Dared to Care: Organizational Vulnerability, Institutional Logics, and MNCs’ Social Responsiveness in Emerging Markets

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A significant gap exists in our understanding of what explains the varying responses of multinational corporations (MNCs) to social issues in emerging markets. Arguably, in a setting where both market institutions and regulations and norms of corporate social responsibility are underdeveloped, it is more difficult for corporations to take actions beyond those that serve their immediate economic interests. Proposing a social movement perspective on MNCs’ responsiveness to social issues in emerging markets, we identify the mechanisms by which online activists grab firms’ attention and force them to become more socially responsive. A perception of organizational vulnerability and a home-country institutional logic that is consistent with the demands of the online campaign provide political opportunity structures that hasten the corporate response but affect the magnitude of firm response differently. We test our framework in the empirical context of corporate philanthropic action following the 2008 earthquake in Sichuan province in China, which triggered an online campaign that questioned MNCs’ donations to the disaster relief effort. Our study contributes to the literature on heterogeneous organizational responses to social movements, a better understanding of the antecedents for MNCs’ social responsiveness in emerging markets, and research on MNCs.

Key words: social movement; institutional logic; corporate social responsiveness; emerging markets; MNCs; disaster

Introduction

Firms that expand into emerging economies experience the competing stakeholder demands faced by many modern corporations. On the one hand, they benefit from low-cost labor, weaker legal protection of the environment, and government incentives such as tax breaks, which enhance their profitability (Vernon 1998). On the other hand, they raise local expectations that they will contribute to the well-being of society in the host country through social initiatives such as philanthropy (Marsden 2000). Studies suggest that some companies are more socially responsible than others (Christmann 2004), but a significant gap exists in our understanding of the antecedents that explain variations in corporate participation in social initiatives in emerging markets (Margolis and Walsh 2003).

The institutional perspective on corporate social responsibility (CSR) underlines the lack of social participation among firms in emerging markets (Campbell 2007), arguing that institutional conditions such as legal infrastructure, monitoring by government and nongovernmental organizations (NGOs), and community norms play a crucial role in whether corporations take on social responsibilities because they shape corporate incentives and preferences (Campbell 2007, Galaskiewicz 1997, Marquis et al. 2007). Given the monitoring difficulties in emerging markets (Khanna and Palepu 2000), there are fewer constraints on opportunistic corporate behavior and a lack of institutional channels through which stakeholders and the general public can exert an influence on businesses. CSR regulations and norms are either nonexistent or weak. In China, for example, as the pursuit of profit has become the dominant goal amid weak market institutions, multinational corporations (MNCs) as well as domestic firms have been found to engage in socially irresponsible behavior ranging from the exploitation of labor and the environment to fraud, tax evasion, and corruption (Beamish and Bapuji 2008, Luo 2006). Other research has found that, in many instances, U.S.-based MNCs’ engagement in social initiatives in Latin America is below home standards (Torres-Baumgarten and Yucetepe 2009). However, the institutional perspective does not fully explain why some firms do engage in social initiatives despite weak institutions.

The strategic perspective reasons for a higher level of social involvement by firms, but it still fails to explain variations between them. It focuses on the instrumental value of CSR in improving intangible assets such as firm
reputation and overcoming the liability of foreignness (Gardberg and Fombrun 2006). Being socially responsible offers a means to differentiate the brand, build a positive image, and overcome nationalist bias. But whereas strategic concerns may partially explain social responsiveness among some MNCs, they do not account for the absence of CSR among others. Indeed, the literature has not systematically addressed why some firms are more likely to take action than others, or in what circumstances.

We propose a social movement perspective on MNCs’ social responsiveness in emerging markets, drawing on the social movement perspective on corporate change (den Hond and de Bakker 2007, King and Pearce 2010). This perspective, which has traditionally been used to examine social movements targeting government (McAdam et al. 1996), has increasingly been extended to enhance our understanding of market and corporate changes (Davis et al. 2005, Reid and Toffel 2009). Social movements are seen as forces that challenge powerful incumbents and the norms they represent, and thus they may serve as an important spur to MNCs’ social responsiveness in emerging markets where the institutional pressure on them to act beyond their immediate economic interests is relatively weak.

Building on the social movement literature on corporate responses (King 2008, Weber et al. 2009), we posit that variations in social responsiveness among MNCs are the result of the movement tactics and the political opportunity structures corporations provide for the movement influence. Specifically, we identify mechanisms whereby the tactics of the online campaign prompted a corporate response. Online activism—the use of the Web to voice, educate, mobilize, and press for change—has become increasingly popular in the past decade (Earl and Schussman 2003), notably in emerging markets where social movement organizations and other more organized forms of activism (such as protests and rallies) are prohibited by government. We argue that the online campaign elicited a corporate response both through targeted shaming and by creating more diffuse pressure to mold public opinion and evoke social comparisons among firms. The power of online activists resides primarily in their ability to tarnish corporate public image (King 2008).

We further argue that, in cases where firms are not direct targets of shaming, organizational vulnerability as well as the alignment between the institutional logic of the MNC’s home country and the demands of the movement campaign serve as important political opportunity structures by which activists gain MNCs’ attention and, ultimately, a response. In the first instance, a sense of organizational vulnerability will prompt MNCs to meet the campaign’s demands because the threat of being sanctioned will seem more credible to corporate executives. In the second instance, if the activist campaign’s demands are consistent with the institutional logic of the MNC’s home country, they will be seen to have greater legitimacy and thus elicit less corporate resistance and a faster response. Furthermore, we posit that the pressure exerted by the campaign and the perceived legitimacy of its claims influence the magnitude of the corporate response differently (Zald et al. 2005).

Our empirical context is corporate donations made by subsidiaries of MNCs in China following the catastrophic earthquake in Sichuan province on May 12, 2008. At the time, there were few institutional expectations of, or incentives for, corporate philanthropy in China. It was not customary for civic associations to solicit help from the corporate sector (Wang 2006a). The communist ethos and state control of resources in the mid-20th century prevented accumulation of private wealth, thereby eradicating philanthropy. Western philanthropic traditions, from volunteering to philanthropist business magnates, had not been common in China (McGinnis et al. 2009). The earthquake prompted an online appeal for corporate giving, the publicizing of donation information, and the compilation of “stingy” MNCs (who gave nothing, or not enough). There were even calls for the latter to be boycotted. The insurgent nature of the online campaign was reflected in the fact that Internet users advocated a role that MNCs in China had not been accustomed to playing for three decades (McGinnis et al. 2009). Both the earthquake and the activism caught them off guard. In response, many MNCs—as well as domestic firms—donated to such an extent that the year 2008 is widely regarded as the first year of CSR awareness in China (Liu 2008). Many others, however, did not. This disaster provides a quasi-experimental setting that allows us to observe firm reactions.

Our study contributes to the literature on heterogeneous organizational responses to social movements by examining how a new type of mobilizing tactic—the online campaign—can command firms’ attention. We extend the research on sources of political opportunity to include organizational vulnerability and institutional logic. These political opportunity structures help to explain the variations in corporate response, especially when firms were not directly targeted by the activists. By applying the social movement perspective, we contribute to a better understanding of the antecedents of corporate giving by MNCs—and potentially of corporate social responsibility in general—in contexts where institutional pressures for CSR are weak. Existing research on CSR has largely focused on the link between corporate social behavior and various firm outcomes, rather than on the antecedents of firms’ social engagement (Margolis and Walsh 2003). Last, our study contributes to research on MNCs by deepening our understanding of the dual legitimacy pressures they face from home and host countries.
Beyond its theoretical contribution, this study is unique by virtue of the research context. It is not often that quality data on corporate giving can be obtained from an emerging economy. Neither obtaining data on social movement campaigns in a one-party state nor being able to follow firms’ responses to a natural disaster so closely is easy. We were able to do these because of the deliberate publicizing of such information by the online campaign. This rare opportunity allowed us to test our arguments rigorously.

The Context: A Call to Action by Online Campaign After the Sichuan Earthquake

On May 12, 2008, an earthquake measuring 8.0 on the Richter scale struck the Sichuan province in China, causing 69,226 known deaths and leaving 4.8 million people homeless (Zhang et al. 2010). The event provided a catalyst for an online campaign against MNCs investing in China.

Broader social tensions and the rise of the Internet as a channel for public opinion help to explain the eruption of online activism in China. The thrust toward a market economy in the past three decades had created serious social problems—such as the huge gap between rich and poor and product safety issues—breeding public dissatisfaction with the pursuit of profit-centered corporate activity and unbridled market expansion (Polanyi 1944). Undue exploitation of local labor and the natural environment by MNCs, together with an awareness of their “double standards” toward customers in host and home countries, fostered a sense of grievance and distrust. However, MNCs in China were under no legal or normative pressure to shoulder social responsibilities. Some Chinese scholars noted the general lack of public expectation for CSR in this period (Wang 2006a).

With the rapid rise of the Internet, users became more proactive in raising their voices. In June 2008, China had an estimated 253 million Internet users (Huang et al. 2008), most of them young people. They were seen as a means to exert public pressure on issues ranging from corruption to irresponsible behavior among corporations (Chinese Academy of Social Science 2005). Because organized protests were often prohibited by the government, and conventional media channels (press and television) were under government control, the omnipresent Internet became the main channel through which the public made its voice heard. As noted by Sam Flemming, founder and chairman of the Internet public relations firm CIC, “The World Wide Web now serves essentially as an amplifier, vastly increasing the reach and influence of word-of-mouth conversations on brands that previously took place off-line. The migration online has not only increased the potential reach of comments on brands to some 250 million Chinese netizens; these comments are also now archived, so that they are rarely forgotten and can be easily referenced again later” (quoted in McGinnis et al. 2009).

Shortly after the quake, when the first corporations began to donate to disaster relief, Internet users began to voice expectations for corporate contributions via online communities, blogs, and bulletin-board systems. Compared with the quick response and large donations made by some domestic firms, MNCs reacted relatively slowly and donated less. This created a perception that their contributions were not commensurate with their market presence in China. Online activists quickly grasped this disparity and started to voice their discontent.

On May 13, Xinmin Net published an online article titled “Facing China’s Earthquake, What Are MNCs Doing?” (as cited by Hou 2008). Some Internet articles argued that MNCs were making fortunes out of China’s preferential policies and cheap labor and should therefore return the favor in times of need. Others evoked traditional Chinese values of generosity and compassion, contrasting the wealth of companies with the devastation in disaster-stricken areas to press the case for corporate donations (Xiu 2008). Such framing helped to legitimize their claims and grow the online campaign (McAdam et al. 1996). For instance, a well-known commentator, Shimin Chen, blogged,

Recently, some articles point out that some MNCs have voluminous business in China but donated too little or even did not donate at all. I think that we should be clear about this in our heart. At least until now, 500 largest MNCs in China did not donate much…. We express our gratitude to those who donated and keep in mind those that did not donate. The key is to support domestic products in everyday consumption. The most undesirable behavior is to buy foreign products while blaming MNCs for donating too little. (Chen 2008)

Another Internet user commented,

Whom should we rely on to help us in time of crisis? Please look at company donation. We should be clear about the importance of supporting homemade products…. Many MNCs occupy large market shares and made tremendous profits in China, but where are they when Chinese people are living in hot water?

(Anonymous 2008)

The mobilizing tactics of the online campaign consisted primarily of targeted shaming and widespread dissemination of donation information and advocacy. Two days after the earthquake, a list of MNCs, dubbed international “iron roosters” (tie gongji, a Chinese idiom for stingy people), began to circulate on the Internet, targeting those that had not donated or whose donations were considered too small. Internet users tracked the donations of MNCs and kept adding to the list (e.g., Securities Times 2008, Zitengjiu 2008). Some firms on the list suffered further consequences. In the city of Nanchong in the Sichuan province, for example, an
“International Super Iron Rooster” poster was pasted on the door of McDonald’s, which significantly undermined its business.

Meanwhile, the online media actively reported donations and advocated corporate giving. The theme of corporate giving was established on all major Internet sites such as Sina, Sohu, NetEase, Yahoo China, QQ, and Baidu. For instance, the Sina site opened a space called “Corporate Citizens in Action” to cover corporate donations. Companies that made donations were publicized on the site, along with the amount given and company logo. In about 50 days, the Sina site had covered 2,729 news items about donations in a timely fashion. News items were typically followed by heated online discussion via comments from Internet users, thanks to the interactive nature of online media. The news reports thus became a platform for the public to criticize or praise firms, mobilizing consensus and driving firms to compare themselves with one another. According to a study that followed Internet news on donating via a sample of 42 firms (Huang et al. 2008), there were 15,860 comments made in response to such online news on the Sina site alone in the four weeks after the quake.

Internet users passionately praised those who donated quickly and generously, and they held up these examples to press other corporations to donate. For instance, when Jia Duo Bao (an MNC based in Hong Kong) made a large donation (¥100 million, equal to US$14.41 million), the company became famous overnight. Slogans such as “Chinese people drink only Wang Lao Ji” (a soft drink brand produced by the company) and “Donate 100 million if you donate, drink Wang Lao Ji if you drink” instantly spread nationwide. As had been seen in other social movements, a cleavage within the elite (Tarrow 1996)—in this case, between corporations that gave generously and those that did not—provided a golden opportunity for online activists to grow the campaign.

In the face of such a rude wake-up call (McGinnis 2005), and sensing the need to move quickly to avoid negative publicity, some MNCs responded. Given the close scrutiny by Internet users and the visibility given to donations, companies that contributed to disaster relief also made sure to publicize their efforts through the online media as well as on their own websites. Such self-publicized efforts were a deliberate corporate response to head off potential criticism. One such example is an announcement issued by Walmart China (2008) on its website:

Walmart China decided to donate more than 17 million [RMB, or $2.45 million] again for the reconstruction of the quake-hit areas. Meanwhile, Walmart is actively considering the possibility of establishing Walmart foundation to make disaster relief more institutionalized.

…The CEO [chief executive officer] of Walmart China, Chen Yaochang, stated, “We are trying various ways to give quake-hit areas more help. Reconstruction is a long and challenging task. I hope our donation can make a contribution to the reconstruction… I am also proud of what Walmart and our employees have been doing during the relief period.”

In sum, online activism after the earthquake was a social movement campaign, whose rapid growth was a result of the opportunity in the post-earthquake context, the framing by online activists, and their online mobilizing tactics. These three factors have been found to be critical for the development of social movements (McAdam et al. 1996). In terms of substance, the online campaign was a “series of interactions between power holders and persons successfully claiming to speak on behalf of a constituency lacking formal representation” (Tilly 1984, p. 306). It was launched against powerful MNCs by Internet users on behalf of disaster-stricken communities who had not previously been seen as legitimate stakeholders in the decision making of these MNCs. In terms of procedure, it was mobilized outside established institutional channels (Strang and Jung 2005). The online mobilizing structure had a number of unique features that facilitated the fast growth of the movement campaign: a large readership, grassroots mobilization, a low cost of entry, permeability, fast diffusion of information, the interactive nature of Web postings, and effective emotional contagion.

Theory and Hypotheses

Framework: MNCs’ Social Engagement as a Response to Online Campaign

According to the social movement perspective on corporate change, although neither the public nor social movement activists had a direct resource exchange relationship with the corporations, they could still influence the behavior of MNCs via their ability to impact the latter’s public image (King and Pearce 2010). Their power resided in their voice (Hirschman 1970), as expressed through social movement tactics and the media—they could tarnish the image of MNCs among primary stakeholders (such as customers and employees), prompting a withdrawal of their support. Even though activists had no direct access to corporate decision makers, they could sway the decision-making process because managers were likely to view stakeholder dissatisfaction as a threat to the firms’ legitimacy (Weber et al. 2009). Studies have shown that social movements can affect investor confidence and stock prices, force firms to make concessions, halt the launch of profitable products, and even lead to corporate failure (Hiatt et al. 2009, King 2008, King and Soule 2007).

The literature on corporate responses to social movements suggests that corporations may concede to pressure either when they are directly targeted by activists’ tactics (such as a boycott or protest) or when they anticipate a potential attack (Baron and Diermeier 2007).
Direct targeting makes firms vulnerable to a loss of organizational legitimacy and creates disruption to organizational routines. Through the social comparison process, even firms that are not directly targeted may take action to manage their (perceived) vulnerability as a result of witnessing an attack (and its negative outcomes) on another firm (Lounsbury 2001). For example, one study found that firms chose to introduce “green” policies to improve their public image for fear of potential threats from environmental activists who had already attacked other firms (Baron 2001). Similarly, Reid and Toffel (2009) found that firms that were not directly attacked by environmental shareholder resolutions started to disclose climate change strategies after their peers were attacked.

The online campaign exerts pressure on firms both through direct targeting and by shaping public opinion and evoking social comparisons. Similar to other activist campaigns, China’s online activists targeted a few MNCs early on for shaming, exerting a direct pressure on those firms thanks to the rapid spread of their message. Meanwhile, the campaign also disseminated information about donor firms and advocated corporate contributions to build public consensus and establish the legitimacy of the campaign’s claims. The combination of the early targeted shaming, the publicity given to donors, and the loud call for further giving prompted social comparisons among MNCs, thus evoking a higher-order routine—following the example of others to avoid being singled out for shaming. The diffuse pressure was instrumental in drawing attention to the campaign’s demands and eliciting a corporate response, particularly as donating to disaster relief was far from a routine practice for MNCs in emerging economies. The direct targeting and the diffuse pressure worked together to break the pattern of nonresponse to social issues and change the basis of corporate decision making (den Hond and de Bakker 2007, Zald et al. 2005).

The political opportunity structures within corporations were particularly important in allowing the diffuse pressure from the campaign to gain executives’ attention. Previous studies have identified a decline in organizational reputation (King 2008) and a diversity of backgrounds within top management (Weber et al. 2009) as important political opportunity structures. Such opportunity structures enable organizations to be open to change and reduce internal resistance to activist demands. We argue that certain organizational characteristics influenced the way executives anticipated pressure from the activist campaign, as well as their perception of the legitimacy of the campaign’s demands, and that these provided political opportunities to elicit a corporate response.

For the majority of corporations, online activism does not interrupt operations or threaten decision makers with an immediate loss of revenue, unlike traditional tactics such as boycotts, protests, and blockades. However, certain organizational characteristics, such as self-presentation of CSR and a strong reputation, can create a perception among top executives that their company is more likely to be attacked or that the potential consequences of an attack will be more severe. Such a sense of organizational vulnerability can in turn spur firms to meet the campaign’s demands more quickly to avoid both symbolic and material losses. In addition, where the institutional logic of the company’s home country is consistent with the campaign’s demands, top executives will accept the legitimacy of those demands more easily and thus respond more quickly.

However, a perception of organizational vulnerability and the alignment between the home-country institutional logic and the campaign’s demands may influence the magnitude of response differently. Zald et al. (2005) suggested that pressures exerted by a social movement may lead to substantive organizational responses, whereas ideological sympathy with the demands of the movement may produce a more symbolic response. Extending their insight, we posit that the stronger pressure or anticipated pressure as a result of perceived organizational vulnerability is likely to give rise to a higher magnitude of firm response, whereas acceptance of claim legitimacy as a result of an aligned home-country institutional logic is not.

**Hypotheses on MNCs’ Responsiveness to the Online Campaign Through Donations**

**Targeted Shaming.** Social movement research has found that activists use media outlets to make attacks such as boycotts more threatening to the target company by tarnishing its public image and influencing a broader audience (Gamson et al. 1992). King (2008) reported that greater media coverage of boycotts of specific firms makes these firms more likely to concede. We posit that the targeted shaming by online activists of MNCs in China mirrored the role of the media seen in prior social movement research in shaping public perceptions of the targeted firms.

Moreover, targeted shaming is unique in that it is a direct pressuring tactic, unlike media coverage, which simply transmits the message of other tactics such as boycotts (King 2008), and it has an even faster and wider influence as a result of online technology. The Web has become a stage where targeted corporations are publicly displayed (Rao and Sivakumar 1999). Hence the negative spotlight has sensitized executives and spurred them to concede to prevent further damage to the corporation’s public image (O’Rourke 2005). Such damage can be hard to repair, especially given the relative lack of objective information in emerging markets (Hoskisson et al. 2000). The pressure of targeted shaming is analogous to the specific deterrence effect found in regulatory targeting of specific firms (Cohen 2000), though the latter has focused on monitoring by government agencies.
In the post-earthquake context, executives from many of the firms on the “international iron rooster” list felt the urgency to respond, either by making their first donation or by making additional donations because their initial donations were considered too small. A news report entitled “The Executives of MNCs Were Very Frustrated” described the responses of some firms on the stingy list (Securities Times 2008). For example, Nokia was listed for donating only ¥3 million (US$432,276). The vice president of Nokia China, Jieyun Xiao, immediately flew to Nokia headquarters to persuade top executives to donate more. When headquarters tried to justify the amount by saying that Nokia had donated the same amount after the Indonesian tsunami and Burma typhoon, Xiao showed them Nokia’s name on the stingy list, prompting headquarters to make another donation. Nokia ultimately donated ¥53 million (US$7.63 million) in total (Securities Times 2008).

This leads us to hypothesize the following.

**Hypothesis 1 (H1).** Firms that are specific shaming targets of the online campaign will respond sooner to the demands of the campaign.

**Diffuse Pressure from the Online Campaign.** The social movement literature suggests that movements influence organizations not only by disrupting individual organizations but also by challenging prevailing assumptions and practices and building legitimacy for their demands (den Hond and de Bakker 2007, Zald et al. 2005). The latter is particularly important for this campaign, given the lack of social norms regarding corporate philanthropy in China.

The online publicity and praise given to donors, the call to action for donations, and negative comments on low donations drew public attention to firms’ giving, sensitized corporate executives to the changed host-country environment, and triggered social comparisons among corporations (Merton 1968). The visibility and endorsement given to corporate donations served to educate the public, raise awareness, and mobilize consensus (McAdam et al. 1996). Such diffuse pressure from the campaign was analogous to a general deterrence effect (Cohen 2000) in convincing corporate executives that there was a higher probability of being monitored by the activists and the general public. The enhanced legitimacy of the demands made by less powerful stakeholders was also critical for getting immediate attention from corporate executives (Eesley and Lenox 2006). Because some MNCs had been targeted for shaming early on, the intense online coverage of donations, with frequent updates and highly emotional discussion, fanned the social comparison processes among MNC executives and pressured them to respond. It even became a standard form of greeting for business executives to ask “Did you donate? How much did you donate?” (Wang and Yin 2008). Online reports and advocacy thus grew the public expectation for MNC social responsiveness, making executives aware of the threat to their organizational legitimacy and hence their future business prospects if they fell behind other firms (Soule 2009).

The diffuse pressure from the online campaign thus gave a sense of urgency to donate to preempt criticism. This leads to our next hypothesis.

**Hypothesis 2 (H2).** Firms will respond sooner to the campaign’s demands when the diffuse pressure from the online campaign is higher.

**Self-Presentation of CSR.** Besides the pressure of the online campaign, perceptions of their own firm’s vulnerability can put decision makers under more immediate pressure. Reid and Toffel (2009) argued that firms witnessing attacks on other firms will anticipate the possibility of being attacked themselves and will therefore yield to the perceived pressure. We extend their argument by positing that firms with a sense of vulnerability are quicker to anticipate a potential threat.

This sense of vulnerability may be affected by their self-presentation of CSR. The past decades have witnessed a growing trend among firms worldwide to present their CSR activities in corporate reports, websites, and advertising. MNCs tend to adopt formal CSR reporting to enhance their legitimacy in the eyes of their home-country stakeholders, and their subsidiaries in China may have inherited this procedure. The effect of being publicly committed to CSR on corporate social engagement, however, is not clear. On the one hand, a formal policy may serve as a guide for corporate practice, resulting in greater participation in CSR. On the other hand, self-presentation of CSR may be decoupled from actual business practice and used simply for impression management (Bansal and Clelland 2004, Meyer and Rowan 1977). The practice may diverge from the rhetoric when it comes to devoting resources to CSR (Weaver et al. 1999).

We suggest a different mechanism through which a self-proclaimed CSR policy can have an influence: when confronted with an activist campaign challenging their social engagement, MNCs with a declared policy of CSR may be more vulnerable and thus respond sooner to the campaign’s demands. Formal claims of CSR can subject firms to heightened expectations and criticism and may even become a weapon with which to attack a firm’s consistency and sincerity (Vogel 2005). For instance, Vogel (2005) gave the example of the automaker Ford, which invited closer scrutiny of and a stronger challenge to its environmental practices than its competitors because corporate leaders had formally announced a commitment to create an environmentally friendly company.

In the context of the post-earthquake online campaign in China, some online activists expressed disappointment with high-profile MNCs that paid only lip service to
social responsibility and failed to live up to their image when the disaster occurred (Hou 2008). MNCs with a self-proclaimed policy of CSR may thus see themselves as more identifiable by activists and more likely to be attacked for hypocrisy; hence, they donate sooner to avoid (further) criticism.

Hypothesis 3 (H3). Firms with a self-presentation of CSR will respond sooner to the demands of an activist campaign than those without.

Reputation. Corporate reputation is a general assessment of a firm’s character and approval rating from the public (Rao 1994, Staw and Epstein 2000). Because reputation is socially constructed and conferred by an external audience, a good reputation can be lost if that audience changes its perception as a result of a critical event (Currall and Epstein 2003). There is general agreement that a good reputation takes longer to build than to lose (Staw and Epstein 2000). Executives of highly reputed firms may therefore be especially concerned about reputation loss. To illustrate, Ahmadjian and Robinson (2001) found that such firms in Japan were less likely to downsize, an action perceived at the time to be lucrative but illegitimate.

Reputation is particularly important for firms competing in emerging economies because of ineffective market institutions and information asymmetry. Highly reputed MNC subsidiaries are thus more vigilant about their reputations. Compared with average firms, these subsidiaries may anticipate more sanctions from online activists and the general public should they choose not to respond, because they are subject to closer monitoring and greater demands to account for their actions (Sutton and Galunic 1996). Moreover, activists have been found to choose reputable corporations to shame to enhance the influence of a social movement (Bartley and Child 2008). We thus posit that highly reputed MNC subsidiaries, because of their vulnerability to reputation loss, will be more sensitive to online activism and prioritize the need to address potential criticism from the activism.

Hypothesis 4 (H4). Firms with a high reputation in the host country will respond sooner to the demands of an activist campaign than those without such a reputation.

The Institutional Logic for Corporate Philanthropy in Home Countries. In addition to organizational vulnerability, a home-country institutional logic that is consistent with the campaign’s demands provides an important political opportunity structure for the campaign to gain influence. Institutional logics shape organizational-level assumptions, values, and routines, and they guide decision makers’ attention (Friedland and Alford 1991, Thornton and Ocasio 1999). Although MNCs are unaccustomed to attending to social issues in emerging markets in the absence of institutional pressure, a congenial home-country institutional logic will enable executives to invoke familiar frameworks and routines and hence respond faster to the campaign’s demands in the host country.

The institutional logic from the home country will affect the MNC’s evaluation of the legitimacy of activist demands. Exposed to a particular institutional logic regarding corporate philanthropy in the early stages of their life cycle, MNCs are likely to adhere to and value related practices in their home countries (Kostova 1999). Stinchcombe (1965) argued that the prevailing institutional environment at an organization’s founding could be imprinted in the organization’s routines and have a lifelong effect on the organization. MNCs have been found to apply the evaluative framework from their home country to the host country despite the institutional differences between the two (Kostova and Zaheer 1999, Luo et al. 2009). Sanders and Tuschke (2007) contended that a firm’s exposure to the legitimacy of a practice in one institutional context can increase executives’ acceptance of the practice in another context where it is still contested. Although we agree with prior studies suggesting that MNCs do not automatically apply their home standards of CSR in host countries (Chapple and Moon 2005), we argue that MNCs may evoke the familiar home-country institutional logic to evaluate the legitimacy of the campaign’s demands, especially given the uncertainty and urgency involved (Scott 2001).

Cross-national comparative research has found different national institutional logics for CSR. Matten and Moon (2008) argued that differences in national business systems give rise to explicit CSR in less regulated economies such as the United States, as opposed to implicit CSR in coordinated market economies such as Europe, Canada, and Japan. In the absence of government regulation of the corporate provision of social welfare in the United States, enterprises are encouraged to contribute to social initiatives voluntarily. Discretionary philanthropy is also promulgated by the corporate elite (Galaskiewicz 1997). In contrast, because firms are mandated to provide a wide range of social programs for employees and the local community in coordinated market economies, they are not accustomed to making discretionary contributions to social well-being beyond regulatory requirements (Matten and Moon 2008). Such distinct institutional logics for CSR account for the prevalence of corporate philanthropy in the United States compared with other countries, as demonstrated in empirical studies. Maignan and Ralston (2002) found that European firms were less concerned with philanthropy than their counterparts in the United States. Other studies found higher levels of corporate philanthropy in the United States than in European countries and Japan (Brammer and Pavelin 2005, Muller and Whiteman 2009, Pasquero 1991). Moreover, in emerging
and developing countries, CSR is generally viewed as a practice for mature markets and not wholly applicable to local contexts (Visser 2008). Not surprisingly, corporations in these countries engage much less in CSR (Lines 2004, Welford 2005).

Given these different national institutional logics for CSR, executives of MNCs headquartered in countries where corporate giving is a prevailing practice (e.g., the United States) may perceive the demands of the online campaign as more legitimate because discretionary philanthropy (if warranted by the situation) is appropriate at home—as was seen, for example, in the response to Hurricane Katrina (Roner 2005). They may respond more quickly because an established routine for philanthropic giving in needy circumstances already exists. An illustration is provided by Intel: CY Yeung, director of Intel China’s Corporate Social Responsibility Department, said that within three and a half hours of his calling the Intel philanthropic foundation at the U.S. headquarters, the CEO of Intel had given the green light to donate an initial ¥2.1 million (US$302,593) (Luo 2008) to the earthquake relief fund, and the company continued to give days later. In talking to Yeung, we found that there was consensus within Intel’s management team about philanthropic giving.6

In contrast, for MNCs headquartered in countries where corporate contributions beyond regulatory obligations are not expected, demands for donations may create internal friction or even meet resistance. An example is Aliskang. Executives at the UK headquarters of Aliskang questioned the need to respond to the Sichuan earthquake, and they later resisted requests on the grounds that they wanted to give the money directly to an NGO rather than the Ministry of Civil Affairs (Min Zheng Bu). Even after the senior vice president of Aliskang China, Wanling Wu, confirmed that the ministry was the suitable recipient of donations (having oversight of all NGOs in China), executives from the headquarters refused to budge. Aliskang China went through a prolonged process to make the Red Cross in China the recipient of the payment before head office finally agreed (Securities Times 2008). The fact that the campaign’s demands for donation triggered less internal resistance and associated organizational politicking in U.S.-based MNCs suggests that the demands were regarded as more legitimate in the eyes of those corporations. This leads us to hypothesize the following.

HYPOTHESIS 5 (H5). Firms headquartered in countries with an institutional logic of discretionary corporate philanthropy will respond sooner to the demands of an activist campaign than those headquartered in countries without such a logic.

Magnitude of Response to the Online Campaign. Because firms incur costs when responding to the demands of a social movement, they differ also in the magnitude of their responses. Neoinstitutionalism provides the insight that organizations can conform to institutional pressure symbolically without engaging in costly changes (Meyer and Rowan 1977). Building on this, Zald et al. (2005) suggested that the extent of compliance with a movement’s demands will depend on external pressure and top executives’ commitment to the movement’s claims. They argued that strong external pressure can prompt organizations to respond substantially because external surveillance can expose an inadequate response and inflict costly sanctions. Conversely, without strong external pressure, executives’ commitment alone can lead organizations to respond symbolically, for instance, to select low-cost items to comply.

We extend the argument of Zald et al. (2005) to include both actual and anticipated external pressures, and we posit that such pressures will affect the magnitude of firm response differently from the home-country’s institutional logic as a result of the different incentives and decision-making processes involved. When firms are directly targeted for shaming or anticipate being targeted because of their sense of vulnerability, the incentive for complying with the campaign’s demands is to avoid the negative consequences of noncompliance. The strong pressure to donate is typically accompanied by close monitoring by activists. In the post-earthquake context, Internet users constantly tracked and updated corporate donations. Top executives’ decision making was thus based on calculative reasoning: they opted to give an amount that would not be considered stingy or compare unfavorably with those of other firms so that they could avoid damage to the company’s public image and business. The magnitude of response as a result of strong (anticipated) pressure from the online campaign is therefore likely to be high.

In contrast, when top executives yield to activist demands because these are consistent with the institutional logic of the home country, a higher magnitude of organizational response is unlikely. In this instance, executives choose to comply because they accept the legitimacy of the claims. Given the urgency and uncertainty of the challenge, they resort to their familiar framework for philanthropy. Such a response is shaped more by considerations of appropriateness than by calculative reasoning. Moreover, the home-country institutional logic may provide some indication of what constitutes a reasonable amount for a donation, even if this does not reflect the specific expectations of activists or the general public at a given place and time. Thus, we hypothesize the following.

HYPOTHESIS 6 (H6). Firms that come under stronger pressure from an activist campaign (i.e., firms that are directly targeted or have higher vulnerability because of self-presentation of CSR or high reputation) are likely to exhibit a higher magnitude of response.
Methods

Sample and Data Collection
Our sample consists of the 500 largest subsidiaries of MNCs investing in China, based on their total sales in 2006 according to the State Commerce Ministry. These 500 firms include subsidiaries of MNCs headquartered in the Greater China area (Hong Kong, Taiwan, Macau), Asian countries (Japan, South Korea, Singapore, Malaysia, Indonesia, etc.), European countries, Canada, and the United States. We include investment from the Greater China area within MNCs’ investment because these subsidiaries are treated the same as those of MNCs from foreign countries as far as government policy is concerned (e.g., they receive preferential tax treatment). Indeed, all subsidiaries of these MNCs are categorized as foreign-invested enterprises in China. Our sample includes world-renowned names such as GM, Toyota, Honda, Samsung, Motorola, Nokia, and Walmart. It is appropriate for testing our arguments because large firms are more visible and therefore more likely to be challenged to contribute by the online campaign. Excluding missing information, our final sample had 495 firms.

We collected information about corporate donations from the report published by the State Commerce Ministry, company websites, public lists on company donations drawn up by Internet users, and media coverage. We cross-checked these multiple sources to ensure consistency and accuracy. We began following these firms on the day of the earthquake and ended our observations on July 31, 2008. Most corporate donations were made before June 30, 2008 (there were only two donations made in July), after which the attention of the country had largely turned to the Olympic Games held in Beijing later that summer. We therefore created daily spells with a time duration spanning the period May 12 to June 30, 2008.

We then collected information on firm characteristics case by case by scanning company websites, official reports from government agencies, and Internet sources. Where information was lacking from these sources, we called the firms to solicit it (see the appendix for sources of variables).

Dependent Variables
We examined how quickly MNC subsidiaries responded to the online campaign with a donation using event history analysis. The dependent variable is the hazard rate of donation: at any given time, each firm in the risk set faces some underlying “risk” that it will donate. In our sample, 295 firms made at least one donation. Among them, 53 firms donated more than once. The other 200 firms did not make a donation and were thus considered to be right-censored. We modeled donations as repeated events. We measured the number of days from May 12, 2008 to when the firm made a donation (if ever). Firms remained in the data set after making a donation because they were still “at risk” of making another.

We also examined the magnitude of firm response through the cash amount of the total donation. There was a huge variation in the amount donated, ranging from ¥10,000 (US$1,441) to ¥6,850,000 (US$8,191,643), the average being ¥5,662,657 (US$818,945). Following prior research (Galaskiewicz 1997), we used the natural logarithm of donation amount as the dependent variable.

Independent Variables

Targeted Shaming. We traced the appearance and evolution of lists of “stingy” MNCs compiled by online activists by searching “lists of international iron roosters” in Baidu and Google (Google generated 934,000 results), the two most commonly used search engines in China. The first such list appeared on May 14, 2008, two days after the earthquake, and consisted of seven MNCs including Samsung, Nokia, Louis Vuitton, Daikin, Coca-Cola, McDonald’s, and KFC. On May 16, three more MNCs were added to the list. Two more MNCs were added on May 17, and another two on May 19. Thereafter, the complete list, which included 14 MNCs, was frequently cited.

For the variable listed as stingy, we coded subsidiaries of MNCs as 1 on the first day they appeared on the stingy list, and as 1 thereafter. MNC subsidiaries not on the stingy list were coded as 0. This variable is therefore time varying, and we lagged this variable by one day to allow for corporate response. For the analysis of donation amounts, the variable is measured as whether the company ever appeared on the stingy list.

Diffuse Pressure from the Online Campaign. We used the total number of articles published on major websites related to corporate giving for disaster relief (number of Internet articles on corporate donation) to indicate the amount of diffuse pressure. We selected the nine most widely read news sites (based on Alexa, a widely accepted ranking of the most popular websites)—Sina, Sohu, QQ, NetEase, CCTV, Xinhuanet, People, ifeng, and China—and counted the total number of articles each day, using variations in Chinese for “corporate donation” and “Sichuan (or Wenchuan) earthquake” as key terms to search. Some of these articles reported on corporate donations; others called on firms to give. Some criticized nonresponse or commended donating firms; others reported embarrassing situations of targeted firms. As reflected in the article counts, such pressure varied substantially during the period of the online campaign. There were 25 articles published on the day of the earthquake; this number jumped to 844 the day after. The numbers peaked at 1,126, 1,130, and 1,124 for the following three days, respectively, and then started to decline. We also lagged this count by one day to allow for firm response.
**Self-Presentation of CSR.** The self-presentation of CSR variable is coded as 1 if the China subsidiary had a CSR statement (including corporate citizenship and other related material) on its website and 0 otherwise. In our sample, 57% of firms had such a statement. For example, P&G China stated on its website, “To be a good corporate citizen is one of P&G’s most important values. In the period when we grow together with the Chinese society, P&G actively contributes back to the society. We have launched a series of social programs, helping needy children aged from 0 to 13 to live, learn and grow” (Procter & Gamble 2008).

**Company Reputation.** General reputation rankings are a recent phenomenon in China. These rankings and awards serve as certification contests, bestowing a high reputation on winning firms (Rao 1994). We selected eight nationally recognized rankings following consultation with experts in corporate reputation in China. We created a binary variable, company reputation, to indicate whether a firm had received any of these awards or had been listed in the rankings before 2008, putting them in the “high-reputation” category. In our sample, 10% of the firms are coded as high-reputation firms.

**Institutional Logic of Discretionary Corporate Philanthropy in the Home Country.** Based on Matten and Moon’s (2008) classification of explicit versus implicit CSR and on empirical studies that suggest corporate philanthropy to be a prevailing practice in the United States compared with other countries (e.g., Brammer and Pavelin 2005, Muller and Whiteman 2009, Pasquero 1991), we coded the MNC subsidiaries whose home-country origin is the United States as a category under the influence of the institutional logic of discretionary corporate philanthropy. MNC subsidiaries whose home-country origin is not the United States were considered as not under the influence of this institutional logic.

**Control Variables**

Studies on China often make the distinction between firms located in coastal versus interior areas because coastal areas have better market infrastructures (Park and Luo 2001). Location in a coastal area was coded as 1 and was coded as 0 otherwise. We also controlled for whether MNC subsidiaries were in consumer-related industries, defined as industries where firms sell directly to individual consumers. Firms in industries that depend more on individual consumers have a stronger motivation to be recognized and therefore may donate more (Fry et al. 1982). The consumer industries in our coding include consumer discretionary, consumer staples, healthcare, and financial services.

We controlled for the MNC’s subsidiary size by number of employees (logged). Larger firms may be more resourceful as well as more visible—and hence vulnerable to attack (Kostova and Zaheer 1999). *Years of operation in China* may allow MNC subsidiaries to become more sensitive to local expectations. Financial performance denotes the resources available for donation (Waddock and Graves 1997). Because it was difficult to collect information on profitability—many MNC subsidiaries in our sample are not publicly listed—we used average sales growth from 2004 to 2007 to proxy for financial performance. We also controlled for total sales in China in 2007 (logged). In addition, we controlled for the subsidiary CEO’s nationality, which may affect local adaptation and the leader’s emotional attachment to the disaster-stricken area. We classified nationality using three variables: CEO–mainland Chinese (reference category), CEO–overseas Chinese (which includes Chinese from Hong Kong, Taiwan, Macau, and foreign countries), and CEO–foreigner.

According to agency theory, ownership concentration allows for closer monitoring of managers who are motivated to give for personal gain (Atkinson and Galaskiewicz 1988). We used the percentage of shares owned by the largest shareholder to measure ownership concentration. We considered potential influence from the government by controlling for government ownership, which was coded as 1 if the subsidiary had any investment from Chinese government. We controlled for whether the subsidiary was listed on China’s stock market, which might have increased firm visibility. We also included a dummy variable for whether the firm donated already (at each time point), which may reduce donation rates afterward.

Research on MNCs suggest that they face a greater challenge in establishing and maintaining their legitimacy in host countries compared with domestic firms (Kostova and Zaheer 1999). It is likely that MNC subsidiaries that are viewed as more “foreign” and less legitimate may perceive a higher likelihood of attack from the online campaign, and hence they may take preemptive action to donate more quickly. Wholly owned foreign subsidiaries may be viewed as more foreign than joint ventures, as domestic partners can help the MNC to gain an understanding of local markets and provide access to local networks and resources (Chen and Hennart 2002). The variable wholly owned subsidiary was coded as 1 if the subsidiary was 100% owned by an MNC and was coded as 0 if owned by both an MNC and a domestic company. Moreover, an MNC from a country with a larger cultural distance from China can be viewed as more foreign (Kogut and Singh 1988). Because there is much greater similarity in cultural, historical, and ethnic background between the Greater China area and China, compared with that between other foreign countries and China, we consider the MNC subsidiaries whose home-country origin was the Greater China area as a category associated with less foreignness.
Given that we have used the United States as the country origin to operationalize the influence of the institutional logic of discretionary corporate philanthropy in the home country, we now classify the country of origin of MNCs into three categories for our analysis: (1) the Greater China area (Home country—Greater China; omitted category), (2) the United States (Home country—United States), and (3) European countries, Canada, and other Asian countries (Home country—Europe/Canada/Asia). In our sample, 51% of the firms were in the first category, whereas 10% were headquartered in the second. For our hypothesis on the institutional logic of corporate philanthropy to be supported (H5), we should see both a positive effect of category 2 and a significant positive difference between category 2 and category 3. Meanwhile, a positive effect of both categories 2 and 3 would lend support to the cultural distance explanation.

Studies on practice diffusion find that a practice adopted by socially proximate firms (such as firms in the same industry) will be more quickly adopted by the focal firm because of the ease of obtaining information, the perceived relevance of the practice, and the pressure of being left behind (e.g., Davis and Greve 1997). In our context, donations by MNC subsidiaries in the same industry may prompt a focal firm to donate. Additionally, firms in the same industries as targeted firms may perceive a higher risk of shaming by online activists and hence respond sooner. We controlled for these influences related to the diffusion argument through the percentage of MNC subsidiaries in the focal firm’s industry (based on two-digit Standard Industrial Classification [SIC] codes) that had donated by each day between the day of the earthquake and June 30, 2008 (% of firms in the industry that donated), and whether the focal firm was in the same industries as firms on the “stingy” list (firm in the same industries as targeted firms). Both variables are time varying and lagged for one day to allow for firm response.

Analysis

We used continuous-time event history analysis to examine how quickly MNCs responded to the online campaign by making a donation (Box-Steffensmeier and Jones 2004). We used the constant rate model, which assumes that the base donation rate is “flat” over time and that any observed changes are due to changes in covariates. For comparison, we also used the Gompertz model, which assumes a decreasing base donation rate. Our key results were robust to these different model specifications. The data structure consisted of daily spells with both time-invariant and time-variant variables. Models were estimated by maximum likelihood methods (see Table 2).

For the total donation amount, we conducted two sets of analyses and focused on the consistent results: an ordinary least squares (OLS) model for the whole sample (coding no donation as 0) and a Heckman selection model to correct for potential sample selection bias (Heckman 1979). The Heckman model is preferable to an OLS model where nondonating firms are treated as missing because the nondonating firms are a self-selected rather than a random sample. For the Heckman model, the first-stage equation is a probit model predicting whether firms donated based on covariates that we found to be significant firm-level predictors of donation (see Table 3 notes). The instrument was the number of articles on corporate donations published on the Internet the day before the last donation made by the firm. This seems a reasonable instrument because it is relatively exogenous to the firm, strongly correlated with whether the firm donated (the coefficient is 0.67 in predicting donation, \( p < 0.05 \)), and weakly correlated with the donation amount (0.02, insignificant). The second-stage model predicting the donation amount includes the estimated rate (\( \lambda \)), which is the index function from the probit model transformed into a hazard rate using the inverse Mills ratio (Van De Ven and Van Praag 1981).

Because firms may differ in their propensity to give philanthropically prior to this specific catastrophe, we conducted a propensity score-weighted analysis (Guo and Fraser 2010) to net out the influence of such a propensity (see Model 4 of Table 2 and Models 2 and 4 of Table 3). Recent studies note the importance of controlling for firms’ propensity to engage in a practice when examining the effect of activism (e.g., Briscoe and Safford 2008). The first step in this procedure is to estimate the selection into having a “treatment” (donation before the earthquake) through a probit regression. The dependent variable of the selectivity model is whether a firm donated between 2005 and May 11, 2008. This variable was coded based on information collected from the China Economic News Database, Duxiu Database, and China CSR Map. We obtained the propensity scores using the pscore routine in Stata. In the second step, we used the propensity scores to adjust our event history regression and OLS and Heckman analyses through propensity score weighting (Hirano et al. 2003). The estimates after the propensity score weighting was applied did not differ substantively from those before. This suggests a strong impact of the online campaign and political opportunity structures after controlling for firms’ preexisting propensity to donate. We describe our results below based on those with the propensity score weighting.

Results

Figure 1 shows the number of firms that donated each day between the day of the earthquake and June 30, 2008. Table 1 presents the descriptive statistics, and Table 2 presents the event history models. Table 3
Figure 1  Number of Top 500 Subsidiaries of MNCs Investing in China that Donated Following the Earthquake on May 12, 2008

presents the models predicting donation amounts. Two-tailed tests of significance are used.

As reported in Table 2, we first estimated the baseline model with only control variables (Model 1). In Model 2, we added the two independent variables for the online campaign: listed as stingy and the number of Internet articles on corporate donation. In Model 3, we added the independent variables for the political opportunity structures, including measures of self-presentation of CSR, reputation, and institutional logic of discretionary corporate philanthropy. We added our independent variables one at a time to guard against multicollinearity, but we present them in blocks to save space. Model 3 is the full model. The model contrast based on log likelihood ratios suggests significant model improvement after the independent variables are added, indicating the importance of considering the online campaign and political opportunity structures in explaining corporate responses. Model 4 is the full model with the propensity score weighting.

Hypothesis 1 posits that firms that are shaming targets of the online campaign will respond more quickly to the campaign’s demands. In Model 4 of Table 2, the coefficient of listed as stingy is positive \( p < 0.001 \). Holding other variables constant, the rate of donation for firms on the stingy list was 2.77 times higher than if they were not targeted \( (e^{1.02} = 2.77) \). Therefore, H1 is supported. In line with H2, which predicts higher donation rates under conditions of higher diffuse pressure from the online campaign, the effect of the number of Internet articles is positive \( p < 0.001 \). Donation rates were 1.46 times higher when the number of online articles on corporate giving increased from 0 to the mean during this period \( (221, e^{0.0017*221} = 1.46) \).

In support of H3, which argues that firms with a self-presentation of CSR will respond sooner to the pressure of the online activism, we found that public displays of CSR increased the donation rates by 1.34 times \( (e^{0.28} = 1.34, p < 0.05) \). Hypothesis 4 posits that firms with a high reputation in China will respond sooner to the pressure. Donation rates among highly reputed firms were 2.05 times \( (e^{0.72} = 2.05) \) greater than among other firms \( (p < 0.001) \). Thus H4 is supported.

Hypothesis 5 posits that firms headquartered in countries where an institutional logic of discretionary corporate philanthropy prevails will respond more quickly to the campaign’s demands. The effect of category 2 is positive \( (p < 0.05) \). Donation rates of subsidiaries of MNCs headquartered in the United States were 1.68 times \( (e^{0.53} = 1.68) \) higher than those of MNCs based in the Greater China area. Using an equality constraint test, we find that the effect of category 2 is significantly larger than that of category 3 \( (p < 0.05, \text{ two-tailed test}) \), suggesting that donation rates of subsidiaries of U.S.-based MNCs were higher than those based in Europe and Asia (other than the Greater China area). Thus H5 is supported.

Hypothesis 6 proposes that firms directly targeted or vulnerable will exhibit a higher magnitude of response. Most of the results concerning the effects of our main independent variables were robust to OLS and Heckman specifications (Models 2 and 4 of Table 3). A stingy listing had a positive effect on donation amount \( (p < 0.05) \). Companies with a self-presentation of CSR and high reputation were associated with larger donations \( (p < 0.001 \text{ and } p < 0.05, \text{ respectively}) \). Thus H6 is supported. Meanwhile, the findings regarding country origin were consistent with our argument on the influence of home-country institutional logic on the magnitude of firm response. There was no significant difference in donation amount between category 2 and category 1 or category 3 (for the comparison between
Table 1: Descriptives of Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Coastal area</td>
<td>0.86</td>
<td>0.35</td>
<td>0.00</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Consumer-related industries</td>
<td>0.29</td>
<td>0.45</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.08*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. MNC's subsidiary size</td>
<td>7.98</td>
<td>1.39</td>
<td>3.00</td>
<td>12.61</td>
<td>-0.13*</td>
<td>0.13*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Years of operation in China</td>
<td>12.32</td>
<td>6.76</td>
<td>2.00</td>
<td>57.00</td>
<td>0.04*</td>
<td>0.11*</td>
<td>0.11*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Sales growth</td>
<td>32.42</td>
<td>59.24</td>
<td>-80.03</td>
<td>783.61</td>
<td>0</td>
<td>0.04*</td>
<td>0.08*</td>
<td>0.02*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Total sales in China in 2007th</td>
<td>13.59</td>
<td>0.77</td>
<td>11.65</td>
<td>16.75</td>
<td>-0.07*</td>
<td>0.22*</td>
<td>0.31*</td>
<td>0.04*</td>
<td>0.34*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. CEO–overseas Chinese</td>
<td>0.15</td>
<td>0.36</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.16*</td>
<td>0.12*</td>
<td>-0.05*</td>
<td>0.04*</td>
<td>0.12*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. CEO–foreigner</td>
<td>0.26</td>
<td>0.44</td>
<td>0.00</td>
<td>1.00</td>
<td>0.13*</td>
<td>0.11*</td>
<td>-0.09*</td>
<td>0.05*</td>
<td>-0.09*</td>
<td>-0.08*</td>
<td>-0.25*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Ownership concentration</td>
<td>80.97</td>
<td>23.17</td>
<td>13.81</td>
<td>100.00</td>
<td>0.25*</td>
<td>-0.10*</td>
<td>-0.03*</td>
<td>0</td>
<td>-0.01*</td>
<td>-0.13*</td>
<td>0.24*</td>
<td>0.11*</td>
<td></td>
</tr>
<tr>
<td>10. Government ownership</td>
<td>0.25</td>
<td>0.43</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.14*</td>
<td>0.03*</td>
<td>0.01*</td>
<td>-0.05*</td>
<td>-0.03*</td>
<td>0.05*</td>
<td>-0.19*</td>
<td>-0.16*</td>
<td>-0.43*</td>
</tr>
<tr>
<td>11. Listed on China's stock market</td>
<td>0.14</td>
<td>0.35</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.20*</td>
<td>0.07*</td>
<td>0.28*</td>
<td>0.09*</td>
<td>0.08*</td>
<td>0.16*</td>
<td>-0.11*</td>
<td>-0.22*</td>
<td>-0.36*</td>
</tr>
<tr>
<td>12. Firm already donated</td>
<td>0.51</td>
<td>0.50</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.14*</td>
<td>0.19*</td>
<td>0.19*</td>
<td>0.13*</td>
<td>0.10*</td>
<td>0.12*</td>
<td>-0.10*</td>
<td>0.07*</td>
<td>-0.10*</td>
</tr>
<tr>
<td>13. Wholly owned subsidiary</td>
<td>0.47</td>
<td>0.50</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.26*</td>
<td>-0.13*</td>
<td>0.02*</td>
<td>-0.05*</td>
<td>-0.03*</td>
<td>-0.05*</td>
<td>0.33*</td>
<td>0.16*</td>
<td>0.55*</td>
</tr>
<tr>
<td>14. % of firms in the industry that donated</td>
<td>0.01</td>
<td>0.03</td>
<td>0.00</td>
<td>0.29</td>
<td>-0.02*</td>
<td>0.08*</td>
<td>0</td>
<td>0.02*</td>
<td>0</td>
<td>0.02*</td>
<td>-0.03*</td>
<td>0</td>
<td>-0.02*</td>
</tr>
<tr>
<td>15. Firm in the same industries as targeted</td>
<td>0.72</td>
<td>0.45</td>
<td>0.00</td>
<td>1.00</td>
<td>0.21*</td>
<td>0.28*</td>
<td>0.14*</td>
<td>0.07*</td>
<td>0</td>
<td>-0.03*</td>
<td>0.15*</td>
<td>0.20*</td>
<td>0.16*</td>
</tr>
<tr>
<td>16. Listed as stingy</td>
<td>0.03</td>
<td>0.17</td>
<td>0.00</td>
<td>1.00</td>
<td>0.07*</td>
<td>0.20*</td>
<td>0.03*</td>
<td>0.08*</td>
<td>0.03*</td>
<td>0.16*</td>
<td>0.02*</td>
<td>0.17*</td>
<td>0.07*</td>
</tr>
<tr>
<td>17. No. of Internet articles on corporate</td>
<td>221.30</td>
<td>316.95</td>
<td>0</td>
<td>1,130.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Self-presentation of CSR</td>
<td>0.57</td>
<td>0.49</td>
<td>0.00</td>
<td>1.00</td>
<td>-0.01</td>
<td>0.21*</td>
<td>0.12*</td>
<td>0.12*</td>
<td>0.12*</td>
<td>0.30*</td>
<td>-0.04*</td>
<td>0.10*</td>
<td>-0.11*</td>
</tr>
<tr>
<td>19. Company reputation</td>
<td>0.10</td>
<td>0.30</td>
<td>0.00</td>
<td>1.00</td>
<td>0</td>
<td>0.38*</td>
<td>0.21*</td>
<td>0.14*</td>
<td>0.01*</td>
<td>0.29*</td>
<td>-0.07*</td>
<td>0.11*</td>
<td>0.09*</td>
</tr>
<tr>
<td>20. Home country–United States</td>
<td>0.10</td>
<td>0.30</td>
<td>0.00</td>
<td>1.00</td>
<td>0.02*</td>
<td>0.15*</td>
<td>-0.05*</td>
<td>0.05*</td>
<td>-0.04*</td>
<td>0.02*</td>
<td>-0.02*</td>
<td>-0.01*</td>
<td>0</td>
</tr>
<tr>
<td>21. Home country–Europe/Canada/Asia</td>
<td>0.40</td>
<td>0.49</td>
<td>0.00</td>
<td>1.00</td>
<td>0.07*</td>
<td>0.09*</td>
<td>-0.15*</td>
<td>0.04*</td>
<td>-0.06*</td>
<td>-0.02*</td>
<td>-0.22*</td>
<td>0.55*</td>
<td>-0.03*</td>
</tr>
<tr>
<td>22. No. of newspaper articles on corporate</td>
<td>43.16</td>
<td>63.47</td>
<td>0</td>
<td>275.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Total donation amount</td>
<td>2.99</td>
<td>2.77</td>
<td>0.00</td>
<td>8.61</td>
<td>-0.16*</td>
<td>0.25*</td>
<td>0.25*</td>
<td>0.16*</td>
<td>0.13*</td>
<td>0.21*</td>
<td>-0.09*</td>
<td>0.03</td>
<td>-0.12*</td>
</tr>
</tbody>
</table>
categories 2 and 3, we applied an equality constraint and found the difference to be insignificant. This suggests that a firm’s response facilitated by a consistent institutional logic may not be larger in magnitude.

Regarding the control variables, MNC subsidiaries located in coastal areas were slower to respond \((p < 0.05;\) Model 4 of Table 2). Larger MNC subsidiaries responded more quickly \((p < 0.001)\), possibly because of their visibility or availability of resources. Firms that had already donated once were slower in making a second donation \((p < 0.001)\). Firms with better performance in sales growth donated marginally faster \((p < 0.1)\). The cultural distance explanation for donation is not supported because there is a lack of significant difference between the Greater China area and Europe/other Asian countries. If it were the foreignness stemming from cultural distance that drove firms to donate sooner, then we would observe firms in the United States and Europe/other Asian countries donating sooner than those in the Greater China area. Consistent with the diffusion argument, donations from firms in the same industry sped up the response of the focal firm \((p < 0.1)\). However, firms in the same industries as the targeted firms did not donate sooner, contrary to our expectation. This negative effect suggests that firms in the same industry might actually have felt that there was less likelihood of being put on the stingy list after prominent firms had been singled out for shaming. The fact that the firms on the stingy list span many industries may have also created the perception that targeted shaming was not limited by industry. In terms of donation amount, consistent with prior studies (e.g., Fry et al. 1982), being in a consumer-related industry was associated with a larger donation amount \((p < 0.05;\) see Table 3). Firms listed on China’s stock markets also donated more \((p < 0.05)\).

### Further Analysis

To verify our claim that MNCs’ donations were primarily a response to the online campaign, we controlled for the daily volume of reporting on corporate donating to disaster relief in the conventional media. We counted the number of articles published in newspapers using keyword searches on variations of “corporate donation” and “earthquake” in the China Economic News Database and Duxiu Database during the observation period. As shown in Model 5 of Table 2, this variable, \(\text{number of newspaper articles on corporate donation}\), did not have a significant effect on donation rates.

Although the campaign erupted quickly after the disaster, MNCs that donated before the campaign pressure became substantial may not have done so in response to (anticipated) campaign pressure. We conducted a piecewise constant rate model with period-specific effects (Box-Steffensmeier and Jones 2004) that allows intercepts and effects of independent variables for political

<table>
<thead>
<tr>
<th>Variables</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20</th>
<th>21</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Listed on China’s stock market</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
<td>0.23*</td>
</tr>
<tr>
<td>12. Firm already donated</td>
<td>0.03*</td>
<td>0.11*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
<td>0.03*</td>
</tr>
<tr>
<td>13. Wholly owned subsidiary</td>
<td>–0.46*</td>
<td>–0.17*</td>
<td>–0.03*</td>
<td>–0.46*</td>
<td>–0.17*</td>
<td>–0.03*</td>
<td>–0.46*</td>
<td>–0.17*</td>
<td>–0.03*</td>
<td>–0.46*</td>
<td>–0.17*</td>
<td>–0.03*</td>
<td>–0.46*</td>
</tr>
<tr>
<td>14. % of firms in the industry that donated</td>
<td>0.01*</td>
<td>0.01</td>
<td>–0.11*</td>
<td>–0.03*</td>
<td>0.01*</td>
<td>0.01</td>
<td>–0.11*</td>
<td>–0.03*</td>
<td>0.01*</td>
<td>0.01</td>
<td>–0.11*</td>
<td>–0.03*</td>
<td>0.01*</td>
</tr>
<tr>
<td>15. Firm in the same industries as targeted firms</td>
<td>–0.17*</td>
<td>–0.09*</td>
<td>0.14*</td>
<td>0.21*</td>
<td>–0.13*</td>
<td>–0.17*</td>
<td>–0.09*</td>
<td>0.14*</td>
<td>0.21*</td>
<td>–0.13*</td>
<td>–0.17*</td>
<td>–0.09*</td>
<td>0.14*</td>
</tr>
<tr>
<td>16. Listed as stingy*</td>
<td>–0.08*</td>
<td>–0.07*</td>
<td>0.13*</td>
<td>0.10*</td>
<td>–0.01</td>
<td>0.11*</td>
<td>–0.08*</td>
<td>–0.07*</td>
<td>0.13*</td>
<td>0.10*</td>
<td>–0.01</td>
<td>0.11*</td>
<td></td>
</tr>
<tr>
<td>17. No. of Internet articles on corporate donation*</td>
<td>0</td>
<td>0</td>
<td>–0.16*</td>
<td>0</td>
<td>0.76*</td>
<td>–0.07*</td>
<td>–0.02*</td>
<td>0</td>
<td>0.76*</td>
<td>–0.07*</td>
<td>–0.02*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Self-presentation of CSR</td>
<td>–0.01</td>
<td>0.06*</td>
<td>0.15*</td>
<td>0.02*</td>
<td>0.03*</td>
<td>0.07*</td>
<td>0.07*</td>
<td>0</td>
<td>0.25*</td>
<td>–0.13*</td>
<td>0.21*</td>
<td>0.21*</td>
<td></td>
</tr>
<tr>
<td>19. Company reputation</td>
<td>–0.09*</td>
<td>0.05*</td>
<td>0.18*</td>
<td>0.08*</td>
<td>0.04*</td>
<td>0.13*</td>
<td>0.27*</td>
<td>0</td>
<td>0.25*</td>
<td>–0.13*</td>
<td>0.21*</td>
<td>0.21*</td>
<td></td>
</tr>
<tr>
<td>20. Home country–United States</td>
<td>–0.09*</td>
<td>–0.08*</td>
<td>0.06*</td>
<td>0.04*</td>
<td>0.01*</td>
<td>0.13*</td>
<td>0.16*</td>
<td>0</td>
<td>0.02*</td>
<td>0.18*</td>
<td>–0.08*</td>
<td>0.06*</td>
<td></td>
</tr>
<tr>
<td>21. Home country–Europe/Canada/Asia</td>
<td>–0.06*</td>
<td>–0.26*</td>
<td>0.05*</td>
<td>0.02*</td>
<td>0.01*</td>
<td>0.14*</td>
<td>0.09*</td>
<td>0</td>
<td>0.17*</td>
<td>0.04*</td>
<td>–0.27*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. No. of newspaper articles on corporate donation*</td>
<td>0</td>
<td>0</td>
<td>–0.12*</td>
<td>0</td>
<td>0.64*</td>
<td>0.01</td>
<td>–0.01</td>
<td>0.91*</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>23. Total donation amount*</td>
<td>0.02</td>
<td>0.20*</td>
<td>–0.05</td>
<td>–0.05</td>
<td>0.03</td>
<td>0.19*</td>
<td>–0.01</td>
<td>0.22*</td>
<td>0.28*</td>
<td>0.10*</td>
<td>–0.01</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Significant at the 5% level.

**Notes.** The number of observations for event history analysis is 24,750. The number of firms is 495. Descriptives of total donation amount are based on 495 observations.

*aLogged.

*bLagged.

*cThe donation amount is calculated as log(donation value in ¥10,000).
**Table 2  Event History Models Predicting MNC Subsidiaries’ Donation Rates (N = 495 Firms)**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Before May 14</th>
<th>After May 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal area</td>
<td>−0.4**</td>
<td>−0.36*</td>
<td>−0.40**</td>
<td>−0.37*</td>
<td>−0.38*</td>
<td>−0.4**</td>
<td></td>
</tr>
<tr>
<td>Consumer-related industry</td>
<td>0.28*</td>
<td>0.5**</td>
<td>0.28*</td>
<td>0.23</td>
<td>0.22</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td>MNC’s subsidiary size</td>
<td>0.24***</td>
<td>0.21***</td>
<td>0.21***</td>
<td>0.21***</td>
<td>0.20**</td>
<td>0.18***</td>
<td></td>
</tr>
<tr>
<td>Years of operation in China</td>
<td>0.02**</td>
<td>0.02**</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Sales growth</td>
<td>0.001*</td>
<td>0.001</td>
<td>0.001</td>
<td>0.001</td>
<td>0.001</td>
<td>0.001*</td>
<td></td>
</tr>
<tr>
<td>Total sales in China in 2007</td>
<td>0.21+</td>
<td>0.16*</td>
<td>0.02</td>
<td>0.02</td>
<td>0.03</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>CEO-overseas Chinese</td>
<td>−0.37+</td>
<td>−0.32+</td>
<td>−0.18</td>
<td>−0.15</td>
<td>−0.17</td>
<td>−0.23</td>
<td>(0.19)</td>
</tr>
<tr>
<td>CEO-foreignian</td>
<td>0.39**</td>
<td>0.34*</td>
<td>0.26*</td>
<td>0.25</td>
<td>0.24</td>
<td>0.19</td>
<td>(0.16)</td>
</tr>
<tr>
<td>Ownership concentration</td>
<td>−0.004</td>
<td>−0.004</td>
<td>−0.004</td>
<td>−0.004</td>
<td>−0.004</td>
<td>−0.003</td>
<td>(0.003)</td>
</tr>
<tr>
<td>Government ownership</td>
<td>0.02</td>
<td>−0.03</td>
<td>0.07</td>
<td>0.11</td>
<td>0.11</td>
<td>0.1</td>
<td>(0.15)</td>
</tr>
<tr>
<td>Listed on China’s stock market</td>
<td>0.07</td>
<td>0.12</td>
<td>0.22</td>
<td>0.11</td>
<td>0.11</td>
<td>0.13</td>
<td>(0.20)</td>
</tr>
<tr>
<td>Firm donated already</td>
<td>−1.65***</td>
<td>−1.56***</td>
<td>−1.66***</td>
<td>−1.64***</td>
<td>−1.62***</td>
<td>−1.4**</td>
<td>(0.17)</td>
</tr>
<tr>
<td>Wholly owned subsidiary</td>
<td>0.34*</td>
<td>0.26*</td>
<td>0.20</td>
<td>0.15</td>
<td>0.14</td>
<td>0.11</td>
<td>(0.16)</td>
</tr>
<tr>
<td>% of firms in the industry that donated*</td>
<td>9.53***</td>
<td>2.23*</td>
<td>1.99*</td>
<td>2.04*</td>
<td>1.92*</td>
<td>3.09**</td>
<td>(1.05)</td>
</tr>
<tr>
<td>Firm in the same industries as targeted firms*</td>
<td>−0.55***</td>
<td>−0.74***</td>
<td>−0.76***</td>
<td>−0.73***</td>
<td>−0.68***</td>
<td>−0.4**</td>
<td>(0.15)</td>
</tr>
<tr>
<td>Independent variables</td>
<td>1.17***</td>
<td>0.98***</td>
<td>1.02***</td>
<td>1.04***</td>
<td>1.02***</td>
<td>1.17***</td>
<td>(0.27)</td>
</tr>
<tr>
<td>Listed as stingy</td>
<td>0.002***</td>
<td>0.002***</td>
<td>0.002***</td>
<td>0.002***</td>
<td>0.002***</td>
<td>0.002***</td>
<td>(0.002)</td>
</tr>
<tr>
<td>No. of Internet articles on corporate donation*</td>
<td>0.24*</td>
<td>0.28*</td>
<td>0.28*</td>
<td>0.28*</td>
<td>0.28*</td>
<td>−0.17</td>
<td>(0.35)</td>
</tr>
<tr>
<td>Self-presentation of CSR</td>
<td>0.64**</td>
<td>0.72**</td>
<td>0.71**</td>
<td>0.71**</td>
<td>0.71**</td>
<td>1.18**</td>
<td>(0.35)</td>
</tr>
<tr>
<td>Company reputation</td>
<td>0.58*</td>
<td>0.53*</td>
<td>0.51*</td>
<td>0.51*</td>
<td>0.51*</td>
<td>0.47</td>
<td>(0.44)</td>
</tr>
<tr>
<td>Home country–United States</td>
<td>0.19</td>
<td>0.10</td>
<td>0.10</td>
<td>0.10</td>
<td>0.10</td>
<td>0.48</td>
<td>(0.36)</td>
</tr>
<tr>
<td>Home country–Europe/Canada/Asia</td>
<td>−0.001</td>
<td>−0.001</td>
<td>−0.001</td>
<td>−0.001</td>
<td>−0.001</td>
<td>−0.001</td>
<td>(0.001)</td>
</tr>
<tr>
<td>Constant</td>
<td>−8.45***</td>
<td>−7.96***</td>
<td>−6.18***</td>
<td>−6.24***</td>
<td>−6.25***</td>
<td>−5.38***</td>
<td>(1.14)</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>−977.61</td>
<td>−917.83</td>
<td>−902.20</td>
<td>−589.84</td>
<td>−589.29</td>
<td>−576.76</td>
<td></td>
</tr>
<tr>
<td>Likelihood ratio $\chi^2$</td>
<td>533.66</td>
<td>653.24</td>
<td>684.49</td>
<td>858.12</td>
<td>891.97</td>
<td>4,910.57</td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>15</td>
<td>17</td>
<td>21</td>
<td>21</td>
<td>22</td>
<td>27</td>
<td></td>
</tr>
</tbody>
</table>

Notes. Two-tailed tests were used. Robust standard errors are in parentheses. The number of donation events is 367. The number of observations is 24,750. Models 4 and 5 have propensity score weighting, and log pseudolikelihood was reported by Stata.

aLogged.

bLagged.

$^p < 0.1; ^* p < 0.05; ^** p < 0.01; ^*** p < 0.001.$
### Table 3 OLS and Heckman Sample Selection Models Predicting Amounts of Donation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3 (Heckman selection model)</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal area</td>
<td>−0.86*</td>
<td>−0.85*</td>
<td>0.05 (0.24)</td>
<td>−0.88** (0.34)</td>
</tr>
<tr>
<td>Consumer-related industry</td>
<td>0.67*</td>
<td>0.70*</td>
<td>0.47* (0.21)</td>
<td>0.71* (0.34)</td>
</tr>
<tr>
<td>MNC’s subsidiary size (logged)</td>
<td>0.30**</td>
<td>0.31***</td>
<td>0.03 (0.07)</td>
<td>0.31** (0.10)</td>
</tr>
<tr>
<td>Years of operation in China</td>
<td>0.04*</td>
<td>0.03*</td>
<td>0.01 (0.01)</td>
<td>0.02 (0.02)</td>
</tr>
<tr>
<td>Sales growth</td>
<td>0.005*</td>
<td>0.004*</td>
<td>0.001 (0.001)</td>
<td>0.003* (0.002)</td>
</tr>
<tr>
<td>Total sales in China in 2007 (logged)</td>
<td>−0.07 (0.18)</td>
<td>−0.09 (0.19)</td>
<td>0.09 (0.13)</td>
<td>−0.08 (0.19)</td>
</tr>
<tr>
<td>CEO—overseas Chinese</td>
<td>−0.28 (0.38)</td>
<td>−0.36 (0.41)</td>
<td>0.08 (0.29)</td>
<td>−0.32 (0.41)</td>
</tr>
<tr>
<td>CEO—foreign</td>
<td>0.20 (0.33)</td>
<td>0.18 (0.35)</td>
<td>−0.03 (0.25)</td>
<td>0.24 (0.36)</td>
</tr>
<tr>
<td>Ownership concentration</td>
<td>−0.01 (0.01)</td>
<td>−0.003 (0.01)</td>
<td>0.004 (0.005)</td>
<td>−0.003 (0.01)</td>
</tr>
<tr>
<td>Government ownership</td>
<td>−0.09 (0.31)</td>
<td>−0.0001 (0.32)</td>
<td>−0.47* (0.22)</td>
<td>0.03 (0.32)</td>
</tr>
<tr>
<td>Listed on China’s stock market</td>
<td>0.80*</td>
<td>0.66</td>
<td>0.84* (0.26)</td>
<td>0.66 (0.47)</td>
</tr>
<tr>
<td>Wholly owned subsidiary</td>
<td>0.16 (0.30)</td>
<td>0.12 (0.33)</td>
<td>−0.42* (0.23)</td>
<td>0.08 (0.34)</td>
</tr>
<tr>
<td>Firm in the same industries as targeted firms</td>
<td>−0.33 (0.33)</td>
<td>−0.19 (0.36)</td>
<td>−0.35 (0.25)</td>
<td>−0.20 (0.36)</td>
</tr>
<tr>
<td>Independent variables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed as stingy</td>
<td>1.83**</td>
<td>1.88**</td>
<td>0.82* (0.41)</td>
<td>1.95** (0.60)</td>
</tr>
<tr>
<td>Self-presentation of CSR</td>
<td>0.60*</td>
<td>0.67*</td>
<td>0.62** (0.19)</td>
<td>0.73** (0.27)</td>
</tr>
<tr>
<td>Company reputation</td>
<td>1.20**</td>
<td>1.33**</td>
<td>0.65* (0.28)</td>
<td>1.25** (0.46)</td>
</tr>
<tr>
<td>Home country—United States</td>
<td>0.51 (0.43)</td>
<td>0.32 (0.47)</td>
<td>0.14 (0.31)</td>
<td>0.40 (0.47)</td>
</tr>
<tr>
<td>Home country—Europe/Canada/Asia</td>
<td>−0.003 (0.31)</td>
<td>−0.14 (0.34)</td>
<td>−0.49* (0.24)</td>
<td>−0.21 (0.37)</td>
</tr>
<tr>
<td>Constant</td>
<td>1.44 (2.48)</td>
<td>1.38 (2.57)</td>
<td>2.92 (1.72)</td>
<td>1.39 (2.57)</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.22</td>
<td>0.24</td>
<td>0.26</td>
<td></td>
</tr>
</tbody>
</table>

Notes. Standard errors are in parentheses. The number of observations is 495. For Model 3, the number of censored cases is 200. Models 2 and 4 have propensity score weighting. See the explanation about the weights in Endnote 13. For Model 3, the covariates for the selection equation are coastal area, consumer-related industry, MNC’s subsidiary size, sales growth, self-presentation of CSR, company reputation, home country—United States, home country—Europe/Canada/Asia, and the number of Internet articles on corporate donation published the day before the last donation made by the firm (this value refers to the number of articles published the day before the last day for censored cases).

* $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$ (two-tailed tests).

Opportunity structures (i.e., vulnerability and institutional logic of discretionary corporate philanthropy) to vary across two time periods (see Model 6 of Table 2). Because May 14 is the first day the stingy list appeared, and because we also saw a peak in the number of Internet articles on corporate donation, we used this date to divide the two periods. Our argument would suggest that our hypotheses on political opportunity structures hold in the second period. Results from Model 6 are consistent with those found before. In addition, the comparison between the two periods highlights the impact of the online campaign. For instance, the effect of the CSR self-presentation is not significant in the first period but is significant in the second period ($p < 0.05$), confirming our argument that such a stance makes firms vulnerable to potential attack and can hence hasten their response. Reputation has a positive effect on donation rates in both time periods ($p < 0.01$). Highly reputed firms responded more quickly than other firms before the rise of the campaign, possibly out of intrinsic motivation. Note that there was no significant difference in donation rates between firms headquartered in different countries in the first period, but U.S.-headquartered firms donated faster than those in the other two categories in the second period ($p < 0.05$). This is consistent with our argument that the institutional logic of discretionary corporate philanthropy prevalent in the United States provided the political opportunity structure that facilitated response to the online campaign through donation.

Given that 82% of the donating firms made only one donation during our observation period, we examined the first donation separately to check the robustness of our results. Our results were consistent with those based on all donations, except for the analysis of the first donation amount: highly reputed firms were not associated with significantly higher initial donation amounts. We conducted a supplementary analysis on the likelihood of making a second donation and found that firms with a high reputation, as well as those on the stingy list, were more likely to donate a second time ($p < 0.05$ or $p < 0.01$, respectively). The sequence of donations suggests that reputation facilitated the corporate response to the
online campaign: highly reputed firms did not donate more initially, but their perceived vulnerability to the campaign pressure may have led them to donate again.

Discussion and Conclusion

Our study is motivated by the key question of how to explain variations in MNCs’ social responsiveness in emerging-market host countries where they are less constrained by regulations and norms to take on social responsibilities. Proposing a social movement perspective on MNCs’ social participation, we tested our framework in the context of the online campaign and corporate giving in the wake of the 2008 earthquake in the Sichuan province of China. Our results highlight the importance of online activism tactics and political opportunity structures in shaping MNCs’ responses. First, both targeted shaming and the diffuse pressure from the online campaign increased MNCs’ donation rates. Second, perceived organizational vulnerability (stemming from self-presentation of CSR and high reputation) and a home-country institutional logic of discretionary corporate philanthropy accelerated corporate giving. Third, firms under (perceived) high pressure from the online campaign (shaming targets, self-proclaimed CSR, and high reputation) donated larger amounts, whereas those influenced by a home-country institutional logic consistent with the activist demands did not.

An alternative explanation for MNCs’ different responses to disaster relief is geographic proximity. Muller and Whiteman (2009) argued that MNCs donate more if the disaster-stricken area is closer to home. Applied to our context, because the Greater China area is closer to the earthquake site than the United States, Europe, or other Asian countries, firms headquartered in the Greater China area would donate sooner or more than those in the other areas. Our findings about home-country origin do not support this prediction but are consistent with our argument on the national institutional logic.

Although we attributed the effects of a self-presentation of CSR and high reputation to such MNCs’ higher vulnerability to the pressure from the campaign, one may argue that the top management of these MNCs may simply be more committed to being socially responsible (Weaver et al. 1999). We do not deny that there was a sense of “positive duty” among MNC executives after the catastrophe (Swanson 1995). Indeed, the positive effect of reputation on donation rates in the initial period would suggest that this was the case to some extent. Nevertheless, the dynamics of giving offer strong evidence for the influence of the campaign on the responses of firms with a high reputation. The fact that highly reputed MNC subsidiaries did not donate larger amounts initially but significantly larger amounts in total is consistent with the vulnerability-triggered adjustment when under pressure. Moreover, we found no significant effect of self-presentation of CSR on giving before the campaign took off, but we observed a strong effect thereafter.

Two important limitations of our study should be acknowledged. First, our study included only the large subsidiaries of MNCs in our sample. Although this fitted with our aim of examining corporate giving as a response to online activism, factors that motivate small and medium-sized firms to donate may not be the same as those that we focus on here, given their relative lack of visibility. Second, we examined only one activist campaign triggered by a natural disaster in one emerging market. It is important to recognize variations in the institutional context of emerging markets. Although generally characterized as having weak monitoring by market institutions, some emerging markets (e.g., India) have stronger monitoring by nongovernmental organizations, social movement organizations, and conventional media than China has. Such a difference may allow online activists to connect with off-line social movement campaigns in pressuring for corporate change. Further studies are needed to test our framework in different emerging market contexts.

Nevertheless, our study contributes in a number of ways to the literature on heterogeneous organizational responses as the outcome of social movements. First, we extend the sources of political opportunity structures via which the movement campaign gains influence to include organizational vulnerability and country-level institutional logic. The importance of political opportunity structures in amplifying the threat and securing concessions from the government has long been acknowledged (e.g., Amenta 2006). Recent social movement studies have gone beyond the link between attack and response to examine how organizational characteristics and internal polity provide political opportunity structures that amplify the movement’s impact (King 2008, Weber et al. 2009). We suggest that organizational vulnerability not only attracts attention from activists (Bartley and Child 2008) but also leads to preemptive corporate action to manage such vulnerability through concessions. An alignment between the home-country institutional logic and the activist demands can reduce internal resistance and prompt a quicker response. Our findings help explain the variations in organizational response, especially when firms are not directly attacked by activists.

Second, we enhance understanding of how responses differ in magnitude depending on whether they are triggered by the perceived pressure or the perceived legitimacy of activist claims. The two types of motivations are associated with different incentives and decision-making processes for corporations, and they help account for the wide range in donation amounts. This has important implications for understanding corporate responses.
to movements that demand more costly actions, such as abandoning environmentally unfriendly products or altering a production process. Social movements have the potential to bring about costly corporate changes so long as they exert a pressure that the firm perceives to be real (i.e., the threat of symbolic or material damage); hence organizational vulnerability can offer activists a key lever. In contrast, simply gaining acceptance of the legitimacy of demands without exerting real pressure is less likely to secure corporate concessions that involve costly changes. Zald et al. (2005) provided examples of how executives who agreed with the ideology of the movement would concede early on but adopt only the less costly items demanded.

Third, we broaden the social movement literature by examining a new form of mobilization, i.e., the online campaign. Our study illuminates the processes through which this new form of activism can change the way corporations operate and compete—and could potentially give rise to new norms.

In addition, our study fills an important gap in understanding corporate social engagement in emerging markets by applying the social movement perspective. Our framework shares the emphasis of the institutional perspective on CSR on the role of external pressures, but it highlights the importance of noninstitutionalized pressures, i.e., from a social movement (Campbell 2007). This framework is particularly useful in explaining corporate social behavior in emerging markets where regulations and norms on CSR are lacking. We show how a social movement campaign can challenge the status quo by targeting individual organizations and shaping public opinion and how some organizations become socially responsive in the presence of political opportunity structures.

To the strategic perspective on CSR that stresses firms’ motivation, such as the benefits of CSR in marketing and overcoming nationalistic bias (Gardberg and Fombrun 2006, Porter and Kramer 2007), our perspective adds the importance of external social forces in prompting MNCs into action. Although we do find a positive effect of consumer-related industries on giving, consistent with the view of CSR as a marketing tool (e.g., Fry et al. 1982), the variables that prompt an organizational response to the activist campaign, such as a stingy ranking, a self-presentation of CSR, a high reputation, and U.S.-based headquarters, are as important (or more important) in affecting patterns of corporate giving. Given the underdeveloped market-based channels for stakeholder influence in emerging economies, activist campaigns are crucial in drawing executives’ attention to social causes.

Our study enriches research on MNCs in two important regards. First, although this literature has suggested that social movements can significantly increase the cost of doing business for MNCs through intensifying local bias and nationalistic sentiments (Kostova and Zaheer 1999), much less is understood about what attributes of MNCs can make them more vulnerable. Our results suggest that in the context of an activist campaign, certain strengths of MNCs can increase vulnerability, and potentially their costs, such as self-presentation of CSR and a high reputation (Bansal and Clelland 2004, Gardberg and Fombrun 2006). Second, we add to understanding of MNCs’ responses to dual pressures by observing MNCs’ responses to a local social movement campaign consistent with their home-country institutional logic. Unlike studies that find MNCs simply carry their home-country framework to the host country (e.g., Luo et al. 2009), we find that MNCs tend to enact their home-country logic when confronted with pressure from an activist campaign. This suggests an important role for the home-country institutional logics in times of urgency, although host-country institutional conditions and concerns about immediate economic gains may prevent a simple transfer of CSR practices from home in normal circumstances.

Our study also has important implications for research on institutional change. Institutional studies tend to assume that exogenous shocks usher in a new institutional era (e.g., Thornton and Ocasio 1999). Recent studies point to social movements as an important mechanism for institutional change (McAdam and Scott 2005). However, less is understood about how organizational responses may lead to the institutionalization of new norms and practices (Dacin et al. 2002). We document the emergence of an activist campaign after an exogenous shock and the varying responses to it among MNCs. Indeed, it has been suggested that the institutional environment for doing business in China may have been permanently changed after the earthquake and the online campaign that it prompted (McGinnis et al. 2009). Further research is needed to ascertain whether the donations given by MNCs after the Sichuan earthquake can be seen as a forerunner of a new CSR norm in emerging markets. Such research would contribute to the literature on institutional change by explaining the organizational processes by which a new institutional era comes into being.

Acknowledgments
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Appendix. Data Sources for Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate donation</td>
<td>The State Commerce Ministry, Internet sites (e.g., Baidu.com), company websites, newspapers, public lists and blogs compiled by Internet users</td>
</tr>
</tbody>
</table>
| Targeted shaming | A search of “lists of international iron roosters” in Google generated 934,000 results, including the following:
| No. of Internet articles on corporate donation | Internet articles on the following websites on the topic of corporate donation for disaster relief were counted: Sina.com, Sohu.com, QQ.com, NetEase (http://www.163.com), CCTV.com, Xinhuang.com, People.com.cn, ifeng.com, and China.com8 |
| No. of newspaper articles on corporate donation | Articles on the topic of corporate donation for disaster relief were searched in two databases:
| CEO’s nationality | Company websites, various Internet sources by searching on Baidu or Google |
| Self-presentation of CSR | Company websites |
| Company reputation | Eight nationally recognized rankings/awards (see Endnote 9) |
| Firm size | Company websites, Reports from the Ministry of Commerce; various Internet sources by searching on Baidu or Google |
| Firm sales | Reports from the Ministry of Commerce, company websites, various Internet sources by searching on Baidu or Google |
| Listed on China’s stock market | Company websites, Shanghai Stock Exchange website, Shenzhen Stock Exchange website |
| Donations between May 2005 and May 11, 2008 | Information was collected from the following databases:

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Endnotes

1 For instance, Wang (2006a) described the start of public attention to the issue of CSR: “Against the backdrop of the market transition, whether firms, as the basic economic unit, should take social responsibilities, have gradually started to be noticed by the general public” (p. 72, emphasis added).
2 This comment was quickly cited by at least 34 Internet sites. See also http://bbs.cnfol.com/thread-2583032-1-1.html (accessed February 17, 2013).
3 In a few days’ time, this comment was clicked on 14,152 times and was followed by 195 comments.
4 This comes from the saying that it is not easy to pluck a feather from a real live rooster, but it is impossible to do so from one made of iron (see http://history.cultural-china.com/en/38History10674.html, accessed February 17, 2013).
5 We consider the online campaign to be a social movement campaign rooted in broader social tensions as described above. Following the social movement research (e.g., McAdam et al. 2001, Weber and Soderstrom 2011), we view movement campaigns as episodic, mobilized, and oriented toward specific goals and social movements as sustained, latent action mobilization, and oriented toward broader goals. Catalyzed by the earthquake disaster, the online campaign may spearhead a broader social movement for greater social responsibilities of MNCs in China (e.g., McGinnis et al. 2009).
6 This was based on a phone interview conducted in Beijing with CY Yeung in Hong Kong on December 21, 2008.
7 The State Commerce Ministry (SCM) publicized MNC subsidiaries’ donations for the purpose of clarification. Some MNCs did not publicize their donations and were placed on the stingy list. At the request of some MNCs, the SCM first publicized donation information on May 23, 2008 and again in June.
8 We collected the information on self-presentation of CSR shortly after the earthquake. Ideally, it could have been gathered before the earthquake. We believe the corporate self-presentation is less likely to change rapidly, and we randomly checked some publicly listed firms’ 2007 annual reports to ensure consistency.
9 These reputation rankings are as follows: the most respected companies (as selected by the Case Research Center at Peking
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University and the Economic Observer), the CCTV Best Employer Award (by China Central Television), China’s Best Corporate Citizenship Award (by the 21st Century News Group), the most praised companies (by Fortune magazine), firms with the highest sense of responsibility (by China Newsweek and the China Red Cross), the Guangming CSR award (by Guangming Daily), companies with the best image (by the Research Center on Development of the State Council), and the CSR ranking issued by the Hurun Report. Each of these awards encompasses a wide range of measures. For example, China’s Best Corporate Citizenship Award is based on how well the company treats shareholders, employees, customers, business partners, the environment and resources, and society in general (community service) (Document for Selecting the Best Corporate Citizens 2007).

For this variable, a firm takes on the value of 1 on the day when a firm in its industry (by two-digit SIC code) is first listed on the “international iron rooster list” and stays 1 afterward.

For the China Economic News Database and the Duxiu Database, we used keywords of the company name and “donation” or “charity” or “social responsibility” to search. For the China CSR Map, which includes information on 487 firms, we collected information on whether firms in our sample donated between 2005 and May 11, 2008. We then put information from the three sources together and deleted repetitive items, and thus we obtained the times and the total amounts of donations by firms in our sample in this period.

In our sample, there were 167 firms with the treatment (donation) against 328 in the control group (no donation). In the probit model, we used explanatory variables found as important predictors for corporate donation in prior research (such as firm size, performance, ownership concentration, and consumer-related industry) as well as our measures of political opportunity structures (such as ownership structure, years of investment in China, self-presentation of CSR, reputation, and institutional logic of discretionary corporate philanthropy in the home country). We used data from different years for some variables (compared with the main regression) to adjust to the dependent variable (which describes donation between 2005 and May 2008). (For example, instead of the sales in China in 2007 in the main regression, we used the average of annual sales between 2004 and 2007.) The model had a good fit ($\chi^2 = 123.46; p < 0.001, 10 df$).

Treated and control firms are reweighted to be representative of a population from which they were drawn. Let $p$ be the estimated propensity score. The weights are $1/p$ for a firm that had a higher propensity to donate (i.e., we observed its donation prior to the earthquake) and $1/(1 - p)$ for one that had a lower propensity to donate (i.e., no donation observed prior to the earthquake). In Model 2 of Table 3, the weights are the same as those applied to firms in the event history analysis (Models 4–6 of Table 2). In Model 4 of Table 3, the weights were obtained by multiplying the weight corresponding to the treatment of prior propensity to donate and the weight corresponding to the Heckman sample self-selection (see the study by Azoulay et al. 2009, who used the same method to combine the two selectivity processes to create weights).

The categories for home-country origin were added together at the stage of adding independent variables, rather than in the model with only control variables, because it is necessary to add the mutually exclusive categories at the same time.

In the full model, we also tried finer categories (Europe, Japan, and other Asian countries) in place of the one category of Europe/other Asian countries. None of the subcategories was significant, but the coefficient of the U.S.-based MNCs remained significant ($p < 0.05$).

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CORRECTION

In this article, “Dared to Care: Organizational Vulnerability, Institutional Logics, and MNCs’ Social Responsiveness in Emerging Markets” by Jianjun Zhang and Xiaowei Rose Luo (first published in Articles in Advance, March 21, 2013, Organization Science, DOI:10.1287/orsc.1120.0813), “Internet activism” has been changed to read as “online campaign,” and similar references to the term “Internet” have been changed to “online.”