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How International Firms Conduct Societal Marketing in Emerging Markets

An Empirical Test in China

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Abstract:

- This study tests the relationship between activities of societal marketing and firms' CSR legitimacy in terms of corporate social responsibility (CSR). It also examines the effects of the CSR legitimacy on firm performances in marketing. In addition, the study considers the relative importance of different activities of societal marketing.
- Based on data from a large sample of firms operating in both southern and northern China, this study compares the relative importance of three dimensions of societal marketing activities which influence a firm's CSR legitimacy.
- Different from research findings from developed economies, our data show that the social dimension of societal marketing activities is the most effective when it comes to influencing a firm's CSR image in an emerging economy. This image, in turn, has a positive effect on its marketing performances.
- This study suggests that, in an emerging economy such as China, firms that pay more attention to the social dimension of societal marketing are likely to be more effective in terms of building CSR legitimacy and achieving good performances.

Keywords: Institutional environments · Environmental · Social and economic societal marketing · Firm performance · Chinese market

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Introduction

Since the 1960s (e.g., Kotler and Levy 1969), a wealth of evidence has emerged highlighting the significance of societal marketing in marketing performance (Banerjee et al. 2003; Kolter 2000; Leonidou and Leonidou 2011; Sen and Bhattacharya 2001; Tallon 2008). Societal marketing can be defined as a set of ethical marketing approaches, which can embrace public concerns and public interests and help plan social changes (Kotler and Zaltman 1971; Abratt and Sacks 1988, 1989). The positive effects of societal marketing have been demonstrated in a number of studies (Brown and Dacin 1997; Creyer and Ross 1997; Carrigan et al. 2011), but the relationship between societal marketing and firm's image of corporate social responsibility (CSR) has not been sufficiently studied. Moreover, the relative importance of the various practices that make up societal marketing remains unclear. Finally, the influence of institutional environments in different international markets has not been sufficiently considered.

Our current study addresses these research gaps by developing a theoretical model integrating existing research into societal marketing with research from institutional theory and that of corporate sustainable development. This model categorizes all activities in societal marketing into three sets or dimensions—environmental, social, and economic—all of which are tested consequently for their effects on firms' CSR legitimacy in a major emerging market. In addition, the relative importance of the three sets of societal marketing activities is also considered. Finally, the effects of CSR legitimacy on firms' marketing performances are also examined.

This study should be of significance both academically and practically. From an academic perspective, the results of this study may contribute to our understanding of the relationships among societal marketing, institutional environments in international markets, the effects of firms' CSR legitimacy and marketing performances. Although previous authors have discussed the various activities that make up societal marketing (e.g., Torres et al. 2012), their effects on firms' CSR image have not been sufficiently studied. Moreover, little empirical evidence has been available in regard to their relative importance for building firms' CSR legitimacy. Finally, it remains unclear about the appropriate role of regulations and laws versus voluntary societal marketing activities in inducing firms' behaviors/performances.

All these are especially true for international marketing research in emerging markets. It is understood that these markets have different institutional environments than those in developed countries. Yet little research has been conducted on the relationships among institutional factors, societal marketing, the legitimacy of firms' image and firms' marketing performance. Testing these relationships should help international marketers to perform better in these fast-growing markets.

Empirical studies so far have yielded contradictory findings regarding this relative importance. For example, some studies suggest that the public will value firms that only satisfy the minimum requirements in the area of environmental protection if they are more proactive in the area of employee relations (Bird et al. 2007). In other words, the economic dimension of societal marketing, including the provision of a good income and other economic benefits to employees, is more important than the environmental or other dimensions in creating public value and in building a good legitimacy. Other studies, on the other hand, show that the environmental dimension of societal marketing is more important than the economic dimension for building firm legitimacy (e.g., Li et al. 2012). The current study sets out to test these different opinions regarding the relative importance of the three sets of activities in societal marketing.

Moreover, our current study should improve understanding of institutional environment in China. In spite of the research (e.g., Sheng et al. 2011), our knowledge about China's institutional environment is still insufficient, especially about the effects of China's institutional environment on the consequences of societal marketing. By testing the relationship between societal marketing and firm performances in an emerging market, this study should contribute to the research of international marketing. Specifically, insufficient research has been conducted on how international firms conducting societal marketing in emerging economies, in which the institutional environmental factors, including societal culture, should have some characteristics different from those in Western developed economies. By studying the relationship between societal marketing and firm performances in an emerging economy such as China, our current study should help understand the effect of institutional environment in emerging markets.

From a practical perspective, the results of this study could help boost firms' CSR legitimacy as well as their international marketing performance. In the institutional environment today, more and more consumers will consider firms' CSR image when making their purchasing decisions (Wagner et al. 2009). As a result, improving firms' CSR has become a very important task for firms managements, including those operate in international markets. Specifically, a firm's CSR image can influence its relationships with customers, retailers, and other business partners, can affect the perception of its brand, and can consequently have significant effects on its market value and financial performances (e.g., Luo and Bhattacharya 2006; Wagner et al. 2009). Therefore, for firms competing in international markets, it has become more and more important for their managers to understand how to improve their CSR image and legitimacy.

The empirical findings from this study should help international firms to understand how they should develop societal marketing programs and improve their firms' CSR legitimacy and performance in emerging markets. Consumers and societies in international markets today are paying more and more attention to such issues as corporate social responsibility (CSR) and sustainable development. Firms being able to meet the demands of institutional environments in international markets will find it easier to foster goodwill and obtain support from their customers, which in turn should enable them to do a good job in international marketing.

The rest of this paper is structured as follows. We first provide a brief review of the existing research on institutional environments, societal marketing and marketing performance, following which we propose a theoretical model that integrates the findings from the research. After that, we report an empirical study testing our hypotheses in the model, addressing along the way issues of data collection and data analysis. Finally, we report the findings and discuss their implications.

Literature Review and Hypotheses

Societal Marketing and Firms' CSR Image

According to research (e.g., Kotler and Zaltman 1971), societal marketing refers a set of ethical strategies or activities that incorporate societal-based considerations in their design and implementation and that are developed to influence the acceptability of products, services, social ideas, or an organization's attempts to relate to all of its publics (Kotler and Zaltman 1971). The aims of societal marketing include (1) striking a balance between consumer orientation, consumer needs, national and international resources, and the quality of the environment; (2) designing environmentally and morally compatible products; and (3) developing communication programs aiming at consumer education and information and avoiding deceptive advertizing claims and demeaning advertizing appeals (El-Ansary 1974, p. 318). Research has suggested that firms can differentiate themselves from their competitors by implementing societal marketing programs that enable them to create an emotional bond with customers and improve performance (see Kotler and Zaltman 1971 for some evidence of the effects).

Decades of research have produced numerous academic articles dealing with societal marketing, but the criticism has been made that so far societal marketing research has failed to present a holistic picture of trends and dynamics in the field. In other words, the studies so far have been too fragmented, diverse, and non-programmatic (Banerjee et al. 2003; Leonidou and Leonidou 2011). Moreover, since 1970s, there has been little advance in the theory of societal marketing (Crane and Desmond 2002). There has been no agreement either on the issue what activities should be seen as activities of societal marketing. For instance, some authors apply the concept of societal marketing to the issue of environmental protection only (Prothero 1990), and others argue that societal marketing should embrace more social and ethical agenda (e.g., Smith 1995). It would be helpful to understand how many activities should be considered as societal market activities.

To address these deficiencies, our current study proposes a new model that categorizes all activities relevant to societal marketing into three sets, allowing a more comprehensive examination of their relative effect on marketing performance. We discuss this model below.

Integrating literature from past research, we believe that there are at least three major dimensions to societal marketing: Environmental, social, and economic ones. Several authors have argued that environmental protection activities are an important element in societal marketing (Kotler and Zaltman 1971; Fisk 1973). The environmental dimension of societal marketing also deals with such issues as "ecologically concerned consumers" (Kinnear et al. 1974), "ecological marketing strategy" (Kassarjian 1971), "ecological concerns on brand perceptions" (Kinnear et al. 1974), and "environmental movement" (Leathers 1972). These studies have addressed concerns about the moral role of marketing in human society, and have contributed by highlighting in the marketing literature the significance of environmental issues (Crane and Desmond 2002; Leonidou and Leonidou 2011). As a new way to think about strategic planning, societal marketing is attracting increasing attention from stakeholders who want marketing activities to help prevent environmental pollution and preserve ecological balance.

Other authors have studied the social dimension of societal marketing. This refers to those strategies and activities that help to encourage sustainable consumption (Peattie and Peattie 2009), reduce social inequality and divisions, improve quality of life, and strengthen relationships between stakeholders (Cuthill 2010). Research has suggested that the social dimension of societal marketing should consider such factors as social capital, social infrastructure, social justice and equity, and engaged governance (Bansal 2005; Cuthill 2010). The social dimension of societal marketing requires firms to assume wider social responsibilities toward the various stakeholder groups and to their social environment; this will help them to better satisfy stakeholders' needs, ensuring their loyalty to and support for the firm (Baumgartner and Ebner 2010). Some authors suggest that the social dimension of societal marketing should also encompass internal staff development, and an ethical code that specifically fosters human survival and progress (Lafferty and Langhelle 1999).

According to the literature (Bansal 2005), the social dimension of societal marketing reflects firms' obligations to their society and stakeholders (Luo and Bhattacharya 2006). By creating a system of operational transparency where the value created is evenly distributed throughout the firm, firms can develop strong relationships with their stakeholders (Wood 1991; Hillman and Keim 2001), which can improve CSR legitimacy in their society.

Finally, some authors have stressed the economic dimension of societal marketing. According to these authors, societal marketing may be defined as the strategies and activities that allow firms to become more efficient and effective so that they can remain competitive in the market (Baumgartner and Ebner 2010). In other words, the economic dimension of societal marketing should enable a firm to become a durable participant in the market, and to make a positive impact both on the economic circumstances of its stakeholders and on systems at the local, national, and global levels. According to the literature, the economic dimension of societal marketing includes strategies and activities designed to safeguard shareholders' returns as well as to raise standards of living for poor people around the world (Sheth et al. 2011). These strategies and activities concentrate on innovation, cost reduction, and differentiation to maximize shareholder wealth (Carrigan et al. 2011). Some authors have identified creativity and innovation, product differentiation, and cost reduction as the most important elements of the economic dimension (López-Gamero et al. 2009), while others have suggested that the main objectives of this dimension are to improve earnings per share, create investor value, and increase competitiveness (Hillman and Keim 2001; Steurer et al. 2005). Here, value creation and competitiveness are aided by anything that helps reduce operating costs (Farrell 2005), generate revenue (Seth 1990), stimulate sales growth (Chirstmann 2000), improve relationships between buyers and sellers (Ulaga 2003), improve production processes (Porter and van der Linde 1995), and make government policies more business-friendly (Makadok 2001).

The three sets or dimensions of societal marketing can be complementary. For instance, Sharma and Vredenburg (1998) have shown that improving environmental societal marketing can sometimes improve firm performance and contribute to competitive advantage, and this in turn may have a knock-on effect on economic societal marketing activities. However, the three dimensions may also come into conflict. For instance, in order to lower marketing costs (i.e., to meet the demands of economic societal marketing), marketers may have to use materials that create more pollution, such as plastic bags and other non-recyclable packaging materials (a failure in environmental societal marketing terms). In an emerging economy such as China, marketers often have to choose their policy priority: Economic societal marketing first, social societal marketing first, or environmental societal marketing first?

According to the research of research of institutional environment, the priority, as discussed above, can be influenced by the institutional factors in a given society. Applying the perspective of institutional theory, we discuss further the effects of societal marketing in next section.

The Perspective of Institutional Environment and the Effect of Societal Marketing

The perspective of institutional environments is considered to offer a powerful explanation of both individual and organizational actions and processes (Dacin et al. 2002). According to this perspective, institutional elements influence the interpretation of issues or actions as they emerge and persist (Scott 2001), including the definition of societal marketing and marketing performances. Institutional environments consist of many social institutions such as social and cultural meaning systems, or norms, that are taken for granted and that define social reality (DiMaggio 1988; Scott 2001). These norms are the "rules of procedures that actors employ flexibly and reflexively to assure themselves and those around them that their behavior is reasonable" (DiMaggio and Powell 1991, p. 20), and which act as unwritten rules of proper social or organizational conduct to which organizations or individuals must adhere. Institutional theory suggests that both organizational and individual activities must reflect the norms of their institutional environments, and that therefore rather than being the result of a rational strategic purpose, organizations are "constructed as legitimate agents of great collective purposes, from technical rationality and social progress, to social integration and justice" (Meyer and Scott 1992, p. 1).

In studying institutional systems, Scott (2001) identified three institutional aspects, which are also called institutional pillars: The regulative, the normative, and the cognitive-cultural. According to research, all these three pillars or dimensions of institutional environments should influence the legitimacy of a firm's marketing activities and performances.

Firstly, the regulative (or legal) aspects may influence such activities as societal marketing. The regulative aspects of institutions most commonly take the form of regulations and laws (Scott 2001) that guide organizational actions and perspectives by coercion or the threat of government sanctions. In responding to regulative institutions, one might ask, "What are my interests in this situation?" (March 1981). One can identify several regulative elements of social institutions that are relevant to the activities of societal marketing throughout the world, such as those government regulations to protect the interests of consumers and to prevent environmental pollution. Considering their own interests, firms or organizations that operate in these societies are likely to obey or follow these government institutions.

Secondly, the normative (or social) aspects may also influence activities in marketing. The normative (or social) aspects of institutions generally take the form of rules of thumb, occupational standards, and educational curricula (Scott 2001). Their ability to guide organizational action and beliefs stems largely from social obligations. Organizations often comply with normative aspects in conformance to previously established norms. In responding to a normative institution, one might ask, "Given my role in this situation, what is expected of me?" (March 1981).

Some normative institutions can influence marketing activities. For example, in some East Asian societies, such as in Hong Kong, marketers show more respects to the law so that they are less likely to engage in illegal marketing activities. In some other East Asian societies, such as in mainland China, marketers show much less respects to the law. As a result, there have been more cases of doing marketing or promotion illegally (such as using others' brand names illegally) in mainland China today.

Finally, the cognitive (or cultural) aspects can also influence marketing (e.g., Bolton et al. 2010). The cognitive (or cultural) aspects of institutions embody symbols, words, signs, gestures, and the cultural rules and frameworks that guide the understanding of the nature of reality and the frames through which that meaning is developed (Scott 2001). Organizations usually abide by them without conscious thought (Zucker 1983), and these institutional aspects form a culturally supported and conceptually correct basis of legitimacy that becomes unquestioned (Hoffman 1999).

Several studies have provided evidence supporting this view. For instance, in societies with individualistic cultural value, marketers are more likely to focus on understanding and satisfying buyers' desires for novelty, variety, and individual gratification (Nakata and Sivakumar 2001). In terms of societal marketing, marketers in cultures valuing power distance will be less concerned about long-term relationships with stakeholders (e.g., employees and customers) and feel less responsibility for the community/state welfare (Carl et al. 2004; Ringov and Zollo 2007; Waldman et al. 2006).

Research has also suggested that the three dimensions or pillars of institutional environment not only directly influence marketing activities, but also interact among themselves. For example, the regulative institutions in a given market can be heavily influenced by its cultural institutions. These interactions can create joint effects on firms' societal marketing. Moreover the three pillars may not be equally significant in terms of their effects on firm activities, such as on those of societal marketing. In the rest of this section, we focus on the institutional environments in China, a major emerging market, and discuss the relationship between societal marketing and firms' CSR legitimacy.

According to research, it is arguable that the institutional environments in the Chinese market should influence the priority of societal marketing. Following previous research (Mackey et al. 2007; McWilliams and Siegel 2000), we define a firm's CSR legitimacy here as the public's perception of the extent to which it is willing to protect societal interests and maximize stakeholder benefits beyond its explicit transactional interests and the requirement of law. Many authors have discussed the constructs related to the legitimacy, such as corporate image and reputation (Argenti 1994; Dowling 1986; Gioia and Thomas 1996; Gray and Balmer 1998; Scott and Lane 2000), suggesting that firms' societal marketing activities may influence this legitimacy. Based on prior research, we discuss how societal marketing can lead to CSR legitimacy (i.e., a reputation/image of being socially responsible) below.

First, it has been argued that the environmental dimension of societal marketing can influence the legitimacy (Tallon 2008). Several authors have suggested that firms adopting pro-environment strategies are more likely to have positive consumers' attitudes and identification (e.g., Berger et al. 2007; Sen and Bhattacharya 2001). In other words, with environmental problems (e.g., climate change) demanding urgent solutions, consumers and their society as a whole should have increasing societal awareness for the protection of the natural environment. Therefore, the environmental dimension is playing an increasing critical role in marketers' survival and success (Crittenden et al. 2011; Hult 2011). The activities related to this environmental dimension enable firms/marketers to develop and market environment-friendly goods and services that are valued by customers and the society as a whole (Chan 2010; Chan et al. 2012; Crittenden et al. 2011), which in turn should improve the firms/marketers' legitimacy. Given this significant change in the business or marketing environments, if a firm is doing a good job protecting the environment, preventing pollution, or recycling, it is more likely to be seen as a firm with a good sense of CSR, which should increase firms' CSR legitimacy (Li et al. 2011).

In summary, the environmental dimension of societal marketing, such as those activities that help the protection of the environment, encourages firms to make great efforts to prevent environmental pollution and protect ecological balance (Stubbs and Cocklin 2008). This dimension of societal marketing is increasingly in line with institutional thinking around the world. Accordingly, a firm that is committed to preventing environmental pollution and preserving a balanced natural ecology is likely to be perceived as legitimate for being socially responsible. Accordingly, our first hypothesis is as follows:

Hypothesis 1a: There is a significant and positive relationship between a firm's environmental societal marketing and its legitimacy of being socially responsible.

According to research (e.g., Chow and Chen 2012; Madu and Kuei 2012), the social dimension of societal marketing may also improve a firm's CSR legitimacy. As mentioned above, the social dimension of societal marketing requires firms or marketers to assume wider responsibilities toward their various stakeholder groups; in essence, to assume social responsibility (Chow and Chen 2012; Madu and Kuei 2012). Since the social dimension of societal marketing focuses on satisfying stakeholders' needs and protecting their interests (Baumgartner and Ebner 2010), it is more likely to help their society achieve sustainable development. As a result, these activities of societal marketing should also lead to more CSR legitimacy or better CSR image. Accordingly, our second hypothesis is as follows:

Hypothesis 1b: There is a significant and positive relationship between the social dimension of a firm's societal marketing and its legitimacy of being socially responsible.

Finally, according to the literature (e.g., Clarkson 1995), the economic societal marketing may also positively influence firms' CSR legitimacy. Based on research (e.g., Hagen 2008), the economic dimension of societal marketing can be defined as the marketing activities with continuing commitment by marketers to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. According to this definition, the economic dimension of societal marketing can be critical to firms' CSR legitimacy. Without the financial resources from the marketing activities, a firm may fail to contribute to the economic development of its community, and fail to contribute money for improving its employees' quality of life.

On the other hand, if a firm can successfully implement a strategy of societal marketing which is economically sustainable, the firm should be able to obtain sufficient financial resources to contribute to the society. As a result, the firm is likely to improve its CSR legitimacy/image (Fry et al. 1982). As Bhattacharyya et al. (2008) pointed out, "Doing good by the rich and the powerful for the poor and the needy has always been seen as a virtue by most religions of the world" (p. 265). Yet it would be impossible for a firm to do good unless it is economically sustainable. Thus, our next hypothesis is:

Hypothesis 1c: There is a significant and positive relationship between the economic dimension of a firm's societal marketing and its legitimacy of being socially responsible.

As mentioned above, in spite of previous research, it remains unclear the relative importance of different societal marketing activities in terms of their effects on firms' CSR legitimacy. The testing of Hypotheses 1a, 1b, and 1c should help address this research gap, enabling us to gauge the relative importance of the economic, social, and environmental dimensions. Before reporting such a test, we first discuss some predictions on the relationship between firms' CSR legitimacy and their marketing performance.

CSR Legitimacy and Marketing Performances

According to research, firms' CSR legitimacy should have a positive effect on firms' marketing performance and sustainable development (e.g., Yang et al. 2011; Chow and Chen 2012; Madu and Kuei 2012). Specifically, empirical studies in marketing have shown that CSR can have a positive effect on consumers' attitudes toward a given marketer, its identity and its brands, which in turn may increase consumers' intentions to purchase and their purchase behaviors (see Berger et al. 2007 for more detailed review of the studies). Based on the research, we discuss below the possible effect of firms' CSR image/legitimacy on their marketing performance, including their successes in marking new products, on entry into new geographic markets and on marketing efficiency.

A) CSR Legitimacy may affect a firm's success when marketing new products. According to institutional theory, legitimacy is a key resource for corporate success—one that can induce customers to identify and develop a sense of connection with the firm (Bhattacharya and Sen 2003). For example, if customers perceive a firm to be socially responsible, they are more likely to identify themselves with it. This can increase the support and goodwill for the firm so that the firm will be more likely to do a good job in promoting new products.

In addition, according to research, a good reputation of being socially responsible is positively related to customer satisfaction, which is a key driver of long-term profitability and market value (Gruca and Rego 2005; Luo and Bhattacharya 2006). Also, customers with a high level of satisfaction are more likely to have a more positive attitude towards the firm's products (Berens et al. 2005). When a firm brings new products onto the market, these customers should be willing to try them and to engage in word-of-mouth marketing among their family members, colleagues, and friends, giving a further boost to the firm's marketing activity and performance.

Consistently several authors have suggested that activities in societal marketing can explain firms' marketing performance variations (e.g., Hult and Ketchen 2001; Ketchen et al. 2007; Murray et al. 2011). For instance, some authors have asserted that activities of societal marketing, such as environmental management, contributes to improvements in competitive advantage in marketing by lowering costs and improving differentiation (e.g., López-Gamero et al. 2009; Christmann 2000). Other authors have suggested that, if firms or marketers can better satisfy customers' demands, including the demand for firms' CSR, these firms are more likely to achieve superior marketing performance compared to competitors (e.g., Hult et al. 2005; Jaworski and Kohli 1993; Murray et al. 2011; Zhou et al. 2008). Taking these arguments together, we predict,

Hypothesis 2a: There is a positive relationship between a firm's CSR legitimacy of being socially responsible and its success in marketing new products.

B) *CSR legitimacy/image would make it easier for a firm to enter new geographic markets.* The main reason here is that a firm's CSR legitimacy signals to customers of the new markets that the firm cares their interests, and should contribute to their community (Fombrun and Shanley 1990; Spence 1974; Chow and Chen 2012). These signals serve as a very helpful, if intangible, resource for the firm in the new geographic market. In other words, the legitimacy here helps improve customers' perception of quality and customer goodwill (Andreassen and Lindestad 1998), helping a firm to succeed in the new geographic markets (Robertson 1993; Yoon et al. 1993).

In addition, given the institutional environments today, the legitimacy can also help firms to obtain the resources from the government and/or other social interests groups (e.g., Eisenhardt and Martin 2000; King and Tucci 2002). For example, local governments should be more supportive, other business partners, such as landlords or suppliers, should also be more cooperative, and local people will be more willing to join the firm as new employees (e.g., Cable and Graham 2000; Gatewood et al. 1993; Greening and Turban 2000). All these allow the firm to perform better in the new geographic markets. Thus, we propose that:

Hypothesis 2b: There is a positive relationship between a firm's CSR legitimacy and its success when entering new geographic markets.

C) *CSR legitimacy would improve a firm's marketing efficiency.* Marketing efficiency shows how firms can generate greater return given a certain amount of resources, or how it can generate a certain amount of return with less resources (e.g., Min and Wolfinbarger 2005; Murthi et al. 1996; Sevin 1965). Some authors have suggested that being socially responsible to help a firm to increase its efficiency and generate higher returns (e.g., Etzion 2009). Moreover, according to institutional theory, it is also arguable that this market efficiency can also be affected by a firm's CSR legitimacy. For instance, the legitimacy may help a firm reduce marketing costs and increase its return from sales (e.g., Murray et al. 2011; Zhou et al. 2008). The reasons are similar to those already mentioned: Customers tend to have higher identification with a firm that has a good CSR image/legitimacy so that they are more likely to accept its products. They should also be more willing to pay premium prices and make repeat purchases. All this should increase sales volume and/or profitability and improve the firm's sales returns (Gruca and Rego 2005; Luo and Bhattacharya 2006; Robertson 1993; Yoon et al. 1993). Also, as mentioned above, a firm's CSR image/legitimacy should make it easier for the firm to obtain better resources, which can also increase the firm's efficiency (e.g., McGuire et al. 1988; Moussavi and Evans 1986).

Hypothesis 2c: There is a positive relationship between a firm's CSR legitimacy and its marketing efficiency.

Method

Setting, Sample, and Data

We collected data from Chinese manufacturing firms in 2010 and 2011. This sample consists of both international and local firms conducting market activities in China. We selected this sample mainly because firms in this emerging market face more CSR-related challenges than do those operating in developed countries. For example, environmental pollution in China has now become a very serious problem. Moreover, in recent years, there have been many cases that marketers, including some from Western societies, ignore the public interests when conducting marketing activities in China (e.g., Zhuang and Tsang 2008). These cases also highlight the importance of promoting societal marketing in China. By setting the study in China, we should obtain more empirical evidence or knowledge that will help international firms become more socially responsible.

We randomly selected firms from both northern and southern China ($N=218$). Among these firms, 112 were from northern China and 106 were from southern China. In terms of ownership, 109 of them have international or overseas ownership. The largest firm employed 22,711 people and the smallest 187. In terms of industry sector, 38 of them were in the industry of construction materials, 127 of them were in the industry of electronics, and 53 were in the industry of chemistry. Table 1 shows additional information about our sample, such as their means and standard deviations.

We collected empirical data from three sources: Top management, middle managers who had knowledge about their firm's marketing activities, and stakeholders outside the firm. In each firm in the sample, we first invited members of top management to respond to a questionnaire measuring the firm's societal marketing activities, including those in environmental, social and economic dimensions. Here, top management refers to the CEO and other top executives. Second, we interviewed between two and five local stakeholders. These stakeholders were officials working in local government and consumer

Table 1: Means, standard deviations and correlations (N=218)

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Industry type	3.49	1.05										
2. Firm size	4.62	1.50	–0.20**									
3. Ownership	1.72	0.40	0.01	0.11								
4. Location	1.78	0.41	–0.12	0.10	–0.18*							
5. Environmental sustainability	5.07	1.26	0.01	0.22**	0.17*	0.17*						
6. Social sustainability	5.33	0.97	–0.03	0.30**	0.17*	0.19*	0.71**					
7. Economic sustainability	4.92	1.20	–0.03	0.24**	0.15*	0.20**	0.72**	0.65**				
8. Legitimacy	5.74	1.08	–0.04	0.15*	0.02	0.17*	0.34**	0.48**	0.32**			
9. New G-marker entry	5.43	1.28	–0.02	0.18**	0.09	0.10	0.66**	0.67**	0.60**	0.40**		
10. Marketing new products	5.41	1.14	–0.07	0.20**	0.04	0.15*	0.64**	0.68**	0.57**	0.38**	0.81**	
11. Marketing efficiency	5.38	1.19	–0.01	0.17*	–0.02	0.08	0.48**	0.44**	0.51**	0.36**	0.54**	0.52**

*p<0.05; **p<0.01

associations who were responsible for monitoring the operations and performance of the firms. We asked these stakeholders to assess the firms' CSR image/legitimacy with a questionnaire. Finally, we interviewed between three and five randomly selected mid-level managers with knowledge of the firm's marketing performances.

Measures

All items in our questionnaires were administered in Chinese but were originally constructed in English. We followed Brislin's (1980) recommended translation-back translation procedure to translate the original English language version into Chinese. A bilingual academic at a major university in Hong Kong who was blind to the objective of the survey translated it into Chinese and another bilingual academic back-translated the Chinese version into English. We then compared the two English language versions of the questionnaire and the two translators discussed and resolved the few cases of disagreement.

Dependent Variables

CSR image/Legitimacy According to research, a firm's CSR legitimacy can be defined as a status conferred by social actors (e.g., Ashforth and Gibbs 1990; Baum and Oliver 1991; Pfeffer and Salancik 1978). The social actors here include government regulators who have authority over a given firm (Baum and Oliver 1991) and those that can have significant influence on public opinions (Elsbach 1994). Accordingly, as mentioned above, we invited both local government officials in charge of environmental protection as well as those in local consumer association to assess firms' CSR legitimacy using an instrument adapted from a previous study measuring a firm's image/reputation of being socially responsible (Bansal 2005). This instrument consisted of five Likert-scale items, including "Compared with similar enterprises you know, this enterprise pays great attention to the interests of its social communities," "Compared with similar enterprises you know, this enterprise really cares about the opinions from its local communities," and "Compared with similar enterprises you know, this enterprise is far from the firm that only competes for its own interest." The response scales for each item ranged from 1 (*very strongly disagree*) to 7 (*very strongly agree*). Our data analysis later shows that this instrument has a good degree of reliability (Cronbach's alpha = 0.84). Moreover, between the scores from the government and those from local consumer associations, we have an inter-rater correlation of 0.91.

In addition, based on past research (Li et al. 2012), three dimensions of *firms' marketing performance* were measured. First, *marketing new products* was measured by means of a 2-item scale (1 = strongly disagree; 7 = strongly agree): "We can successfully market new products regardless of the market competition," and "We can successfully market new products according to the demands of our customers." The Cronbach's alpha of this scale is 0.83. Second, *new geographic-market entry* was measured by means of a 3-item scale (1 = strongly disagree; 7 = strongly agree). Items include "We can successfully open new regional or international markets," and "In new geographic markets, we can successfully adapt to the new environment and market our products." The Cronbach's alpha of this scale is 0.87. Finally, *marketing efficiency* was also measured using a 2-item scale

(1 = strongly disagree; 7 = strongly agree): “Compared with industry average in the past 2 or 3 years, our capability of making profit is higher,” and “Compared with industry average in the past 2 or 3 years, our return on investment is higher.” The Cronbach’s alpha of this scale is 0.79.

Independent Variables

The environmental dimension of societal marketing was assessed using a questionnaire adapted from past research (Chan 2005; Bansal 2005). This questionnaire has ten 7-point Likert-scale items. Sample items include “This firm is making great efforts to take actions to reduce the consumption of energy,” “This firm is making great efforts to recycle as much as possible,” and “This firm is making great efforts to minimize all negative impacts of its operation on the environment.” Our data analysis later shows that this instrument has a good degree of reliability, with a Cronbach’s alpha of 0.91. As noted earlier, representatives from top management were asked to respond to these items. The scores were aggregated for each team and used to measure the environmental dimension of the firm’s societal marketing.

The economic dimension of societal marketing was measured with a questionnaire adapted from that developed by Bansal (2005). This instrument has six 7-point Likert-scale items. Examples include “This firm is making great efforts to be creative by developing core technology that can be applied in other areas,” “This firm is making great efforts to co-operate with government officials to protect its interests,” and “This firm is making great efforts to improve its products so that they can differentiate from those of its competitors.” Our data analysis later shows that this instrument has a good degree of reliability, with a Cronbach’s alpha of 0.86. Again, representatives from top management responded to these items. The scores were then aggregated for each team and used to measure the economic dimension of societal marketing.

Finally, the *social dimension of societal marketing* was assessed using a questionnaire adapted from past research (Bansal 2005; Lichtenstein et al. 2004). This questionnaire has nine Likert-scale items. Sample items include “This firm is making great efforts to participate in more non-profit-oriented community activities,” “This firm is making great efforts to protect public interests when making major business decisions,” and “This firm is making great efforts to make contributions to its local community.” Our data analysis later shows that this instrument has a good degree of reliability, with a Cronbach’s alpha of 0.90. Again, top managers responded to these items. The scores were aggregated for each team and used to measure the social dimension of the firm’s societal marketing.

Control Variables

We controlled for the effects of several variables, which were firm size, firm location, firm ownership, and the industry sector in which the firm was operating. Firm size was measured as the natural log of the total number of employees. Firm location coded whether the firm was located in southern or northern China, with southern China coded as 1 and northern China as 0. Firm ownership indicated whether or not the firm was international-owned. A firm with international or overseas ownership was coded as 1; otherwise it was coded as 0. Finally, the industry sector was coded as construction materials = 1, electronics = 2, and chemistry = 3.

Measures Validation

Confirmatory factor analysis (CFA) was used to assess convergent and discriminant validities of the measurement model, in which each questionnaire item loaded only on its respective latent construct and all latent constructs correlated. The measurement model fit the data satisfactorily (i.e., goodness-of-fit index (GFI) = 0.91, comparative fit index (CFI) = 0.93, and root mean square error of approximation (RMSEA) = 0.06), and all factor loading were statistically significant ($p < 0.001$) (see Byrne 1998 for a discussion of the thresholds). These results provide support for the convergent validity as all factor loadings are statistically significant with critical t values ranging from 17.22 to 29.19 ($p < 0.001$) and the standardized factor loadings values ranging from 0.58 to 0.92.

To test discriminant validity of the measures, we conducted chi-square difference analyses for all the constructs in pairs to determine whether the constrained model (correlation fixed at 1) was significantly worse that the unconstrained model (correlation estimated freely). All the chi-square differences were highly significant (e.g., environmental dimension versus social dimension: $\Delta\chi^2 = 9.54$, $p < 0.01$), which showed support for the dicriminant validity (Gerbing and Anderson 1988). All these show that our measures have acceptable reliability and construct validity.

Results

Table 1 shows the descriptive statistics for the firms and correlations for all variables tested in the study. Because the data came from three different sources, the findings are unlikely to be threatened by multicollinearity, as evidenced by the correlation matrix. The data in Table 1 show that firm size is positively related with all three dimensions of societal marketing; in other words, in China, large firms seem to have more commitment to activities related to societal marketing. In addition, firm location is positively correlated with the three dimensions of societal marketing, with firms in the south seeming to pay more attention to the issue of sustainable development.

To test our hypotheses, we used the approach of hierarchical regression analysis. To further ensure that our estimates in the regression analyses were not biased by multicollinearity, we calculated variance inflation factors (VIF) for all the regression models. Each of the models had a VIF score lower than 10, the recommended threshold (Gujarati 2003). Therefore, we concluded that multicollinearity had not biased the findings.

In the first regression, we entered firms' CSR legitimacy as a dependent variable, along with the four control variables (firm location, size, ownership, and industry type; see Model 1). Next, we entered the three dimensions of societal marketing – the economic dimension (Model 2), the environmental dimension (Model 3), and the social dimension (Model 4).

Table 2 shows the results of the analyses. First of all, large firms had better CSR legitimacy than did smaller firms ($\beta = 0.16$; $p < 0.05$; Model 1). Also, firms in the south had

Table 2: Regression analysis on firm legitimacy

	Model 1	Model 2	Model 3	Model 4
Control variables				
Industry type	−0.01	−0.02	−0.02	−0.01
Firm size	0.16*	0.11	0.03	0.10
Ownership structure	−0.07	−0.06	−0.03	−0.07
Location	0.15*	0.07	0.0	0.10
Independent variables				
Environmental sustainability		0.29**		
Social sustainability			0.45***	
Economic sustainability				0.28**
F statistic	2.618*	5.243***	10.50***	8.203**
Ad. R^2	0.06	0.23	0.33	0.35
ΔR^2		0.17**	0.27***	0.29**

$N=218$

*$p<0.05$; **$p<0.01$; ***$p<0.001$

better CSR legitimacy than their counterparts in the North. The effects of other control variables were not significant.

All three dimensions of societal marketing, when tested in Models 2, 3, and 4, had a significant and positive relationship with firms' CSR legitimacy. In addition, based on the data, the societal dimension of societal marketing seems to be the most effective in building the legitimacy ($\beta=0.45$; $p<0.001$; Model 3), which is much higher than that for the environmental dimension ($\beta=0.29$; $p<0.01$; Model 2) and that for the economic dimension ($\beta=0.28$; $p<0.01$; Model 4). These results support hypotheses 1a, 1b and 1c. The results also reflect a characteristic in China's institutional environment, i.e., the social dimension of societal marketing seems to be the most effective for building the legitimacy in the Chinese market.

To test the rest of the hypotheses, we still used hierarchical regression analysis. We entered firms' performance in marketing new products as a dependent variable. After that, we entered the four control variables (firm location, size, ownership, and industry type; Model 1). Finally, we entered firms' the legitimacy (Model 2).

Table 3 shows the results of the analysis: Large firms seemed to perform better on this dimension of marketing performance ($\beta=0.17$; $p<0.05$; Model 1). However, the effects of other control variables were not significant on the performances of the firms.

The data in Table 3 support hypothesis 2a. Specifically, according to the data in Model 2, firms' CSR image/legitimacy had a significant and positive relationship with their success in marketing of new products ($\beta=0.34$; $p<0.001$; Model 2).

Using the same approach of regression analysis, we also tested the effect of CSR legitimacy on the other two dimensions of societal marketing—success in entering new geographic markets, and marketing efficiency. Model 3, 4, 5 and 6 in Table 3 show the results of the analyses, which are consistent with the predictions regarding the effect of the image/legitimacy (i.e., Hypotheses 2b and 2c). On the one hand, the data in Model 3 and 4 support Hypothesis 2b, which predicts that the firms' CSR image/legitimacy had a significant

Table 3: Regression analysis on marketing new products, new geographic market entry and marketing efficiency

	Marketing new products		New market entry		Marketing efficiency	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Control variables						
Industry type	−0.02	−0.02	−0.01	0.03	0.02	0.04
Firm size	0.17*	0.12	0.18*	0.09	0.16*	0.14*
Ownership structure	0.02	0.02	0.03	0.08	0.03	−0.06
Location	0.10	0.05	0.11	0.01	0.10	−0.04
Independent variables						
Firm legitimacy		0.34***		0.37***		0.35***
F statistic	2.58*	7.54***	2.61*	7.18***	2.55*	6.88***
Ad. R^2	0.07	0.18	0.05	0.25	0.08	0.18
ΔR^2		0.11***		0.20***		0.10***

$N=218$

*$p<0.05$; **$p<0.01$; ***$p<0.001$

and positive effect both on their success when entering new geographic markets ($\beta=0.37$; $p<0.001$; Model 4). On the other hand, the data in Model 5 and 6 support Hypothesis 2c, which predicts that the firms' CSR image/legitimacy had a significant and positive effect on the firms' efficiency in conducting marketing ($\beta=0.35$; $p<0.001$; Model 6).

Discussion, Implications, and Future Studies

Integrating prior research on societal marketing, CSR legitimacy and firm performance, we examine the relationships among the variables in a major emerging market, i.e., P.R. China. Theoretically and practically, the findings from our current study have made some important contributions. In this section, we are discussing these contributions together with the implications of our research findings to academic researchers as well as to managerial practitioners.

Theoretical Implications

Theoretically, the findings from our current study have several implications to the research on societal marketing. Firstly, our current study develops a theoretical model that summarizes all activities in societal marketing. Since it emerged in the early 1970s, the literature of societal marketing has been promising a more ethical approach or strategy for marketing. However, as several authors have pointed out (e.g., Crane and Desmond 2002), the literature on societal marketing has remained sketchy and underdeveloped, particularly with respect to its underlying (and largely implicit) moral agenda. By making the moral basis of societal marketing more explicit in terms of corporate social responsibility, our current study helps the development of research on societal marketing. Moreover, as mentioned above, the construct of societal marketing has remained unclear since 1970s. Some authors refer the construct of societal marketing as mainly the activities of environmental protection (e.g., Prothero 1990), while others suggest that societal marketing should embrace more social agenda (e.g., Smith 1995). By proposing a construct of societal marketing with three dimensions, such as the environmental and social dimension, our current study provides a theoretical extension of the societal marketing construct. This extension should help improve the research of societal market. Without a comprehensive model, for instance, past research of societal marketing generally consider only one or two aspects of societal marketing and failed to consider the relative importance of these activities. Our current model helps to overcome this weakness by proposing a comprehensive testing of all major elements in societal marketing and their effects on firm behavior/performances. Future research can test further both the direct and indirect effects of societal marketing by taking into account more contextual and situational factors.

Secondly, for academic research, our current study provides empirical evidence which allows a better investigation of the relationship between activities of societal marketing on the one hand and building CSR image/legitimacy on the other. Insufficient research has been conducted on this relationship so far, and the relationship between societal marketing and building CSR image/legitimacy remains unclear. Our current study helps to bridge this research gap by identifying significant effects of societal marketing activities on firms' CSR image/legitimacy. In other words, our current study tests the relevance of different activities related to societal marketing for the building of firms' CSR image/legitimacy. Specifically, our current research identifies and explores three dimensions of societal marketing: An environmental dimension, a social one and an economic one. The relative importance of the dimensions on the CSR image and its consequent performance is tested accordingly. All these contribute to the research of societal marketing and CSR.

Thirdly, the results from our current study help further understanding the relationship between CSR legitimacy and firms' marketing performances. Not all past studies support the positive effects of CSR on firms' performances, such as their financial performances. One major shortcoming with the past studies is that they paid insufficient attention to firms' marketing performances. Yet, according to research, it is arguable that marketing performances are more likely to be influenced by a firm's image or legitimacy in the society. Although firms' marketing performances may or may not have any significant relationship with their financial performances, the marketing performances, as our data suggest, may be influenced by firms' CSR legitimacy significantly. Considering the findings from our current study, one can ask several interesting questions, which can be tested in future studies. For example, are there any factors moderating the relationship between CSR legitimacy and firms' marketing performances? Are there any factors moderating the relationship between firms' marketing performances and their financial performances? Finally, should a firm's CSR image/legitimacy influence other dimensions of its performances, such as the turnover of employees? It would be of interests to study all these issues in the future.

Finally, our current study collected empirical data from China, one of the major emerging markets in the world. The findings from our current study contribute to the literature of international management business by showing the relative importance of societal market activities in the East Asian country. According to the data, the economic and environmental dimensions of societal marketing may not help building firms' CSR legitimacy as effectively as the social dimension does. In other words, in China's institutional environment today, the social dimension of societal marketing seems to be more important for building firms' CSR legitimacy, which in turn can have a positive effect on firms' marketing performances.

The relative importance of the three dimensions of societal marketing, as discussed above, actually reflects the relative effects of the three institutional pillars, i.e., the regulative, the normative, and the cognitive-cultural ones (Scott 2001). Specifically, in the Chinese market today, the regulative pillar should have more influences on the environmental dimension of societal marketing. The reason is that the issues related to environmental protection in China today are mainly subjected by government regulations and monitoring. In fact, even with government regulations, many firms may still ignore the issues if they believe that the government may not watch them very effectively. In addition, the cultural pillar should have more influence on the economic dimension of societal marketing. One related example here is the Chinese entrepreneurship, which is a dimension of the Chinese culture influencing the way the Chinese communities conduct business (see Hofstede and Bond 1988 for a detailed discussion of this culturally-specific construct). Finally, the normative pillar may have the most significant effects on the social dimension of societal marketing. Many activities related to this dimension of societal marketing, such as making donations to local schools or hospitals, are not related to government regulations. These activities may not have much to do with the traditional Chinese culture, such as Confucianism, either. It is the normative pillar that is most likely to influence the activities on the social dimension of societal marketing. According to these arguments, we propose a conceptual model on the relationships among institutional pillars, societal marketing, CSR legitimacy and marketing performances in the Chinese market. Although this model is developed based on the environmental characteristics in the Chinese market, we believe it may also be applicable to firms in other emerging markets (Fig. 1).

In addition, our data also suggest some other characteristics of China's institutional environment: For instance, the data from this study also suggest that larger firms have significantly higher CSR legitimacy than do the small ones in the Chinese environment today. This significant difference may be attributed to the fact that large firms often attract more government and public attentions. Also, large firms in China also have more resources to conduct philanthropic activities, such as those related to the social dimensions of societal marketing, which also help improves the rating of CSR image/legitimacy for the large firms.

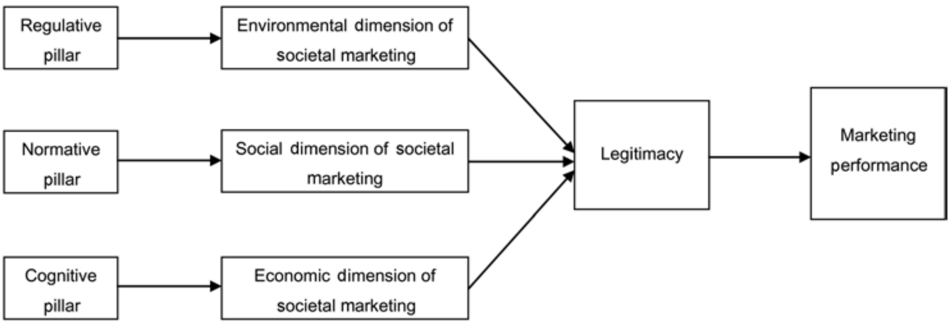

Fig. 1: Relationship among institutional pillars, societal marketing, legitimacy and marketing performances in the Chinese market

Practical Implications

Practically, the findings from our current study also have some important implications. This is especially true for managers trying to develop their firm image/legitimacy and improve firm performances in emerging economies. Specifically, our findings suggest that all three dimensions of societal marketing can help firms to improve their CSR image/legitimacy. The improved CSR image/legitimacy, in turn, is likely to lead to better firm performances.

In addition, different from research findings of developed economies (e.g., Bird et al. 2007), our data show that the social dimension of societal marketing activities is the most effective when it comes to influencing a firm's CSR image in an emerging economy such as China. The implication of this finding is that, when operating in different economies, managers should consider the difference in institutional environments, including the difference in local cultures. In China's institutional environment today, for example, people seem to focus more on the social dimension of firms' marketing activities. One reason explaining this focus is that the news coverage in China is more likely to report firms' contributions to the social dimension of the society. In other words, if a firm is making more contribution to the society, it will be likely to have more positive news coverage, and its CSR image/legitimacy can be improved effectively. On the other hand, if a firm is making little contribution to the society or doing little on the social dimension of societal marketing, it may have little positive news coverage, and its CSR image/legitimacy may not be very good.

This finding, as discusses above, may be useful for international firms operating in other emerging economy or developing countries where the average income is at a low level and a large proportion of local people are still living in poverty. In these economies or societies, the institutional environments may favor those international firms that can do better on the social dimension of societal marketing.

Consistently, another implication is that, when a given international firm has insufficient resources to do well in all dimensions or all activities related to societal marketing, it may focus on the social dimension of the societal marketing first. For instance, it can make more contribution or donations to those activities helping to solve the problems related to poverty or poor education. In other words, where resources are limited, international firms trying to establish or improve their CSR image/legitimacy in emerging economies may first consider the social dimension of societal marketing.

Finally, according to the findings in this current study, a firms' CSR image/legitimacy can have a positive effect on its marketing performances, such as those related to marketing new products, entering new geographic markets, and improving marketing efficiency. The reason is that, as we have pointed out above, consumers as well as communities in modern societies are paying more and more attention today to such issues as corporate social responsibility (CSR) and sustainable development. Firms being able to meet the demands of institutional environments in international markets will find it easier to foster goodwill and obtain support from their customers, which in turn should enable them to do a good job in international marketing. Indeed, as we have discussed above, research has shown that a firm's CSR image/legitimacy is more likely to lead to higher satisfaction and goodwill among its customers, retailers, and other business partners, which in turn can improve the perception of its brand and increase its market value (e.g., Luo and

Bhattacharya 2006; Wagner et al. 2009). Accordingly, for managements of firms competing in international markets, it can become more and more important to understand the approaches to improving their CSR image/legitimacy so that they can have good marketing performances.

It should be pointed out that, although a firm's marketing performances may or may not have a positive relationship with its financial performances (at least in a short run), the marketing performances should be very critical for an international firm that has just entered an emerging economy or a developing country. With consistently outstanding marketing performances, for instance, a firm should be able to increase its economy of scale and achieve other competitive advantages step be step, which should consequently help the firm to improve its financial performances in a long run.

Limitations

Although our current study has obtained interesting findings, these findings and their implications should be interpreted against a backdrop of our study's limitations. First of all, a major limitation of this study is that the study has been conducted in China only. As a result, the external validity of findings from this study in other cultures remains unclear. Future research should address this research gap by testing the same hypotheses in other economies, such as those in Western cultures. In this way, we can understand better the external validity of the findings from this study.

In addition, the sample size of our current study is small, which prevents us from testing some interesting issues. For instance, it would be of interests to test our hypotheses in several categories of firms with different numbers of employees (e.g., 100–1,000, 1,000–2,000, …). Yet, because of our small sample size, the number of firms in some categories (sub-sample size) is not large enough for running hierarchical regressions. For instance, we have only nine firms that have more than 10,000 employees, and the majority of the firms are small ones with about 1,000 or less employees. In other words, only the category of small firms has a sample size large enough for running hierarchical regression analyses. Future studies should try to increase sample size so that we can test the effects of firm size more effectively. Also, it would be interesting to test the effect of state-ownership on firms' image/legitimacy. Our current study collected data from 218 firms, but only 39 of them have state-ownership, which may not be sufficient for running hierarchical regression analyses. Future studies should collect data from more firms with state-ownership so that we can test the effect of state-ownership more effectively.

Finally, the issue of local culture should also be considered further in future studies. As data in Table 2 show a significant effect of cultural difference between the South and the North of China, it would be of interests to collect more data to test our hypotheses in the South and in the North respectively. Given a larger sample, we should be able to understand better the effects of local cultures in different parts of China.

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Appendix (A): Measurement scales

Construct and source	Description	Standardized loading
Environmental dimension	Reducing impact on animal species and natural habitats	0.58
(Chan 2005; Bansal 2005)	Undertaking effective actions for environmental restorations	0.87
	Reducing wastes and emissions from operations	0.69
	Reducing purchases of non-renewable materials, chemicals, and components	0.92
	Reducing energy consumption	0.85
	Reducing the environmental impacts of its products	0.88
	Reducing likelihood of environmental accidents through process improvement	0.91
	Disposing waste responsibly	0.89
	Using waste as inputs for own processes	0.59
	Handling or storing toxic waste responsibly	0.89
Social dimension	Improving employee or community health and safety	0.87
(Bansal 2005; Lichtenstein et al. 2004)	Recognizing and acting on the need to fund local community initiatives	0.83
	Protecting claims and rights of aboriginal peoples or local community	0.91
	Showing concern for the visual aspects of the firm's facilities and operations	0.72
	Communicating the firm's environmental impacts and risks to the general public	0.89
	Considering interests of stakeholders in investment decisions by creating a formal dialogue	0.65
	Committing to non profits	0.88
	Contributing to local community	0.89
	Benefiting to community	0.78
	Charitable donations	0.81
Economic dimension	Selling in large quantity to achieve the economy of scale	0.90
(Bansal 2005)	Reducing costs of inputs for same level of outputs	0.89
	Reducing costs for waste management for same level of outputs	0.72
	Working with government officials to protect shareholders' interests	0.75
	Creating spin-off technologies that could be profitably applied to other areas of the business	0.88
	Differentiating the process/product based on the marketing efforts	0.91

(continued)

Construct and source	Description	Standardized loading
CSR legitimacy	Compared with similar enterprises you know, this enterprise pays great attention to the interests of its social communities	0.88
(Bansal 2005)	Compared with similar enterprises you know, this enterprise really cares about the opinions from its local communities	0.73
	Compared with similar enterprises you know, this enterprise is far from the firm that only competes for its own interest	0.86
	Compared with similar enterprises you know, this enterprise maintains good relationship with local communities	0.84
	Compared with similar enterprises you know, this enterprise often makes contribution to the development of local communities	0.61
Entry of new geographic markets	We can successfully open new regional or international markets	0.77
(Li et al. 2012)	In new geographic markets, we can successfully adapt to the new environment and market our products	0.83
Marketing new products	We can successfully market new products regardless of market competition	0.78
(Li et al. 2012)	We can successfully market new products according to the demands of our customers	0.81
Marketing efficiency	Compared with industry average in the past two or three years, our capability of making profit is higher	0.88
(Li et al. 2012)	Compared with industry average in the past two or three years, our return on investment is higher	0.90

All factor loadings are significant at $p < 0.001$

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