)	(3)	(3)
Q37: Positive Relations		Q37	Q37	Q37	Q37	Q37
Q38: Negative Relations		Q38	Q38	Q38	xx	xx
Q39: No Relations		xx	xx	xx	Q39	Q39
Q40: Profit to CSR		Q40	xx	xx	Q40	Q40
Q41: CSR to Profits		Q41	Q41	Q41	xx	xx
Alphas:	.42	.52	.62	.62	.09	.09

xx indicated items to be deleted on the questionnaire for model development.

xx in Model I(d) indicated deleted items with correlation $\leq .3$ ($p < .05$)

xx in Model I(e) indicated alpha coefficients of each item were lower than alpha $\leq .8683$ and should be deleted.

Discussion

Model Specification

Consistent with the research predictions, the results of this research as two best fitted Korean MNCs' CSRs model I (a), and Model II (a) indicated, the Korean MNCs' CSR practices were positively associated with their predictor variables. Consequently, the

results of Korean MNCs' CSR practice were also correlated with those of U.S. corporations. The results of correlation and their scales reliability and rotated factor analyses are presented in Table IV-5, 6, Table IV-7, 8 and show the results of multiple regression analyses used to test model specification.

Of ten (10) projected models, CSR Model I (a, b, c, d, e) worked well at the significant statistical level. All R^2 and adjusted R^2 were very close, statistically insignificant. Durbin-Watson tests were also very close to the value of 2. All T-values were also significant. In the meantime, the standard errors, which are critical decision criteria for the model specification herein, were slightly different (Model I (a); 3.18, Model I(b); 4.26, Model I (c); 4.77, Model I (d); 4.32, and Model I (e); 4.20). Therefore, CSR Model I (a) with the lowest standard errors has been selected as the best fitted model (a bench mark model) in Model I .

This CSR Model I (a) was used as the basic factor analysis model in the CSR model II analyses.

Correlation between Korean MNCs' CSR and the predictor variable of CSR/profit relations in CSR model I(b), (c) were insignificant statistical inferences [.14 ($P>.05$), .14 ($P>.05$)] and not acceptable.

The second level of model specification developed five (5) models, such as [CSR Model II ; II(a), II(b), II(c), II(d), and II(e)]. This second level of model specification was based on the results of varimax rotated analyses with three factors. All related factors' scores were calculated, then entered into multiple regression again.

The CSR model II has also maintained good standards-- R^2 , adjusted R^2 , F-values, T-values, except to the standard errors (3.49, 4.26, 4.77, 5.16, 4.51). The model II (a) can

be accepted as the best fitted model (the best model). The model II (a) was the better fitted model because of Dubin-Watson test was close to the value of 2 and the lowest standard errors.

Hypotheses Test

The research investigated the characteristics of the Korean MNCs' corporate social responsibility practices through the perception of corporate top executives (top managers) from the data of empirical field survey. From a model specification and correlation of Korean MNCs in the U.S., the results indicated that H: the levels of Korean MNCs' corporate social responsibility practice were overall correlated with those of U.S. corporations throughout the test of multiple regression [Model I(a), Model II(a)], even though some of their components (items) has been adjusted (Table IV-9).

In summary, H1: the CSR goals (economic, legal, and ethical social responsibilities) are correlated with the CSR management practices. H2: the corporate stakeholders (shareholders, employees, customers, competitors, political groups, international institutions) are correlated with the CSR management practices. H3: the social issues (employee relations, shareholder relations, product safety issue, supplier relation, community relation, consumer protection, environment, foreign direct investment issue) were correlated with the CSR management practices. H4: the community relation programs (corporate philanthropy, capital facility investment, human capital investment, ethical compliance, strategic marketing program, social and environment scanning program) were correlated with the CSR management practices. H5: the corporate managerial structure/authority for the implementation of CSR programs (guidelines,

organizational structure/design, budget planned, open communication) were correlated with the CSR management practices. H6: the relationship between CSR/profit (positive and negative relationship, causation between CSR/profit and Profit/CSR) were correlated with the CSR management practices. H7: the level of corporate commitment (treatment of women, top executive philanthropic activity, one percent philanthropic activity, frequency of discussion on CSR) was correlated with the CSR management practices. Consequently, overall research hypotheses in the research were accepted throughout the model specification process and comparison of Model I (a) and Model II (a) correlation (Table IV-10, 11).

These results suggest the extent to which Korean Corporate Social Responsibility management practices have been realized and institutionalized. Thus, the strategic corporate CSR activities may not be differentiated from those of the competitors and cannot be powerful inducements to gain corporate competitive advantage (Porter and Van Der Linde, 1995; Shrivastava, 1995).

Table IV-10

Results of Correlation of CSR Model I (a)

Variables	CSR total	Goal(3)	Stake(6)	Issue(8)	Comty(7)	Mgtmt(4)	Csrfp(4)	Cotmt(4)
CSR total	1.000							
	p=.							
Goal(3)	.3509	1.000						
	p=.003	p=.						
Stake(6)	.8836	.2186	1.000					
	p=.000	p=.067	p=.					
Issue(8)	.7321	.2843	.6687	1.000				
	p=.000	p=.016	p=.000	p=.				
Comty(7)	.7041	.1321	.4836	.3422	1.000			
	p=.000	p=.272	p=.000	p=.003	p=.			
Mgtmt(4)	.5352	.1161	.4160	.2690	.2292	1.000		
	p=.000	p=.335	p=.000	p=.023	p=.055	p=.		

Csrfp(4)	.2731 p=.021	.1455 p=.226	.1695 p=.158	.0965	.0471 p=.697	.1907 p=.111	1.000	
Cotmt(4)	.3592 p=.002	.1177 p=.328	.2356 p=.048	-.0463 p=.701	.4046 p=.000	.3287 p=.005	.0826 p=.493	1.000 p=.

* P ≤ .05 is significant

** P ≤ .01

*** P ≤ .001

Table IV-11

Results of Correlation of CSR Model II (a)

Variables	CSR total	MIIaF117	MIIaF215	MIIaF304
CSR total	1.000	.8947	.7189	.2731
	p=.	p=.000	.000	.021
MIIaF117 (Societal Factors)	.8947	1.000	.4057	.1590
	p=.000	p=.	p=.000	p=.185
MIIaF215 (Corporate Strategy)	.7189	.4057	1.000	.1106
	p=.000	p=.4057	p=.	p=.359
MIIaF304 (Business Strategy)	.2731	.1590	.1106	1.000
	p=.021	p=.185	p=.359	p=.

* P≤.05 is significant

** P≤.01

*** p≤.001

The CSR practices of Korean MNCs in the U.S. will not be a new issue. Rather, it would be an ongoing issue. Today and in the near future, the potential gains to be made by large Korean MNCs through increased CSR activities may be greater to the extent that corporations focus on making improvements within the domain of strategic CSR activities. Corporate social responsibility activities may provide a competitive advantage by increasing corporate reputations and good corporate images (Solomon and Hanson, 1985).

This analysis may not be generalized, however, to medium and smaller Korean corporations with a lower level of corporate financial performance. Therefore, the future research needs to evaluate the relative merits of the resource-based view of corporation and their strategic CSR activities.

The measurement of a resource-based view of a corporation can include capital market and accounting-based measures of corporate financial performance, such as ROA, market value, debt ratio, etc. The modest levels of internal consistency reliability for this research requires collection of econometric data for the bias correction. The test and correction between the measurement of corporate performance and their CSR activities can reduce the research's simultaneity and selectivity biases. In other words, this evaluation can trace the causal relationship between the company's greatest potential gains and its CSR improvement.

One important weakness of the validity of results requires further attention to the change of Korean corporate business environments. The statistical models assumed the Korean CSR management practices are strongly correlated with those of U.S. corporations because the idea of CSR practice is a professional management practice.

The research data was performed from December 1997 to the end of August 1998 for 9 months. The economic and corporate business environments in Korea at these times were totally different from present ones. During the time of data handling, Korean corporations were suffering from the financial debt crisis. Therefore, the Korean corporations might have limited their perceptions of their CSR practices and activities. The timelag between model predictors and their results can cause a different result.

For several reasons, the research results explain some statistical significance. First, models described make it quite obvious that Korean CSR practice is similar to the U.S. practices concerning perceptions of CSR management practice. Second, the pattern of results was fairly consistent in terms of correlation, reliabilities, and significance. These results were highly significant, although some predictors (the dimensions of CSR goals

and managerial structure/authority for the implementation of CSR activities) need better measures for higher internal consistency. Third, the research results overall were similar to the current and previous U.S. findings.

Another significant extension of this research would be to compare the potential costs and benefits of CSR practice as strategic management in domestic and global areas. The social costs, or managerial costs for CSR practice, may be totally different at the domestic and global levels.

The challenge for future work is to develop CSR management practice, grounded on theory and in practical guidance, so that corporations can then develop CSR global systems that capture the competitive advantages in the long-run.

Chapter V

Conclusions

Korean corporations establish wholly-owned subsidiaries, plants, sales, R&D, and overall corporate operating centers abroad. They try to import management practices and regulations for these global market expansions.

For this global market strategy, Korean corporations and The Association of Business Industries have become concerned with the nature of CSR and the importance of social issues among Korean corporations, including business ethics and community relations.

Since Korean industrialization, Korean CSR practices has emphasized only economic social responsibility. Their CSR practices focused on corporate business ethics to meet their micro corporate social issues, such as corporate employees, narrow down of corporate customers and suppliers, but not a community or society relation. Currently, Korean corporate social responsibility practices still limited two three areas: 1) the code of business ethics, 2) standard of corporate conducts, and 3) labor-related issues in terms of implementing their CSR practices (Gong and Choi, 1996). However, Korean's Multinational corporations (MNCs) in the U.S. have been changing their economic focus. Host countries' citizens insisted that foreign MNCs in their country participate more in community activity, or charities.

The host countries of Korean MNCs have strong expectations that MNCs should take on goals of corporate social responsibility which reflect local customs and expectations in a way of corporate citizenship (The Korea Times, 1997).

Samsung and many large corporations in Korea are now active in corporate philanthropic affairs. For example, it is a member of the 1 % Club (based on the practice

of the Japanese in which a corporation commits to contributing 1 % of its profit to philanthropic causes).

Although there is a common awareness that Korea is indeed becoming concerned with CSR activity since the Korean government became a member of Organization for Economic Cooperation and Development (OECD), Korean corporations little empirical data exists to quantify Korean corporate CSR activity (The Federation of Korean Industries, 1995).

The evolution of Korean corporations has been achieved more as a result of the government's industrial policy and strategy than its corporate business strategy. Unlike U.S. industry, Korean corporations have been strongly guided by the government. CSR practice and its introduction also are guided and affected by the government as legislated policy (Um, 1992).

The study of the relationship between the government and corporations in the Korean corporations is another fruitful area for further inquiry..

Research Contributions

The results of this research make an important contribution to the academic literature on global corporate social responsibility, despite recent and increased attention to research in this area (Amba -Rao,1993).

First, because the study of corporate relationship to society is in a very early stage in its managerial implications, empirical tools are poorly developed (Harrison and Freeman, 1999). Comparison, empirical searching for the explanation, measurement, prediction, and new direction throughout the observable causal relationship from the variables are typical and useful strategies of social science (Donaldson and Preston, 1995; Trevino and

Weaver, 1999; Jones and Wicks, 1999).

This research contributes to the development and construction of an empirical model of corporate social responsibility practice with hypothesis testing of empirical inquiry using descriptive/instrumental evidence rather than a normative approach (Donaldson and Preston, 1995). This research used exploratory empirical techniques, including the model specification and hypothesis-testing, ranging from one sample t-tests, scales reliability, and factor analyses to multiple regressions.

Second, traditionally there were three typical research approaches in the corporate/social area. One is an instrumental approach (Freeman, 1984; Pfeffer and Salancik, 1978; Donaldson and Preston, 1995; Quinn and Jones, 1995); second is a normative approach (Berman, Wick, Kotha, and Jones, 1999; Jones and Wicks, 1999); third is a descriptive approach (Donaldson, 1999).

The most current debate has been extended to the convergence or divergence of business and society research models. One of the most significant debates in business and society research, including stakeholder theory, concerns the extent that business and society theory can be conceptualized into a whole-- convergent (normative, intrinsic commitment corporation and society approach) (Jones and Wicks, 1999), or an individual-- divergent (instrumental, strategic management approach) (Carroll, 1978; Freeman 1984; Wartick and Cochran, 1985; Wood, 1991a, b; Donaldson and Preston, 1995, 1999), or both (descriptive/empirical approach) (Freeman, 1999; Wicks and Freeman, 1998; Brenner and Cochran, 1991; Donaldson, 1999).

A normative (intrinsic stakeholder commitment) approach assumes that corporations and managers should behave in certain ways. An instrumental approach on the other hand

assumes that certain outcomes are more likely if corporations and managers actually behave in certain ways. A descriptive/ empirical approach assumes that corporations and managers actually behave in certain ways (Donaldson and Preston, 1995). This research supports either side of the debate.

Third, despite the importance of the business globalization and multinational issue, the global business and society research has been started to discuss. For example, the global corporation and society researchers have focused the practice of corporate social responsibility on just the ethical, or moral issues (Epstein, 1989; Preston, 1988; Donaldson, 1985; Naor, 1982), the direct or indirect reference to global business as a corporate social policy issue in the global arena (Donaldson, 1985, 1989; Naor, 1982; Preston, 1990a; Simpson, 1982), and corporate social responsibility as a social strategy (Amba-Rao, 1989; Simpson, 1982).

This research makes a contribution to the development of a model for a global level of corporate social responsibility in terms of strategic management perspective. For the next research, corporate social responsibility context or practice for should be incorporated, with the influence, roles, and relationships relevant to the international level.

Finally, this research focuses on the question of how specific social and cultural values, such as CSR executive principles of different cultures, will affect managerial values. This research provides a guideline for MNCs from other developing countries (i.e. Indonesia, Malaysia, Taiwan, Singapore, etc.) in terms of challenges resulting from operating in a global environment.

Research Implications

This research has tried to take a first step using a relatively new construct. Therefore, it broadens current conceptualizations of corporate social responsibility. It also contributes to research on global CSR management practice conceptually by developing and validating a measure that can be used in subsequent research.

The methodology in this research conducted a multistep process to develop a measure of Korean CSR practice. This process focused on developing a representative set of activities with high validity. Steps were taken during the scale development process to demonstrate for model specification through the multiple regression analysis. An additional methodological strength of this research was the use of a pilot study to validate measurement from the Korean MBA student. The results have been compared and corrected on the first draft measurement.

The respondents in this research were generally in high-ranked positions, at the top management level of the corporation, so that they were quite familiar with corporate social responsibility practice as a corporate strategy. Consequently, response error and the social desirability response bias (Moorman and Podsakoff, 1992), which is the individual tendency to present responses favorably, not indicating their true feelings about an issue or topic, may be reduced.

The results of modeling analysis suggest the basic model underlying current multinational corporate social responsibility management practice. Although the goal of the research was to identify and derive an alternative model specification, which provides the superior fit to the data, the best model would not be easily replicable in future research. Therefore, these results suggest some basic hints for improvement in model

specification. Future research should focus on an enhanced multinational corporate social responsibility model by identifying the demographic control factors.

Managerial Implications

At the practical level, the results may be a useful tool for top management to consider and assess an effective corporate social responsibility management practices both in global and domestic areas. The first significant management implication is that a corporate perception of the issue of corporate social responsibility is critical to the corporate view of the CSR as strategic management in corporate and social research. For example, a corporation's perception of a stakeholder is critical to the corporation's view of the stakeholders' importance (Mitchell, Agle and Wood, 1997). Therefore, if a corporation wants to select CSR issues as its first priority, the corporation would want to hire a corporate executive who reacts positively to the society's expectations of corporate citizenship.

The second implication is that Korean corporations regard their MNCs and subsidiaries as the first tester of professional corporate cultures in the host country. Therefore, these tests of professional corporate cultures would be detailed and comprehensive. Given the empirical confusion regarding the benefits of Korean CSR practice in corporate strategy, the research would be supportive for some researchers and practitioners who try to establish a global CSR standard.

The third implication for practicing corporate executives, is that evidence supports the assertion that CSR management practice is a corporate strategic managerial activity requiring professional skills and business-related capabilities for strategic CSR

implementation and their development because CSR management practice is a by-product of the professional ideal management (Nodoushani, 1995).

Limitations and Future Research

In considering the results and their implications, it is necessary to recognize the limitations of the research and suggest recommendations for the future research.

Limitations of the research.

The first concerns whether the model selected will can be generalized to populations, particularly in Korean corporations, Korean MNCs in Europe and elsewhere. Future research should extend its sampling numbers. The pilot and core researches have limited research samples (71 of 292; 24 %), and limited area of samples distributed for the test (Korean MNCs in the U.S.). The limitations will compromise the conclusion and the moderated findings.

The second limitation concerns the construct validity and scale's ability. Although this research provides a useful first step toward understanding the construct of Korean CSR management practice in terms of a global standard, it focused on only a few of the many variables. Corporations, especially global MNCs, can be characterized by multiple stakeholders, and corporate goals, issues, and community relation issues regarded as positive by ones stakeholders may be viewed as negative by another. Measurements also should be added to increase internal consistency. Future research should focus on identifying a broad set of predictors and items.

The third limitation is that the impact of all research predictors over time cannot demonstrate the causal nature of the hypothesized relationships because the research has been conducted for several months. A challenge for future research may be to determine the influence of social-cultural factors on Korean corporate social responsibility over a period of time.

The results and findings on Korean corporate social responsibility practices can be different between regions because of different corporate and social environments. This questions the applicability of their research to other regions. Future research is needed to investigate the full cross-cultural effects on the causal relationships to verify the research results for the long-run. Therefore, the research can be a very broad construct that, conceptually, would reflect more diverse social and cultural needs and desires.

In conclusion, this research emphasizes the managerial values of differentiating CSR management practice, which is a by-product of professional corporate culture in Korea. The research provides general deep insights about the role of CSR practices and how they affect global standards of corporate and social research, although the research is limited in several ways. Future research should also integrate and reconcile the different literatures (conceptual and empirical models). This research provides a starting point for such an integration in terms of global strategy.

APPENDIX A: Survey Cover Letter

April 30, 1998

Dear CEOs or General Managers:

You have been selected to participate in a dissertation study of personal perceptions toward Korean Corporate Social Responsibility (CSR) in Korean MNCs (Multinational Corporations) in the U.S. which are headquartered in the Korean Business Industries to fulfill with the requirements of a doctoral degree for the student of Kim, Kwahng - Soo, Management Systems at University of New Haven, West Haven, Connecticut. His dissertation topic is "Corporate Social Responsibility and Strategic Management: An Empirical Study of Korean MNCs in the U.S.

Enclosed is a short survey asking for your views. Please take a few minutes to complete and return it in the enclosed self-addressed and stamped envelope, or by the fax.

You will notice an identification number at the top corner of the survey. It will be used to just track survey responses so that I do not bother participants with future mailings. All responses will be kept completely confidential, and the data from this research will only be presented and reported for the dissertation purposes.

I really, greatly appreciate your time and expertise in completing the enclosed survey. As a top decision maker in the practical business field, your views will influence many International Management and Business oriented scholars and academic community. For this reason, your response is very important to help me to involve to the academia and my future plan.

If you would like to receive a summary report and any data you are interested, please contact to me at the phone numbers or E-mail address listed below. Thank you very much for your participation.

Sincerely,

**Kim, Kwahng-Soo
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University of New Haven
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E-mail: kSoolmUNH@aol.com
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APPENDIX B SURVEY QUESTIONNAIRE

Please respond to all questions as correctly, truly as you are possible.

No any research results and supplemental data from the research will go beyond the researcher. Courteously, please indicate your closest impression of your corporation in which you work to all questions. Please mark or rank on a particular statement or range followed after the specific statement. The level you prefer to will be categorized with "agreement" or "satisfaction" to "disagreement" or "dissatisfaction" to each statement. All respondents are requested to pick only one indication, whether a level of agree or disagreement, or a rank to the statement.

Example of response:

0 I strongly agree with the statement. The statement is absolutely true/important.

0 I agree with the statement. The statement is true/important.

0 I neither agree nor disagree with the statement. The statement is neither true/important, or false/not important. I stand on the neutral to the statement.

0 I disagree with the statement. The statement is false/not true.

0 I strongly disagree with the statement. The statement is absolutely false/not true.

() Rank: Please put the significance level most one (1) to least one() in order.

Respondents! please take few minutes and complete all items with a love for your accurate reflections. Thank you! again!

	Rank	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Corporate Social Responsibility priority						
1. Economic responsibility(profit) is the most important priority in corporate social activities	()	0	0	0	0	0
2. Legal responsibility(law, regulation) is the most important priority in corporate social responsibility	()	0	0	0	0	0
3. Ethical responsibility(moral, ethics) is the most important priority in corporate social responsibility	()	0	0	0	0	0
4. Philanthropic responsibility(charity, philanthropy)is the most important priority in CSR	()	0	0	0	0	0

Corporate Stakeholders

5. Corporate owners(shareholders) are the most important stakeholder to my corporation.	()	0	0	0	0	0
6. Corporate employees are the most preferred stakeholder to my corporation.	()	0	0	0	0	0
7. Corporate customers are the the most valuable stakeholder to my corporation.	()	0	0	0	0	0
8. Corporate suppliers are the most important stakeholder to my corporation.	()	0	0	0	0	0
9. Corporate creditors(banks, financial institutions) are the most critical stakeholder to my corporation	()	0	0	0	0	0
10. Corporate community(society) is the most important stakeholder to my corporation.	()	0	0	0	0	0
11. Corporate competitors are the first considerable my stakeholder.	()	0	0	0	0	0
12. Corporate social activist groups are the most important stakeholders to my corporation.	()	0	0	0	0	0
13. Political groups are the most important stakeholders to my corporation.	()	0	0	0	0	0
14. Foreign and host governments are the most considerable stakeholder to my corporation.	()	0	0	0	0	0
15. International Institutions(environmental, social) are the most important stakeholder to my corporation.	()	0	0	0	0	0

Corporate social issues expected (rank and value judgment)

16. Employee relations(work environment, fair employment, job security)	()	0	0	0	0	0
17. Owners and shareholders relations (profits, healthy finance)	()	0	0	0	0	0
18. Women treatment issue (fair employment practice).	()	0	0	0	0	0

19. Product safety and quality issue (insurance, R&D).	()	0	0	0	0	0
20. Suppliers and customers relations (long term, price contract).	()	0	0	0	0	0
21. Community relations (corporate philanthropy, development)	()	0	0	0	0	0
22. Consumer protection issues (price, warranty, return/refund policy, treatment).	()	0	0	0	0	0
23. Environmental protection issues (4R movement, save earth, environmental friendly products).	()	0	0	0	0	0
24. Political activities (foreign and host government).	()	0	0	0	0	0
25. Foreign direct investment issues (economical, social, political, technological, legal and ethical behave)	()	0	0	0	0	0

Strategic community Involvement programs

26. It is important to assist voluntarily those strategic programs which enhance a community's quality of life.	()	0	0	0	0	0
27. It is important to view corporate philanthropic behavior as a strategic community relations.	()	0	0	0	0	0
28. It is important that corporate capital facility investment programs (site location, site revitalization) are effective way of corporate community involvement.	()	0	0	0	0	0
29. It is important to view corporate human capital programs are effective way of corporate community relations in terms of the job creation, employment practices.	()	0	0	0	0	0
30. It is important that corporate ethical compliance programs (minority preference) in terms of maintaining a good relations with the community.	()	0	0	0	0	0
31. It is important that corporate strategic marketing programs (issue related and cause related marketing program, in-kind philanthropy, employee volunteer program) are good examples to maintain a good relationship with their community.	()	0	0	0	0	0
32. It is important that corporate social and environmental scanning programs are very effective way for the good community relations.	()	0	0	0	0	0

Corporate Strategic Management Practices on CSR.

33. It is important to provide corporate guidelines and formal instruction for effective corporate social responsibility/corporate social performance.	()	0	0	0	0	0
34. It is important to provide the official organizational structure, design (department, staffs, authority only for CSR/CSP.	()	0	0	0	0	0
35. It is important to be assigned to CSR/CSP only budget planned for their own use.	()	0	0	0	0	0
36. It is important to establish open communication network with the top management.	()	0	0	0	0	0

CSR/ and Financial Performance Relations.

37. It is important that higher, or lower CSR/CSP level will cause to higher corporate financial performance (profit, ROA, ROE, ROS, D/A ratios). - positive relations.	()	0	0	0	0	0
38. It is important that lower, or higher CSR/CSP levels will affect to higher or lower financial performance.	()	0	0	0	0	0
39. It is important that both two factors do not related each other (no positive, or negative relationship).	()	0	0	0	0	0

- no positive, and negative relations.						
40. It is important that the CSR/CSP levels are caused by the level of corporate financial performance	()	0	0	0	0	0
41. It is important that the corporate financial performance is caused by the level of CSR/CSP	()	0	0	0	0	0

Corporate Top Management's CSR Commitment.

42. It is important to treat women fairly in terms of equal employment opportunities/human resource practices.	()	0	0	0	0	0
43. 1% club and other philanthropic commitment by corporate top management are the most important way of corporate social responsibility (foundation, matching funds, charity, fund raising, donation, etc.).	()	0	0	0	0	0

44. I have you already joined 1% club or other corporate philanthropic commitment.	have joined	will joined	Neutral	No plan	Absolutely not
	0	0	0	0	0

45. How many frequently do you discuss with people in your organization on the CSR program through formal and informal communication network.	very frequently	frequently	neutral	rarely	Not at all
	0	0	0	0	0

Thank you for responding of all statements. Please complete next further questions. These questions perhaps may relates to your personal backgrounds even though these all data gathered here will be used for research surely. All data here will never go beyond the reseurch purposes. Thank you again!

Demographic Control Variables

46. Educational level:	0 Some college	0 College graduate	0 Master's	0 Doctorate	
47. Age of respondent:	0 30 - 39 yrs	0 40 - 49 yrs	0 50 - 59 yrs	0 60 - 69 yrs	
48. Job position:	0 Manager's	0 Director's	0 Executive's	0 CEO's	
49. Age of the company:	0 0 - 3 yrs	0 4 - 10 yrs	0 11 - 20 yrs	0 21 - 50 yrs	0 over 50 yrs
50. Size (number of employees):	0 less 50	0 51 - 100	0 101 - 150	0 151 - 250	0 251+
51. Industry level.	0 Finance	0 Electronics	0 Autos	0 Trading	0 Others

Appendix C
Pilot: One Sample T-Tests for the MBA Students

	Means	T-values	Differences	Inference	Conclusion	Significance
Q1	1.8095	-7.25	1.478<1.81<2.141	S/Agree	Rej.Ho	0
Q2	2.1429	-4.63	1.769<2.14<2.517	Agree	Rej.Ho	0
Q3	3	0	2.663<3.00<3.337	Neutral	AcceptHo	1
Q4	3.3095	1.55	2.905<3.31<3.714	Neutral	AcceptHo	0.13
Q5	2.5952	-2.37	2.251<2.60<2.940	Agree	Rej.Ho	0.022
Q6	2.0476	-8.44	1.820<2.05<2.275	Agree	Rej.Ho	0
Q7	2.2381	-4.49	1.895<2.24<2.581	Agree	Rej.Ho	0
Q8	3.2619	1.86	2.978<3.26<3.546	Neutral	AcceptHo	0.07
Q9	2.6905	-1.76	2.336<2.69<3.045	Agree	AcceptHo	0.085
Q10	3.3095	1.84	2.969<3.31<3.650	Neutral	AcceptHo	0.074
Q11	2.5238	-2.63	2.158<2.52<2.890	Agree	Rej.Ho	0.012
Q12	3.0238	0.14	2.683<3.02<3.364	Neutral	AcceptHo	0.888
Q13	2.6667	-1.93	2.318<2.67<3.015	Agree	AcceptHo	0.06
Q14	2.2381	-4.9	1.924<2.24<2.552	Agree	Rej.Ho	0
Q15	2.7381	-1.72	2.430<2.74<3.046	Agree	AcceptHo	0.094
Q16	2.0238	-6.85	1.736<2.02<2.312	Agree	RejHo	0
Q17	2.5238	-2.73	2.171<2.52<2.876	Agree	Rej.Ho	0.009
Q18	2.7619	-1.35	2.406<2.76<3.118	Agree	AcceptHo	0.185
Q19	1.5952	-12.39	1.366<1.60<1.824	S/Agree	Rej.Ho	0
Q20	2.9048	-0.78	2.658<2.90<3.151	Neutral	AcceptHo	0.439
Q21	2.9286	-0.44	2.603<2.93<3.254	Agree	AcceptHo	0.66
Q22	1.9762	-9.28	1.753<1.98<2.199	Agree	Rej.Ho	0
Q23	3.0476	0.32	2.748<3.05<3.347	Neutral	AcceptHo	0.75
Q24	3.0476	0.29	2.711<3.05<3.384	Neutral	AcceptHo	0.777
Q25	2.7143	-1.5	2.329<2.71<3.099	Agree	AcceptHo	0.142
Q26	2.5	-3.04	2.168<2.5<2.832	Agree	Rej.Ho	0.004
Q27	2.5	-3.64	2.223<2.5<2.777	Agree	Rej.Ho	0.001
Q28	2.3095	-4.71	2.014<2.31<2.605	Agree	Rej.Ho	0
Q29	2.33	-4.94	2.061<2.33<2.606	Agree	Rej.Ho	0
Q30	2.6429	-2.35	2.336<2.64<2.949	Agree	RejHo	0.023
Q31	2.6667	-2.23	2.377<2.67<2.956	Agree	Rej.Ho	0.025
Q32	2.3333	-4.94	2.061<2.33<2.606	Agree	Rej.Ho	0
Q33	2.0476	-7.76	1.80<2.05<2.295	S/Agree	Rej.Ho	0
Q34	2.2381	-5.62	1.964<2.24<2.512	Agree	Rej.Ho	0
Q35	2.4762	-3.7	2.190<2.48<2.762	Agree	Rej.Ho	0.001
Q36	2.3095	-5.15	2.31<2.039<2.580	Agree	Rej.Ho	0
Q37	2.3059	-5.32	2.048<2.31<2.571	Agree	Rej.Ho	0
Q38	2.2143	-6.51	1.971<2.21<2.458	Agree	Rej.Ho	0
Q39	3.1905	1.21	2.873<3.19<3.508	Neutral	AcceptHo	0.232
Q40	2.9286	-0.44	2.603<2.93<3.254	Neutral	AcceptHo	0.66
Q41	3.4524	0.64	2.022<3.45<4.883	Disagree	AcceptHo	0.527
Q42	2.3095	-5.73	2.066<2.31<2.553	Agree	Rej.Ho	0
Q43	2.2143	-5.85	1.943<2.21<2.486	Agree	Rej.Ho	0
Q44	2.7619	-1.88	2.506<2.76<3.018	Agree	AcceptHo	0.067
Q45	3.2143	1.6	2.943<3.21<3.486	Neutral	AcceptHo	0.118

APPENDIX D
One Sample T-Tests for the Executives

Questions	Mean	T-Value(3)	Mean Difference	Inference	Conclusion	
Q1	1.5775	-16.42	1.405<1.58<1.75	S/Agree	Reject Ho	0
Q2	2.1127	-8	1.892<2.11<2.334	Agree	Rej.Ho	0
Q3	2.0845	-8.82	1.878<2.08<2.291	Agree	Rej.Ho	0
Q4	3.0141	0.11	2.756<3.01<3.272	Disagree	Accept Ho	0.914
Q5	2.3521	-4.35	2.055<2.35<2.649	Agree	Rej.Ho	0
Q6	2.6479	-2.39	2.354<2.65<2.942	Agree	Rej.Ho	0.02
Q7	2.507	-2.94	2.173<2.51<2.841	Agree	Rej.Ho	0.004
Q8	3.1408	0.93	2.838<3.14<3.444	Neutral	Accept Ho	0.357
Q9	2.831	-1.33	2.578<2.83<3.084	Agree	Accept Ho	0.187
Q10	3.0563	0.37	2.755<3.06<3.358	Neutral	Accept Ho	0.187
Q11	3.4648	3.54	3.203<3.46<3.727	Neutral	Rej.Ho	0.001
Q12	3.6338	5.04	3.383<3.63<3.884	Neutral	Rej.Ho	0
Q13	3.6479	4.61	3.368<3.65<3.928	Neutral	Rej.Ho	0
Q14	3.0845	0.57	2.788<3.08<3.381	Neutral	Accept Ho	0.571
Q15	3.3944	3.02	3.134<3.39<3.655	Neutral	Rej.Ho	0.004
Q16	1.8592	-11.31	1.658<1.86<2.060	S/Agree	Rej.Ho	0
Q17	2.3239	-5.48	2.078<2.32<2.570	Agree	Rej.Ho	0
Q18	2.9155	-0.85	2.716<2.92<3.115	Agree	Accept Ho	0.4
Q19	2.0563	-6.18	1.752<2.06<2.361	Agree	Rej.Ho	0
Q20	2.0704	-8.28	1.847<2.07<2.294	Agree	Rej.Ho	0
Q21	2.6197	-3.76	2.418<2.62<2.821	Agree	Rej.Ho	0
Q22	2.3551	-5.45	2.115<2.35<2.589	Agree	Rej.Ho	0
Q23	2.4789	-4.46	2.246<2.48<2.712	Agree	Rej.Ho	0
Q24	2.9577	-0.31	2.685<2.96<3.230	Neutral	AcceptHo	0.758
Q25	2.6761	-2.24	2.388<2.68<2.964	Agree	Rej.Ho	0.028
Q26	2.493	-4.97	2.289<2.49<2.696	Agree	Rej.Ho	0
Q27	2.6901	-2.94	2.48<2.69<2.9	Agree	Rej.Ho	0.004
Q28	2.3239	-6.28	2.109<2.32<2.539	Agree	Rej.Ho	0
Q29	2.4507	-4.93	2.229<2.45<2.673	Agree	Rej.Ho	0
Q30	2.7465	-2.18	2.514<2.75<2.979	Agree	Rej.Ho	0.033
Q31	2.4085	-5.62	2.198<2.41<2.619	Agree	Rej.Ho	0
Q32	2.6197	-3.69	2.414<2.62<2.825	Agree	Rej.Ho	
Q33	1.8732	-10.82	1.666<1.87<2.081	S/Agree	Rej.Ho	0
Q34	2.3803	-6.68	2.195<2.38<2.565	Agree	Rej.Ho	0
Q35	2.5915	-4.49	2.410<2.59<2.773	Agree	Rej.Ho	0
Q36	1.9296	-10.03	1.717<1.93<2.143	S/Agree	Rej.Ho	0
Q37	2.493	-4.41	2.264<2.49<2.722	Agree	Rej.Ho	0
Q38	2.7324	-2.36	2.506<2.73<2.959	Agree	Rej.Ho	0.021
Q39	2.9155	-0.69	2.670<2.92<3.161	Agree	Accept Ho	0.495
Q40	2.3944	-6.1	2.196<2.39<2.592	Agree	Rej.Ho	0
Q41	2.5352	-4.39	2.324<2.54<2.746	Agree	Rej.Ho	0
Q42	2.3803	-6.39	2.187<2.38<2.574	Agree	Rej.Ho	0
Q43	2.6479	-3.5	2.447<2.65<2.848	Agree	Rej.Ho	0.001
Q44	3.7324	6.36	3.503<3.73<3.962	Neutral/DA	Rej.Ho	0
Q45	3.5493	4.34	3.297<3.55<3.802	Neutral/DA	Rej.Ho	0

APPENDIX E

Correlations with all Measurements

Economics	(+)	.35	
legal	(-)	.14	
Ethical	(-)	.06	
Philanthropic	(-)	.02	
Shareholders	(+)	.30	
Employees	(+)	.87	
Customers	(+)	.71	
Suppliers	(+)	.75	
Creditors	(+)	.43	
Community	(+)	.69	
Competitors	(+)	.21	
Social groups	(+)	.48	
Political group	(+)	.57	
Government	(+)	.21	
International Org.	(+)	.46	
Employee relations	(+)	.23	
Shareholders	(+)	.28	
Fair employment	(-)	.07	
Product safety	(+)	-.07	
Suppliers	(+)	.31	
Community	(+)	.37	
Consumer protection	(+)	.36	
Environment	(+)	.27	Korean MNCs' CSR
Political activity	(+)	.28	
Foreign direct invest	(+)	.47	
Quality of life	(+)	.32	
Philanthropic behavior	(+)	.47	
Capital facility invest	(+)	.54	
Human capital invest	(+)	.61	
Ethical compliance	(+)	.39	
Strategic Marketing	(+)	.44	
Social & environment	(+)	.37	
Guidelines	(+)	.49	
Org. structure	(+)	.26	
Budget planned	(-)	-.16	
Open communication	(-)	.16	
Positive	(+)	.25	
Negative	(-)	.16	
No relations	(+)	.23	
Finance to CSR	(+)	.37	
CSR to finance	(-)	-.06	
Treatment of women	(-)	.16	
Philanthropic behavior	(+)	.19	
Non-philanthropic	(+)	.25	
Discussion of CSR	(-)	.10	
* (+); Reject Ho	Ho: no correlation	Ha: correlation	Keep it
* (-); Accept Ho	Ho: no correlation	Ha: correlation	Remove it

APPENDIX F

Scales Reliability with all Measurements

		0.8611	
Economics	(+)		
legal	(-)	0.8643	
Ethical	(-)	0.8655	
Philanthropic	(-)	0.8674	
Shareholders	(+)	0.862	
Employees	(+)	0.8482	
Customers	(+)	0.8511	
Suppliers	(-)	0.8508	
Creditors	(-)	0.8589	
Community	(+)	0.8525	
Competitors	(+)	0.8636	
Social groups	(+)	0.8581	
Political group	(+)	0.8557	
Government	(-)	0.864	
International Org.	(+)	0.8584	
Employee relations	(+)	0.8628	
Shareholders	(+)	0.8621	
Fair employment	(-)	0.8653	
Product safety	(-)	0.8708	
Suppliers	(+)	0.8614	
Community	(+)	0.8605	
Consumer protection	(+)	0.8605	
Environment	(+)	0.8623	CSR
Political activity	(+)	0.8621	
Foreign direct invest	(+)	0.858	
Quality of life	(+)	0.8614	
Philanthropic/tech.	(+)	0.8599	
Capital facility inv.	(+)	0.8576	
Human capital	(+)	0.8562	
Ethical compliance	(+)	0.86	
Strategic Marketing	(+)	0.8593	
Social & env.	(+)	0.8606	
Guidelines	(+)	0.8595	
Org. structure	(+)	0.8624	
Budget planned	(+)	0.8638	
Open comm.	(-)	0.8641	
Positive	(+)	0.8626	
Negative	(-)	0.8697	
No relations	(-)	0.8631	
Finance / CSR	(+)	0.8606	
CSR / finance	(-)	0.8656	
Treatment of women	(+)	0.8638	
Philm. Beh.	(+)	0.8635	
Non-philan	(+)	0.8625	
Discussion of CSR	(+)	0.8656	Cutoff point n= .8638

APPENDIX G

Variable Definition

The definitions and calculations of the key variables were presented in Appendix. All variables for the statistical computer analysis were also represented in Appendix. The definitions are as follows:

* Independent Variables

1. Corporate Social Responsibility goals (4)(Q1, 2, 3, and 4)

- . **Goalv.1(4)** : total scores of Corporate Social Responsibility goals (economic + legal + ethical + Philan).
- . **Goalv.2(3)** : Q1, 2, 3,
- . **Goalv.3(2)** : Q1, 2,
- . **Goall(1)** : Q1,
 - . **Economic (Q1)**: scores of economic corporate social responsibility goal,
 - . **Legal (Q2)**: scores of legal corporate social responsibility goal,
 - . **Ethical (Q3)**: scores of ethical corporate social responsibility goal,
 - . **Philan (Q4)**: scores of philanthropic corporate social responsibility goal,

2. Corporate Stakeholders (11) (Q5, 6, 7, 8, 9, 11, 12, 13, 14, and 15)

- . **Stakev.1(11)** : total scores of corporate stakeholders (shareho +employee +customer +supplier + creditor + communit + competit +socialgp +politicg +governme + internat);
- . **Stakev.2(6)** : Q5, 6, 7, 11, 13, 15,
- . **Stake9(9)** : Q5, 6, 7, 8, 9, 10,12, 13, 15,
- . **Stake10(10)** : Q5,6, 7, 8, 9, 10, 11, 12 13, 15,
 - . **Shareho (Q5)**: Shareholders,
 - . **Employee (Q6)**: Employees,
 - . **Customer (Q7)**: Customers,
 - . **Supplier (Q8)**: Suppliers,
 - . **Creditor (Q9)**: Creditors,
 - . **Communit (Q10)**: Community,
 - . **Competit (Q11)**: Competitors,
 - . **Socialgp (Q12)**: Social activist group,
 - . **Politicg (Q13)**: Political interest group,
 - . **Governme (Q14)**: Government,
 - . **Internat (Q15)**: International organization/institution,

3. Corporate Social Issues (10) Q16, 17, 18, 19, 20, 21, 22, 23, 24, and 25)

- . **Issuev.1(10)**: total scores of corporate social issues (empleere +sharere + fairempt + pdtsfty + suplerre + comtyr + csmrprt + envtalpr + polticac + fordirin),
- . **Issuev.2(8)**: Q16, 17, 19, 20, 21, 22, 23, 25,
- . **Issuev.3(7)**: Q16, 17, 20, 21, 22, 23, 25,
- . **Issue6(6)**: Q16, 17, 20, 21, 22,23,

- . **Issue8(8): Q16, 17, 20, 21, 22, 23, 24, 25,**
 - . **Employeee (Q16):** Employee's quality of work life issue.
 - . **Sharerel (Q17):** Shareholder relation issue.
 - . **Fairempt (Q18):** Fair employment practice issue.
 - . **Pdtsfty (Q19):** Product and safety issue.
 - . **Suplerre (Q20):** Supplier relation issue.
 - . **Comtyr (Q21):** Community relation issue.
 - . **Csmrprt (Q22):** Consumer protection issue.
 - . **Envtalpr (Q23):** Environmental protection issue.
 - . **Politicac (Q24):** Political issue.
 - . **Fordirin (Q25):** Foreign direct investment issue.

4. Corporate Relation Programs

- . **Comtyv.1(7):** total scores of corporate relation programs (qwl + phanbeha + capfacin + humcapin + ethcompl + strgmktg + socenvir).
 - . **Qwl (Q26):** Quality of life.
 - . **Phanbeha (Q27):** Corporate philanthropic behavior.
 - . **Capfacin (Q28):** Capital facility investment program.
 - . **Humcapin (Q29):** Human capital investment program.
 - . **Ethcompl (Q30):** Ethical compliance program.
 - . **Strgmktg (Q31):** Strategic marketing program.
 - . **Socenvir (Q32):** Social environment program.

5. Corporate Managerial Structure/Authority (4)(Q33, 34, 35, and36)

- . **Mgmtmtv.1(4) :** total scores of the corporate managerial structure/authority variable (gudline + structur + budget + communic).
- . **Mgmtmtv.2(3): Q33, 34, 35,**
- . **Mgmtmt2(2): Q33, 34,**
- . **Mgmtmt3(3): Q33, 34, 35,**
 - . **Gudline (Q33):** corporate guidelines and instructions.
 - . **Structur (Q34):** corporate structure/design,
 - . **Budget (Q35):** budget planned.
 - . **Communic (Q36):** communication network,

5. Corporate Social Responsibility/Corporate Financial Performance (Q37, 38, 39, 40 and, 41)

- . **CSRfv.1(5) :** total scores of CSR/corporate financial performance (positive + negative + norelati + tocsr + tofinanc),
- . **CSRfv.2(4) : Q37, 38, 40, 41,**
- . **CSRfv.3(3) : Q37, 38, 41,**
- . **CSRf3(3) : Q37, 39, 40,**
 - . **Positive (Q37):** there is a positive relation between CSR and profit,
 - . **Negative (Q38):** there is a negative relation between CSR and profit,
 - . **Norelati (Q39):** there is no relation between CSR and profit,
 - . **Tocsr (Q40):** causation both corporate profit and CSR; CSR will be affected by their corporate profits,

- . **Tofinanc (Q41):** causation both CSR and profit; Corporate profits will be affected by their CSR practice.

6. Corporate Commitment: Questions #42, 43, 44, and 45

- . **Cotmtv.1(4):** total scores of corporate commitment (Q42, womentre + Q43, topphila + Q44, onpctcb + Q45, discussi),
- . **Cotmtv.2(3):** Q42, 44, 45,
- . **Cotmt2(2):** Q43, Q44,
- . **Comtmt3(3):** Q42, 43, 44
 - . **Womentre:** the treatment of women,
 - . **Topphila:** corporate philanthropic activity.
 - . **Onpctcb:** corporate non-philanthropic activity,
 - . **Discussi:** corporate frequency of discussion on CSR practice.

*** Dependent Variables**

- . **CSRtotal:** Korean Corporate Social Responsibility (total scores of CSR goals + corporate stakeholders +social issues + corporate relation programs + corporate managerial structure/authority + CSR/financial relations + corporate commitment),

***Control Variable (Q46, 47, 48, 49, 50, and 51)**

- . **Ed.level (Q46):** Educational level of respondent,
- . **Age (Q47):** Age range of respondent,
- . **Position (Q48):** Rank of respondent in the company,
- . **History (Q49):** Age of the company,
- . **Size (Q50):** Number of employees of the company,
- . **Industry (Q51):** Industry level of the company.

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