Journal of Management & Organization, 23:2 (2017), pp. 277–296
© 2016 Cambridge University Press and Australian and New Zealand Academy of Management
doi:10.1017/jmo.2016.31

Business owners' achieved social status and corporate philanthropy: Evidence from Chinese private small- and medium-sized enterprises

YONGQIANG GAO,* TAÏEB HAFSI** AND XIAOBIN HE§

Abstract

Using a nationwide survey of Chinese private small- and medium-sized enterprises, this study examines the effect of business owners' achieved social status (AcSS) on corporate philanthropy (CP). AcSS is an institutional resource, sometimes an institutional constraint, which should lead to higher CP. In this study, it is measured by a composite index of business owners' income, education, political ties, and individual donations. AcSS has a positive effect on CP. In different regressions, we find that individual variables, income, political ties, and individual donations are positively associated with CP, while the effect of education is not significant. Firm visibility moderates (weakens) the effect of AcSS, while owners' equity ratio has no discernable moderation effect on CP. Overall, this study confirms that owners' AcSS, an important resource for the firm, plays a significant role in corporate social behavior. It increases pressures and expectations from the public, leading to higher CP.

Keywords: achieved social status, business owner, corporate philanthropy, Chinese private SMEs, neo-institutional theory

Received 29 September 2013. Accepted 14 July 2016

INTRODUCTION

In the last three to four decades, corporations have faced increasing pressures to conduct business in a socially responsible way. Customers, communities, employees, governments, and even shareholders are all joining in the push for more attention to society's well-being (Sethi, 2003). To respond to stakeholders' social responsibility concerns, firms' strategies are changing to demonstrate social consciousness, including through philanthropy, and enhance legitimacy (Idowu & Papasolomou, 2007; Chiu & Sharfman, 2011). Corporate philanthropy (CP), as a dimension of corporate social responsibility, refers to gift giving or monetary contributions made by firms to social or charitable causes, such as education, the arts, health care, environmental protection, disaster relief, and the like (Godfrey, 2005; Wang & Qian, 2011).

Scholars have identified and investigated such antecedents of CP as firm size (e.g., Adams & Hardwick, 1998; Brammer & Millington, 2006), financial performance (e.g., Preston & O'Bannon, 1997; Waddock & Graves, 1997), slack resources (Sen, 2011), leverage (Wang & Qian, 2011), ownership type (e.g., Zhang, Rezaee, & Zhu, 2009), advertising intensity (Brammer & Millington,

* School of Management, Huazhong University of Science & Technology, Wuhan City, P.R. China
** HEC, University of Montreal, Montreal, QC, Canada
§ School of Management, Fudan University, Shanghai City, P.R. China
Corresponding author: yqgao@mail.hust.edu.cn

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

2004; Zhang, Zhu, Yue, & Zhu, 2010), institutional forces (e.g., Marquis, Glynn, & Davis, 2007; Gao, 2011), industry (Useem, 1988; Amato & Amato, 2012), and corporate governance (e.g., Galaskiewicz, 1997; Bartkus, Morris, & Seifert, 2002). But they have devoted little attention to the effect of decision-makers' characteristics (Du, Jian, Du, Feng, & Zeng, 2014).

Although CP is an organization-level action, the decision is made by the individuals who own or control the organization (Buchholtz, Amason, & Rutherford, 1999; Hambrick & Quigley, 2014). Like many other organizational decisions or actions, CP is affected by owners' or top managers' characteristics, values, and perceptions (Nishii, Gotte, & Raver, 2007; Finkelstein, Hambrick, & Cannella, 2009). Further, these determine often the owners/managers' reputation and standing among their peers and within the community (Fombrun, 1996). Given the importance of decision-makers' characteristics, including their altruistic and social interest orientation, in CP, it is surprising that only a handful of studies have examined their effects (e.g., Campbell, Gulas, & Gruca, 1999; Gomez-Mejia, Cruz, Berrone, & DeCastro, 2011).

Some scholars have introduced the idea of social status and suggested that it could be a significant determinant of socially responsible behavior. Social status is the relative standing or position of an individual in a social system based on prestige, honor, and deference (Berger, Cohen, & Zelditch, 1972; Thye, 2000). It is often associated with social power and to the foundations of social responsibility (Davis, 1960; Magee & Galinsky, 2008). According to Davis, 'social responsibilities of businessmen need to be commensurate with their social power' (1960: 71), and 'the avoidance of social responsibility leads to gradual erosion of social power' (1960: 73). Given the association of social power with social status, business owners with high social status are expected by the public to be socially responsible.

Social status is achieved either through ascription (ascribed social status [AsSS]) or through achievements (achieved social status [AcSS]). AsSS is associated to inherited characteristics assigned at birth such as gender, race, and socioeconomic backgrounds; while AcSS refers to the socioeconomic characteristics, acquired during a person's lifetime (Foladare, 1969; Glorieux & Laurijssen, 2011). Since AsSS and AcSS are usually correlated, and the impact of AcSS on CP overshadows that of AsSS, we focus in this study on the effect on CP of business owners' AcSS.

We focus on business owners' rather than managers' AcSS because in most Chinese private enterprises, especially the small- and medium-sized enterprises (SMEs), the owner also acts as the general manager (Huang, 2009) and makes almost all important decisions on a daily basis. This is different from many large and publicly traded Western firms in which a hired chief executive officer makes the CP decisions on behalf of shareholders (Galaskiewicz, 1997; Choi & Wang, 2007). We argue first that business owners' AcSS increases their visibility to, and thus the expectations and pressures from external stakeholders to support philanthropy.

We also consider the boundary conditions of the effect of business owners' AcSS on CP. We believe that the pressures a business owner faces to support philanthropy vary with firm visibility. Owners with higher AcSS are scrutinized by the public, and the higher their firms' visibility the more pressures they would feel to support philanthropy. Therefore, we expect firm visibility to strengthen the positive relationship between business owners' AcSS and CP. In addition, although business owners with a higher AcSS may contribute more to charity, such decisions may also depend on owners' power within the firm. For some firms, there is more than one owner and each may have a voice in organizational decisions. In such cases, we expect the owner with a higher ratio of equity in the firm to have more influence. This leads us to assume that the effect of business owners' AcSS on CP would be strengthened by their equity level.

We conduct this study in the context of China, a large emerging economy. More than three decades of economic reform have given birth to millions of private SMEs. These privately owned SMEs play a very important role in speeding economic growth and creating employment (Anderson, Li, Harrison,

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

& Robson, 2003). In addition, because of the country socialist orientation, an individual's AcSS is often more valued and respected in China than his/her AsSS. Therefore, China provides us with a good field to test our arguments.

THEORIES AND HYPOTHESES

Both the resource-based theory (Peteraf & Barney, 2003) and the institutional theory (Scott, 2014) could help explain the effect of business owners' AcSS on CP. First, AcSS can be seen as a unique acquired individual resource. Because in SMEs, the owners' resources can be seen as the firm's resources, one could argue that owners' AcSS are also unique firm resources, hard to imitate, and thus at the roots of its competitive advantage. But AcSS is also a social phenomenon, acquired through interaction with other influential social actors over a long period of time. It is fragile and subject to scrutiny by the community. Using Oliver's (1997) conceptualization, it is an 'institutional capital.' Unlike traditional 'resource capital,' which is valued mostly because of its inimitability and value in the firm value chain, an institutional capital influences strategic decisions and in particular could affect decisions about resource capital.

Owners' AcSS, we said, is related to a firm's sustainable competitive advantage, and could make its success within a community. But owners' AcSS is, unlike other resources, institutionally determined. Thus, it comes with limitations on owners' ability to decide. As argued by Oliver 'institutional capital is the context surrounding resources and resource strategies that enhances or inhibits the optimal use of valued resource capital' (1997: 700). It constrains the ability to make economic choices. All choices are somewhat controlled by AcSS, and we shall argue that this interaction between the resource-based theory and the institutional theory explains that owners of SMEs faced with community expectations would tend to respond so as to protect their institutional capital (i.e., AcSS), even if it is at the expense of existing assets. In family firms, where owners are also powerful, this has also been conceptualized as socioemotional wealth, and has been shown to affect strategic decisions (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010).

Thus, owners' AcSS can be conceived as having a dual character. It is an important resource, which can provide distinctiveness and competitive advantage, as stipulated by the resource-based theory (Barney, 1991). It is also an institutional resource which affects and constrains the firm's strategies and economic decisions, as predicted by the institutional theory (Scott, 2014). We shall argue that this dual character determines CP giving.

Literature of social status has well documented that high-status individuals often wield more influence (Berger, Fisek, Zorman, & Zelditch, 1977; Piff, Kraus, Côté, Cheng, & Keltner, 2010), receive more opportunities (Cohen, 1994; Thye, 2000), are more favorably evaluated (Foschi, 1992), are given more credit (Merton, 1968), and are allocated more resources (Berger, Wagner, & Zelditch, 1985; Godoy et al., 2007). They also have higher levels of media exposure, obtain greater recognition, receive more orders from sellers (Podolny, 2001), and thus face higher stakeholders' expectations or pressures, than those who have lower social status, to support philanthropy (Stewart, 2005). This demonstrates the resource capital aspect, but in this paper, we shall argue that this also leads to institutionally determined decisions, notably in philanthropy.

AcSS of business owners in China

The concept of social status has been developed in both sociology and social psychology. In particular, German sociologist, Max Weber (see Gerth & Mills, 1946; Kelly & Stein, 2011) proposed that stratification is based on three factors, 'the three p's of stratification': property, prestige, and power. He claimed that social stratification is a result of the interaction of wealth, prestige, and power.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

- Property refers to one's material possessions and their life chances. If someone has control of property, that person has power over others and can use the property to his or her own benefit.
- Prestige is also a significant factor in determining one's place in the stratification system. Property does not always assure power, and frequently people have power and status with prestige and little property.
- Power is the ability to do what one wants, regardless of the will of others.

We could therefore argue that anything that affects these three dimensions affects AcSS. For example, income would affect property; education, political positions, and personal contributions to community would affect prestige; political ties would affect power. Occupation may affect all of property, prestige, and power.

Specifically, it has been widely recognized in the social science literature that one's occupation, education, and income are good indices of his or her AcSS (Duncan, 1961; Hollingshead, 1975; Evans & Kelley, 1995; Yamaguchi & Wang, 2002). China is not an exception. In China, occupation is highly and directly related to one's AcSS. Government officials, entrepreneurs in large companies, famous scientists, movie stars, and other famous artists tend to enjoy high social status; while farmers, migrant workers, and laid-off workers tend to have low social status. Income is also related to AcSS, especially during the present period of transition. Economic growth and the rise of people's living standard are seen as the key tasks of the Chinese government (Zhu, 2012). More than three decades of economic reform have opened the door to market opportunities and motivated the general public to pursue private wealth. Striking it rich is now almost everyone's dream or aspiration (Xiao, 2009). There is a saying in China that 'money can make the devil turn a mill!' Thus, income should be an important index for AcSS. Finally, education is also highly valued by the Chinese people. China has a long tradition of valuing teachers and education. Most people believe that 'knowledge can change fate.' Scientists and other intellectuals have traditionally been admired, and are widely respected. As a result, there is no doubt that an individual's education could reflect partially his or her AcSS.

In addition to the above three factors, some Chinese scholars have also pointed out that an individual's social capital, especially his/her political ties, cultivated by holding a position in the People's Congress or the Chinese People's Political Consultative Conference (CPPCC)[1], could be seen as an additional factor in the determination of AcSS (e.g., Lin & Bian, 2002; Zhang, 2004; Chou & Xiao, 2011). For example, deputies of the People's Congress and the CPPCC at all levels enjoy various privileges according to the constitution and laws. They have the right to discuss state affairs and local important issues, and supervise the public administration system operations. Deputies of the People's Congress also have the right to participate in the election of governors, to formulate laws and important public policies. They have some level of legal immunity, being exempt from immediate detention even when they commit crimes. Therefore, political ties could be used as another factor to reflect an individual's AcSS in China.

Also contributing to the social capital dimension is visible action dedicated to the community's well-being. Volunteer work and personal donations have traditionally been seen as such an expression of concern, and valued by community opinion-makers. The French sociologist Bourdieu (1984) developed theories of social stratification based on esthetic taste in his work *Distinction*. Bourdieu claims that how one chooses to present one's social space to the world, one's esthetic dispositions, depicts one's status and distances oneself from lower groups. Individual donations, charitable, or philanthropic, are a distinction mechanism, and would be associated with prestige. They thus affect AcSS.

[1] The CPPCC is established for the democratic parties to have a voice in state affairs. Deputies of the CPPCC come from democratic parties and many of them are business owners, professors, and celebrities in other fields.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Therefore, in this study, a business owner's AcSS is reflected by his or her income, education, political ties, and personal donations in money or in nature. We have left out occupation, because we are here focusing on individuals who are all business owners, occupation is not expected to provide any differentiating effect.

AcSS and CP

As argued previously, individuals with higher social status tend to be more influential and enjoy many privileges (Berger et al., 1977; Thye, 2000; Ridgeway & Correll, 2006). They also have higher levels of media exposure, achieve greater recognition, and all these generate higher expectations and pressures from the public to contribute to social good (Podolny, 2001; Stewart, 2005; Magee & Galinsky, 2008). Following this logic, we expect that firms whose business owners enjoy higher AcSS would contribute more to philanthropic giving.

One important reason to justify such a conclusion is that a firm's decisions tend to reflect the decision-makers' characteristics and values (Hambrick & Mason, 1984; Nishii, Gotte, & Raver, 2007; Finkelstein, Hambrick, & Cannella, 2009). Further, we said, organizational decisions in Chinese private firms, especially in SMEs, are generally made by business owners, who usually act as general managers. This owner–manager duality explains that the pressures these individuals receive are also the pressures affecting their firms. We can conflate the owners with their firms, and state that their perceptions of external pressures and attitudes toward philanthropy would affect their firms' CP decisions.

Since business owners with higher AcSS receive higher media exposure (Podolny, 2001) and thus receive more pressures from the public to support philanthropy, we expect that they will make their firms' decisions so as to contribute more to CP (Hess & Warren, 2008). This discussion justifies the following hypothesis:

Hypothesis 1: There is a positive relationship between business owners' AcSS and their firms' CP.

The moderating effect of firm visibility

Business owners with higher AcSS are likely to contribute more organizational resources to support philanthropy. However, the pressures a business owner receives or perceives are also related to his or her firm's visibility among external stakeholders. Higher firm visibility would increase public CP expectations and pressures. Thus, we expect firms' visibility to strengthen the positive relationship between business owners' AcSS and CP.

A firm's visibility, although related, is distinct from the owner's visibility and AcSS. It is generally the result of investments in advertising and promotion and usually part of a firm's differentiation strategy. The corporate social responsibility literature suggests a direct relationship between firm visibility and CP (e.g., Useem, 1988; Zhang et al., 2010). Useem (1988) has shown that firms in more visible industries face higher expectations or pressures to support social causes. Zhang et al. (2010) found that a firm's visibility (measured by advertising intensity) has a positive effect on corporate disaster relief giving in the context of China. The authors believe CP and advertising to complement each other in differentiation strategies.

High visibility attracts more attention from external stakeholders, especially from existing and potential customers and employees (Brammer & Millington, 2006). Because the general public's awareness of corporate social responsibility increases rapidly in China (Wang & Qian, 2011; Marquis & Qian, 2014), firms with higher visibility are likely to face more pressures to increase philanthropy (Gao, 2011; Wang & Qian, 2011). Thus, if higher AcSS leads business owners to face higher pressures

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

and expectations to support CP, high firm visibility would increase these pressures to do so. Thus, we expect a positive moderation effect of firm visibility on the relationship between business owners' AcSS and CP.

Hypothesis 2: Firm visibility strengthens the relationship between business owner' AcSS and their firms' CP.

The moderating effect of equity level

Although business owners' AcSS is expected to have a positive effect on CP, the effect would vary with the owner's influence or power over his or her firm's decisions. Since business owners' power in organizational decisions is generally determined by their holdings of the firm's equity, we expect the owners' equity level to affect their CP decisions and thus moderate the relationship between owners' AcSS and CP.

For some private SMEs there is only one owner and this owner makes all major decisions for his or her firm (He & Sommer, 2006). The organizational CP decisions fully reflect the owner's perception of external pressures and his/her own attitude toward CP. However, it is also likely that firms have more than one owner and in such cases, the CP decisions are affected by other owners as well. The voice of a particular owner in such decisions is determined mainly by his/her relative equity level. The CP decision would therefore be a composition of these owners' influence and AcSS.

Even for firms where ownership and control are separated (Jensen & Meckling, 1976), the same logic applies, even though the owners usually shape or direct the organization's decisions through a board of directors (Fama & Jensen, 1983; Hafsi & Turgut, 2013). In these situations, only the owners who have a high level of equity have the chance to be represented on the board (Jensen, 1993). The higher the equity level, the higher the chance an owner has to be represented or nominated as a director. In addition, in the boardroom, the owners or directors with higher levels of equity have more power in affecting the firm's operations and managers' decisions.

In our sample, some firms have a single owner, but many have more than one owner. Therefore, we expect a business owner's equity level to strengthen the effect of his or her AcSS on CP. Thus, we propose the following hypothesis:

Hypothesis 3: A business owner's equity level strengthens the relationship between his/her AcSS and his/her firm's CP.

METHOD

Data collection

The data used in this research come from a nationwide survey of private firms in China conducted by the United Front Work Department of the Central Committee of the Chinese Communist Party, the All-China Federation of Industry and Commerce, the State Administration for Industry and Commerce of China, and the China Private Economy Association, in March 2008. This survey is one of a series of surveys to collect information about private firms in China. This survey was conducted across all 31 provinces and all industry sectors in China. The respondents of this survey were main owners of private enterprises[2]. The survey received responses from more than 4,000 firms. However, some questionnaires were not fully completed. By excluding questionnaires with important information missing, we obtained a final sample consisting of 2,019 firms.

[2] Private enterprises in China are defined as 'enterprises in which assets are owned by individuals and which have employed eight or more people.' A few enterprises employing less than eight people were also included in the survey.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Most of our sampled firms are SMEs. SMEs are defined differently in different industries, according to the Chinese criteria[3]. For example, within industries such as mining, energy, manufacture, and construction, SMEs are defined as those firms with total assets valued at no more than RMB 400 million, or with a number of employees no higher than 2,000, or with annual revenue no higher than RMB 300 million. While SMEs in wholesale and retailing should have no more than 500 employees, or no more than RMB 150 million in revenues for retailers, or no more than RMB 300 million in revenues for wholesalers. In our sample, only six firms do not strictly conform to these criteria[4]. It is worthy to note that this definition of SMEs in China is different from most Western developed countries' definitions (e.g., European Commission, 2003; U.S. International Trade Commission, 2010). This may be due to differences in resource endowments. Most Western developed countries ensure access to a large pool of capital and technological resources, but have a relatively limited pool of workers. In contrast, the workforce in China is abundant but access to financial capital and technological resources is constrained. The SME definition differences make international comparisons of findings more difficult. We will discuss this later.

All empirical results in this study either come directly from the survey or are derived from it. There could be concern about common method bias, but the risk is small, because the survey was anonymous, extensive, including and mixing dozens of variables in an ambiguous order. Also, rather than simply testing the main effect of business owners' AcSS on CP, we also look at the interaction effects between AcSS and both firm visibility and equity level. It has been shown that such complicated multiple regression analyses are less likely to be affected by common method bias (Chang, Witteloostuijn, & Eden, 2010; Siemsen, Roth, & Oliveira, 2010).

Concern about overreporting of CP should also be put to rest. The original aim of this survey was to collect information about private firms' operations rather than to focus on their philanthropic donations. Checking further, we compared our philanthropy data with those of the 2005 survey. In 2005, the private firms reported giving probability was 70.4%, and the average giving amount was about RMB 66,000 (Liang et al., 2010). The giving amount in our sample is larger but remains within a range considered consistent with the rapid development of the Chinese economy and the decreased number of donating firms during the 2-year gap.

Measurement of variables

CP

CP is measured by the total value of a firm's donations in RMB in 2007[5]. Because the data are highly skewed (Adams & Hardwick, 1998; Wang & Qian, 2011), we computed its natural logarithm.

AcSS

A business owner's AcSS is reflected by his or her income, education, political ties, and individual donations over time. Some scholars prefer a composite index (*AcSS index*) of social status by integrating all the four aspects (see Hauser & Warren, 1997 for a review). We thus computed the ASS index by averaging the four factors equally. The simple additive protocol is made legitimate for at least two reasons. First, theoretically each of the components is likely to add to social status as argued earlier.

[3] The distinction between large firms and SMEs is based on the 'Interim Provisions on Criteria of Small and Medium-sized Enterprises' issued by a joint effort of the National Economic and Trade Committee, the National Development and Planning Committee, the Ministry of Finance, and the National Statistics Bureau in 2003.

[4] In total, 15 firms located in manufacturing had total assets more than RMB 400 millions, but among them nine had a number of employees less than 2,000.

[5] According to the foreign exchange rate recently (September 2013), 1 US dollar equals to 6.00–6.30 RMB.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

One could, however, argue that they might have different weights. Therefore, second to check whether they have different effects, we conducted an exploratory factor analysis. The factor analysis is appropriate (Kaiser-Meyer-Olkin (KMO) = 0.640, Barlett $\chi^2 = 1{,}167.406$, $p < .001$) and only one factor had an eigenvalue larger than one (Kaiser, 1960). The smallest factor loading is near 0.5 (0.467 for education). Also, according to Hauser and Warren (1997) these variables have similar effects on status. The measurement of variables, as seen below, has also been designed to ensure that these variables' influences remain reasonably comparable. There are other intersample distance calculation possibilities as shown by Hafsi and Turgut (2013), but such a protocol is tricky and useful only when measuring small and hard to identify differences.

Hauser and Warren (1997) have also reported that some scholars argued that the indices are not always reliable, because variables could work at cross-purpose, and they have suggested that one way to ensure that the results are meaningful would be to confirm by looking at the effects of each component variable (Magnuson & Duncan, 2002). In this study, we decided to look also at the effects of individual variables, to check for inconsistent results.

Income

Income is an ordinal category variable. We first identified the quartiles of business owners' income according to their total annual income in 2007 in the sampled firms. The three quartile references are RMB 50,000, RMB 100,000, and RMB 200,000, respectively. We correspondingly coded income equal to or less than RMB 50,000 as 1; RMB 50,001–100,000 as 2; RMB 100,001–200,000 as 3; and above RMB 200,000 as 4.

Education

Education is also a categorical variable. Business owners who had received their education in senior middle school or below are coded as 1; junior college as 2; university or college as 3; and postgraduate as 4.

Political ties

Political ties are measured according to the ranks of business owners who act or not as representatives at the People's Congress or the CPPCC (Faccio, Masulis, & McConnell, 2006; Gao, 2011). Business owners who hold ranks below the county level were coded as 1; those at the county level were coded as 2; at the prefecture level as 3; and at the province level and above as 4.

Individual donations

Individual donations in this study refer to the total donations made by business owners individually and over time. Similar to the measure of income, we divided individual donations into quartiles and coded 1 for business owners who had donated RMB 7,000 or below; 2 for RMB 7,001–50,000; 3 for RMB 50,001–200,000; and 4 above RMB 200,000.

Firm visibility

Firm visibility is measured by a firm's advertising expenditure scaled by total assets in 2007 (Zhang et al., 2010). Since this ratio is highly skewed, we winsorized this variable at the upper and lower 1% tails of the distribution.

Equity level

A business owner's equity level is measured as the percentage of equity owned by the owner in relation to the total equity of the firm by the end of 2007.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Control variables

Previous studies have found or argued that firm size, firm age, financial performance, leverage, and industry type also affect CP (Useem, 1988; Preston & O'Bannon, 1997; Waddock & Graves, 1997; Adams & Hardwick, 1998; Brammer & Millington, 2006; Zhang, Rezaee, & Zhu, 2009; Wang & Qian, 2011). Also, individual characteristics such as age (Edmundson, 1986; Halfpenny, 1999) and gender (Jones & Posnett, 1991) have been found to affect one's giving. In addition, a business owner's gender and age could also be related to his/her AsSS, and thus may affect CP. All these variables are controlled for in this study and measured as follows. *Firm size*, following Lenway and Rehbein (1991), is measured by the total value of firm assets in RMB at the end of 2007. A natural logarithm transformation is used to reduce the bias in the coefficient estimation. *Firm age* is the age of a firm from founding to the end of 2007. *Financial performance* is measured by the 'return on assets' in 2007. Since this ratio is highly skewed, we winsorized this variable at the upper and lower 1% tails of the distribution. *Leverage* is measured by the ratio of total debt to the total value of assets at the end of 2007. *Age is a* business owner's age as of 2007. *Sex* is the gender of business owners, with male business owners being coded as 1, and female business owners as 0. In this study, the sample firms are located mainly in industries like manufacturing; wholesale and retailing; agriculture; construction and real estate; information service; mining; hotel and catering; and other social services. Thus, we included seven *industry dummies* to control for industry-related variations.

ANALYSIS AND RESULTS

Characteristics of the sample

Characteristics of the sampled firms and business owners are summarized in Table 1. In this sample, 1,302 firms conducted philanthropic giving in 2007, which accounts for 64.5% of the total sample. Giving amount ranges from 0 to RMB 50 million, with a mean of RMB 108,000.9. Business owners' AcSS, when measured by a composite index, ranges from 1 to 4, with a mean of 2.1.

In total, 670 (or 33.2%) respondents reported an annual income of RMB 50,000 or below; 541 (or 26.8%) reported above RMB 50,000 but no more than RMB 100,000; 420 (or 20.8%) reported above RMB 100,000 but no more than RMB 200,000; and 388 (or 19.2%) reported over RMB 200,000. In total, 808 (or 40%) respondents had received education up to senior middle school; 553 (or 27.4%) had received a junior college degree; 422 (or 20.9%) had received a bachelor degree; and 236 (or 11.7%) had received a postgraduate degree. In total, 1,118 respondents had below county-level political ties or no political ties; 519 (or 25.7%) had county-level ties; 317 (or 15.7%) had prefecture level ties; and 65 (or 3.2%) had province level or higher political ties. In total, 506 (or 25.1%) respondents had donated RMB 7,000 or below in the past; 627 (or 31.1%) had donated more than RMB 7,000 but no more than RMB 50,000; 407 (or 20.2%) had donated more than RMB 50,000 but no more than RMB 200,000; and 479 (or 23.7%) had donated more than RMB 200,000.

Firm visibility ranges from 0 to 26.55%. Business owners' equity level ranges from 1 to 100%, with a mean of 66.93%. Firm size, measured by the value of total assets, ranges from RMB 20,000 to RMB 2.05 billion. Firm age ranges from 1 to 27. The highest return on assets was 277.78%, while the lowest was −20.25%, with a mean of 18.75%. Leverage of firms ranged from 0 to 99.24%, with a mean of 20.72%. Firms were located mainly in manufacturing, followed by wholesale and retailing, construction and real estate, agriculture, and other industries. The oldest business owner was 83 years old, while the youngest was 20. In total, 1,727 business owners were male, which accounts for 85.5% of all the respondents.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Table 1. Characteristics of the sample

Characteristics	*Minimum*	*Maximum*	*Mean*	*Number of firms*	*% of N*
Giving dummy					
Have	1	1	1	1,302	64.5
Not have	0	0	0	717	35.5
Giving amount (10,000 RMB)	0	5,000	10.89	2,019	100
AcSS index	1	4	2.10	2,019	100
Income (10,000 RMB)[a]					
≤5	1	1	1	670	33.2
5 < income ≤10	2	2	2	541	26.8
10 < income ≤ 20	3	3	3	420	20.8
>20	4	4	4	388	19.2
Education level					
Senior middle school or below	1	1	1	808	40.0
Junior college	2	2	2	553	27.4
Bachelor	3	3	3	422	20.9
Postgraduate	4	4	4	236	11.7
Political ties					
Below county level	1	1	1	1,118	55.4
County level	2	2	2	519	25.7
Prefecture level	3	3	3	317	15.7
Province level or above	4	4	4	65	3.2
Individual donations (10,000 RMB)[a]					
≤0.7	1	1	1	506	25.1
0.7 < income ≤ 5	2	2	2	627	31.1
5 < income ≤20	3	3	3	407	20.2
>20	4	4	4	479	23.7
Firm visibility (%)	0	26.55	1.52	2,019	100
Equity level (%)	1	100	66.93	2,019	100
Firm size (10,000 RMB)	2	205,000	2,463.24	2,019	100
Firm age	1	27	7.49	2,019	100
ROA (%)	−20.25	277.78	18.75	2,019	100
Leverage (%)	0	99.24	20.72	2,019	100
Age	20	83	44.65	2,019	100
Sex					
Male	1	1	1	1,727	85.5
Female	0	0	0	292	14.5
Industry type					
Manufacture	–	–	–	912	45.2
Wholesale and retailing	–	–	–	372	18.4
Construction and real estate	–	–	–	171	8.5
Agriculture	–	–	–	136	6.7
Information service	–	–	–	103	5.1
Hotel and catering	–	–	–	80	4.0
Mining	–	–	–	48	2.4
Other social service	–	–	–	197	9.8

Note. N = 2,019.
[a]Lot of firms may have the same level of income or individual giving at each quartile, which explains that numbers of the four levels of firms are not 25% of the total sample.
AcSS = achieved social status; ROA, return on assets.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Descriptive statistics

Table 2 summarizes the means, standard deviations, and Pearson correlations among the variables. From the Pearson correlations we can see that all the independent variables including all the control variables except equity level are significantly associated with the dependent variable, CP. We also find significant correlations between most of the independent variables. To mitigate the potential multicollinearity, we mean-centered all the independent variables that are included in the interaction terms and then created interaction terms by multiplying the relevant mean-centered variables (Aiken & West, 1991; Li, Poppo, & Zhou, 2008). In addition, we also followed the 'coldiag' procedure recommended by Belsley, Kuh, and Welsch (1980) to check the multicollinearity problem. Results show that the largest condition number is 28.13, below the threshold of 30 (Belsley, Kuh, & Welsch, 1980), suggesting that multicollinearity is not serious in this study.

Regression analyses and results

The dependent variable, CP, is a continuous random variable with nonnegative values. There is a corner solution because some firms did not donate to social causes. For such a situation, a censored Tobit regression model is a good choice (Tobin, 1958). As a result, we conducted Tobit analyses to test our hypotheses. Table 3 reports the results when the business owners' AcSS is measured by a composite index (AcSS index); while Table 4 reports the results when AcSS is measured by separate variables including income, education, political ties, and individual donations.

In Table 3, keeping with usual practices, Model 1 includes only control variables and moderators. In Model 2 we add the explanatory variable, AcSS index. In Models 3 and 4 we further test the moderating effects of firm visibility and equity level. Model 5 is the full model including all the independent variables and interaction terms. In Table 4, Models 1–4 are used to examine the main effect of income, education, political ties, and individual donations, respectively. Models 5 and 6 further test the moderating effect of firm visibility and equity level, respectively. We test the moderating effect of firm visibility and equity level separately because the potential high correlations between interaction terms may overinflate the standard error of the coefficient estimates and lead them to be insignificant (Sheng, Zhou, & Li, 2011).

Hypothesis 1 predicts a positive relationship between a business owner's AcSS and CP. In Model 2 of Table 3, the coefficient of AcSS index is positive and significant ($\beta = 3.424$, $p < .01$). The results are in line with our expectations. Thus, Hypothesis 1 is supported. When we consider AcSS elements separately, the results in Table 4 show that income ($\beta = 0.962$, $p < .01$, see Model 1), political ties ($\beta = 0.862$, $p < .01$, see Model 3), and individual donations ($\beta = 3.114$, $p < .01$, see Model 4) are significantly and positively associated with CP, while the coefficient of education is not significant. It suggests that the effect of AcSS index on CP is contributed mainly by those three variables.

Hypothesis 2 predicts that firm visibility strengthens the relationship between a business owner's AcSS and CP. In Model 3 of Table 3, the coefficient of the interaction between AcSS index and firm visibility is significant but negative ($\beta = -0.455$, $p < .01$). The results are contrary to our expectations. Thus, Hypothesis 2 is not supported. This will be discussed later. When we look into the different variables making AcSS, only the coefficient of the interaction term between firm visibility and individual donations is significant though negative ($\beta = -0.420$, $p < .01$, see Model 5 in Table 4). It suggests that among the four indices of AcSS, the effect of individual donations on CP is the only one affected significantly by firm visibility. This again will be discussed later.

Hypothesis 3 predicts a business owner's equity level in his or her firm strengthens the relationship between AcSS and CP. In Model 4 of Table 3, the coefficient of the interaction term between AcSS index and equity level is not significant. Thus Hypothesis 3 is not supported. However, when we look

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Table 2. Descriptive statistics and Pearson correlation matrix

	Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Giving amount (ln)	6.649	5.096													
2	AcSS index	2.099	0.709	0.479												
3	Income	2.261	1.114	0.342	0.716											
4	Education	2.043	1.037	0.100	0.571	0.160										
5	Political ties	1.668	0.854	0.302	0.672	0.263	0.227									
6	Individual donations	2.426	1.105	0.556	0.788	0.475	0.189	0.473								
7	Firm visibility	1.515	3.882	0.071	0.053	0.036	0.077	0.019	0.013							
8	Equity level	66.930	26.861	0.033	−0.029	0.064	−0.143	−0.006	0.000	0.014						
9	Firm size (ln)	15.293	1.955	0.382	0.641	0.443	0.230	0.467	0.620	−0.179	−0.136					
10	Firm age	7.485	4.791	0.182	0.264	0.188	−0.038	0.247	0.332	0.002	0.125	0.243				
11	ROA	18.747	39.605	0.143	0.095	0.148	0.057	0.000	0.042	0.228	0.050	−0.188	−0.006			
12	Leverage	20.718	25.234	0.154	0.137	0.052	−0.004	0.146	0.189	−0.063	−0.039	0.352	0.053	−0.101		
13	Age	44.651	8.445	0.075	0.052	0.029	−0.178	0.106	0.191	−0.110	−0.014	0.155	0.261	−0.068	0.053	
14	Sex	0.855	0.352	0.073	0.093	0.085	0.016	0.048	0.102	0.020	−0.009	0.139	0.060	−0.010	0.070	0.100

Note. $N = 2{,}019$.
AcSS = achieved social status; ROA, return on assets.
Correlations $\geq |0.048|$ are significant at the $p < .05$ level (two-tailed).

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Table 3. Tobit regression results for the achieved social status (AcSS) index

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*
Constant	−22.237 (1.813)**	−15.500 (1.819)**	−15.313 (1.816)**	−15.502 (1.819)**	−15.312 (1.816)**
Firm size (ln)	1.481 (0.098)**	0.568 (0.121)**	0.547 (0.121)**	0.568 (0.122)**	0.547 (0.121)**
Firm age	0.105 (0.034)**	0.050 (0.033)	0.052 (0.033)	0.051 (0.034)	0.052 (0.033)
ROA	0.034 (0.004)**	0.023 (0.004)**	0.023 (0.004)**	0.023 (0.004)**	0.023 (0.004)**
Leverage	0.009 (0.007)	0.016 (0.006)*	0.016 (0.006)*	0.016 (0.006)*	0.016 (0.006)*
Age	0.010 (0.020)	0.025 (0.019)	0.026 (0.019)	0.025 (0.019)	0.026 (0.019)
Sex	0.186 (0.455)	0.182 (0.438)	0.178 (0.438)	0.182 (0.438)	0.178 (0.438)
Firm visibility	0.207 (0.041)**	0.127 (0.040)**	0.133 (0.040)**	0.127 (0.040)**	0.133 (0.040)**
Equity level	0.021 (0.006)**	0.016 (0.006)**	0.016 (0.006)**	0.016 (0.006)**	0.016 (0.006)**
AcSS index		3.424 (0.300)**	3.468 (0.300)**	3.423 (0.300)**	3.468 (0.300)**
AcSS index × firm visibility			−0.455 (0.146)**		−0.456 (0.146)**
AcSS index × equity level				−0.009 (0.154)	0.005 (0.154)
Σ	6.585 (0.144)	6.329 (0.138)	6.314 (0.138)	6.329 (0.138)	6.314 (0.138)
Number of observations	2,019	2,019	2,019	2,019	2,019
Left-censored observations	717	717	717	717	717
Log likelihood	−4,945.48	−4,881.15	−4,876.27	−4,881.15	−4,876.26
LR χ^2	432.92**	561.58**	571.35**	561.59**	571.35**
Pseudo R^2	0.042	0.054	0.055	0.054	0.055

Note. Figures in parentheses are standard errors. Industry dummies are included in each model.
ROA, return on assets.
*$p < .05$, **$p < .01$ (two-tailed).

into the different elements of AcSS, the coefficient of the interaction term between education and equity level is significant and positive ($\beta = 0.308$, $p < .05$), in line with our expectations.

It is argued that the validity of significant interaction terms may not be simply judged by its coefficient (Norton, Wang, & Ai, 2004). For linear models, the interaction effect is also captured by drawing a graph considering low (mean – 1 SD) and high (mean +1 SD) values of the dependent and moderating variables. But in nonlinear models, this cannot be done. Thus, we follow Ai and Norton's (2003) suggestion to examine the marginal effect of the significant interaction terms. The 'margins' command (Stata 11.0 edition) is conducted. All the marginal effects of significant interactions are still significant and their directions did not change, suggesting our results are robust.

CONCLUSION AND DISCUSSION

Using the data of a national survey sample, covering private enterprises in China, this study examines the effect of business owners' AcSS on their firms' philanthropic giving. We find, as we expected, that a business owner's AcSS has a significant and positive effect on CP. A business owner who has a higher level of income, political ties, and individual donations, put more organizational resources to support social causes. However, the effect of education is not significant. This may be attributed to the rapid development of professional education, such as Master of Business Administration and Executive Master of Business Administration, in China during the past decade. Receiving high education is much

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Table 4. Tobit regression results for the achieved social status (AcSS) components

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Constant	−19.623 (1.839)**	−22.239 (1.817)**	−20.650 (1.836)**	−9.357 (1.778)**	−7.697 (1.816)**	−8.016 (1.814)**
Firm size (ln)	1.181 (0.108)**	1.481 (0.102)**	1.299 (0.106)**	0.340 (0.108)**	0.217 (0.118)	0.249 (0.118)*
Firm age	0.092 (0.034)**	0.106 (0.035)**	0.086 (0.035)*	−0.005 (0.032)	−0.017 (0.032)	−0.012 (0.032)
ROA	0.028 (0.004)**	0.034 (0.004)**	0.033 (0.004)**	0.022 (0.004)**	0.020 (0.004)**	0.020 (0.004)**
Leverage	0.013 (0.007)*	0.009 (0.007)	0.009 (0.007)	0.011 (0.006)	0.013 (0.006)*	0.012 (0.006)*
Age	0.016 (0.019)	0.010 (0.020)	0.008 (0.019)	−0.022 (0.018)	−0.024 (0.018)	−0.024 (0.018)
Sex	0.111 (0.451)	0.186 (0.455)	0.244 (0.453)	0.178 (0.419)	0.147 (0.417)	0.163 (0.418)
Firm visibility	0.188 (0.041)**	0.207 (0.041)**	0.188 (0.041)**	0.114 (0.038)**	0.099 (0.039)*	0.111 (0.038)**
Equity level	0.016 (0.006)**	0.021 (0.006)**	0.020 (0.006)**	0.013 (0.005)*	0.010 (0.005)	0.010 (0.006)
Income	0.962 (0.161)**				0.435 (0.152)**	0.416 (0.152)**
Education		0.003 (0.164)			−0.228 (0.152)	−0.228 (0.152)
Political ties			0.862 (0.206)**		0.224 (0.194)	0.227 (0.195)
Individual donations				3.114 (0.178)**	3.031 (0.186)**	2.968 (0.186)**
Firm visibility × income					−0.220 (0.147)	
Firm visibility × education					−0.032 (0.125)	
Firm visibility × political ties					0.178 (0.151)	
Firm visibility × individual donations					−0.420 (0.161)**	
Equity level × income						−0.102 (0.162)
Equity level × education						0.308(0.146)*
Equity level × political ties						−0.109 (0.163)
Equity level × individual donations						−0.023 (0.179)
$\sum$	6.516 (0.142)	6.515 (0.142)	6.548 (0.143)	6.021 (0.131)	5.979 (0.130)	5.995 (0.130)
Number of observations	2,019	2,019	2,019	2,019	2,019	2,019
Left-censored observations	717	717	717	717	717	717
Log likelihood	−4,927.64	−4,945.48	−4,936.78	−4,796.68	−4,783.77	−4,789.06
LR χ^2	468.60**	432.92**	450.32**	730.52**	756.33**	745.77**
Pseudo R^2	0.045	0.042	0.044	0.071	0.073	0.072

Note. Figures in parentheses are standard errors. Industry dummies are included in each model.
ROA, return on assets.
$^*p < .05$, $^{**}p < .01$ (two-tailed).

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

easier for many business owners today than in the past, and may not be a real factor in social status. In the general perception, it is also possible that education is conflated with income and ownership.

In addition, firm visibility weakens the effect of AcSS on CP. The specific effect of individual donations is the only element of AcSS which is affected, but again negatively. This came as a surprise. We were expecting AcSS, and its components to be moderated positively. The negative moderation could be explained by two possibilities: (1) high firm visibility means high advertising expenses, which reduces a firm's resources that could be used for social goals. In a sense, there is competition between visibility, as measured here, and giving. (2) It has been also argued that CP and advertising are substitutes, contributing both to visibility, and thus competing for the same expenditure budget (McWilliams & Siegel, 2000; Hull & Rothenberg, 2008). Burt (1983) and Gardberg and Fombrun (2006), among others, have also argued that CP, advertising, and research and development, all contribute to a differentiation strategy. The possible substitution effect leads firms who have invested more in advertising to contribute less to charity.

Finally, a business owner's equity level shows no significant moderating effect on the relationship between the composite AcSS index and CP. This is also inconsistent with our expectations. It may be attributed to the high average equity level (66.93%) in our sample. There may be little variance among owners. It can also be argued that beyond a certain (high) level of equity, there is a limited effect on decision-making power. Looking into more details, it is interesting to observe that the equity level does strengthen the relationship between education and CP. This means that the positive effect of owners' education on CP is larger when the equity level is higher. This appears to make sense. If owners' education enhances organizational CP, wealthier owners would push for more CP than less wealthy ones. This effect appears to cumulate the effect of wealth, already shown in the literature, with the effect of education.

These findings confirm our theoretical contention that AcSS acts as a resource and an institutional context. As a resource, it distinguishes among individuals and their firms, making some more attractive than others. The higher the owners' AcSS, the more likely the presence and power within the community, and the more likely their firm will benefit from many economic and noneconomic advantages as argued earlier. Also, for our purpose here, the higher the owners' AcSS, the more sensitive they would be to social and institutional pressures, and the more likely their firms would contribute to philanthropic giving. Owners' AcSS appears therefore as an important marker of CP, and of its effect on the firm's distinctive behavior. This is the first and most important contribution of this research.

This study has significant other theoretical implications. First, it contributes to the literature on CP by linking business owners' characteristics – in particular AcSS – to organization-level philanthropic giving. As discussed at the beginning of this paper, prior studies have not paid much attention to the role of business owners' characteristics in CP (Campbell, Gulas, & Gruca, 1999; Gomez-Mejia et al., 2011; Du et al., 2014), not to mention the role of AcSS. Our study makes up to some extent for this gap, by examining and providing evidence for the effect of business owners' status on CP.

Second, this study extends the application of AcSS in explaining organizational behavior. Prior studies focus mainly on the effect of social status on lifestyle choices (Contoyannis & Jones, 2004), health risk behaviors (Goy, Rosenberg, & King, 2008), education attainment (Chevalier & Lanot, 2002), and the like. Only a handful of studies have examined the effect of chief executive officers' social status on corporate business behaviors such as research and development investment (Shemesh, 2010) and acquisition (Lucey, Plaksina, & Dowling, 2013). Our study suggests that social status could not only be used to explain corporate business behavior, but also be used to predict or explain corporate social behavior.

Third, this study documents the constraining side of social status or social power. Although the positive effect of social status or power is widely discussed and recognized in social interactions, its constraining side is to a large extent overlooked. Our study suggests that business owners' high AcSS

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

leads to high pressures or expectations from the public, which further forces them to contribute more to social causes at the organizational level. The findings not only support an institutional viewpoint of CP (Oliver, 1991), but also provide support for Davis' (1960) argument that social responsibilities come from social power, since social status and social power are highly related.

There are limitations of this study. At first, all the data used were self-reported by the investigated business owners. Although self-reported data were widely used in studies on CP, it is hard to fully reject the risk of running into a social desirability bias. Second, all the data used in this study comes from the same questionnaire. Although, as discussed previously, a common method bias risk is small, it is hard to exclude it altogether. Third, we have only considered the AcSS and excluded the AsSS. However, it is interesting and perhaps necessary to consider both types of social status simultaneously, as they probably overlap and interact widely. Fourth, our study focuses solely on China. Since China is different from other countries in many aspects, we should be cautions when extending our findings to other countries. On the one hand, the definition of SMEs in China is different from most Western developed country standards. This could also affect the generalizability of the findings. On the other hand, social status tends to be country or culture specific. This suggests that social status should consider country and perhaps situational differences. In this respect, it is important to investigate the effects of business owners' other characteristics (such as personality, leadership styles, etc.) on CP. At last, our study examined the situations of CP by 2007. In recent years, with the remarkable growth of internet-based social media, it becomes much easier and faster for business owners and firm social behavior to be exposed to the public; we expect an even stronger relationship between social status and CP, as higher visibility breeds higher pressures on business owners. These topics call for further and interesting studies in the corporate social responsibility field.

ACKNOWLEDGEMENT

Yongqiang Gao is grateful to the financial support of the National Natural Science Foundation of China (NSFC) (No. 71372131, 71531009), and Xiaobin He is grateful to the financial support of the NSFC (No. 71472050).

References

Adams, M., & Hardwick, P. (1998). An analysis of corporate donations: United Kingdom evidence. *Journal of Management Studies*, *35*(5), 641–654.

Ai, C., & Norton, E. C. (2003). Interaction terms in logit and probit models. *Economics Letters*, *80*(1), 123–129.

Aiken, L. S., & West, S. G. (1991). *Multiple regression: Testing and interpreting interactions*. Newbury Park, CA: Sage.

Amato, L. H., & Amato, C. H. (2012). Retail philanthropy: Firm size, industry, and business cycle. *Journal of Business Ethics*, *107*(4), 435–448.

Anderson, A. R., Li, J., Harrison, R. T., & Robson, P. J. A. (2003). The increasing role of small business in the Chinese economy. *Journal of Small Business Management*, *41*(4), 310–316.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120.

Bartkus, B., Morris, S., & Seifert, B. (2002). Governance and corporate philanthropy. *Business & Society*, *41*(3), 319–344.

Belsley, D. A., Kuh, E., & Welsch, R. E. (1980). *Regression diagnostics: Identifying influential data and sources of collinearity*. New York: John Wiley & Sons.

Berger, J., Cohen, B. P., & Zelditch, M. Jr. (1972). Status characteristics and social interaction. *American Sociological Review*, *37*(1), 241–255.

Berger, J., Fisek, M. H., Zorman, R. Z., & Zelditch, M. Jr. (1977). *Status characteristics and social interaction: An expectation states approach*. New York: Elsevier.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Berger, J., Wagner, D. G., & Zelditch, M. Jr. (1985). Introduction: Expectation states theory: Review and assessment. In J., Berger, & M., Zelditch (Eds.), *Status, rewards, and influence* (pp. 1–72). San Francisco, CA: Jossey-Bass.
Berrone, P., Cruz, C., Gomez-Mejia, L. R., & Larraza-Kintana, M. (2010). Socioemotional wealth and corporate responses to institutional pressures: Do family-controlled firms pollute less? *Administrative Science Quarterly*, *55*, 82–113.
Bourdieu, P. (1984). *Distinction: A social critique of the judgment of taste* ((Translated by Richard Nice). Cambridge: Harvard University Press.
Brammer, S., & Millington, A. (2006). Firm size, organizational visibility and corporate philanthropy: An empirical analysis. *Business Ethics: A European Review*, *15*(1), 6–18.
Brammer, S. J., & Millington, A. I. (2004). Stakeholder pressure, organizational size and the allocation of departmental responsibility for the management of corporate charitable giving. *Business & Society*, *43*(3), 268–295.
Buchholtz, A. K., Amason, A. C., & Rutherford, M. A. (1999). Beyond resources: The mediating effects of top management discretion and values on corporate philanthropy. *Business & Society*, *38*(2), 167–187.
Burt, R. S. (1983). *Corporate profits and co-optation: Networks of market constraints and directorate ties in the American economy*. New York: Academic Press.
Campbell, L., Gulas, C. S., & Gruca, T. S. (1999). Corporate giving behavior and decision-maker social consciousness. *Journal of Business Ethics*, *19*(4), 375–383.
Chang, S. J., Witteloostuijn, A. V., & Eden, L. (2010). From the editors: Common method variance in international business research. *Journal of International Business Studies*, *41*(2), 178–184.
Chevalier, A., & Lanot, G. (2002). The relative effect of family characteristics and financial situation on educational achievement. *Education Economics*, *10*(2), 165–181.
Chiu, S., & Sharfman, M. (2011). Legitimacy, visibility, and the antecedents of corporate social performance: An investigation of the instrumental perspective. *Journal of Management*, *37*(6), 1558–1585.
Choi, J., & Wang, H. (2007). The promise of a managerial values approach to corporate philanthropy. *Journal of Business Ethics*, *75*(4), 345–359.
Chou, L. P., & Xiao, R. K. (2011). Cultural capital and status attainment: An empirical study based in Shanghai. *Chinese Social Science*, *6*, 121–135. (In Chinese).
Cohen, E. (1994). *Designing groupwork: Strategies for the heterogeneous classroom*. New York: Teachers College Press.
Contoyannis, P., & Jones, A. M. (2004). Socio-economic status, health and lifestyle. *Journal of Health Economics*, *23*(5), 965–995.
Davis, K. (1960). Can business afford to ignore corporate social responsibilities? *California Management Review*, *2*(3), 70–76.
Du, X., Jian, W., Du, Y., Feng, W., & Zeng, Q. (2014). Religion, the nature of ultimate owner, and corporate philanthropic giving: Evidence from China. *Journal of Business Ethics*, *123*(2), 235–256.
Duncan, Q. D. (1961). A socioeconomic index for all occupations. In A. J. Reiss, O. D. Duncan, P. K. Hatt, & C. C. North (Eds.), *Occupations and social status* (pp. 109–138). New York: Free Press.
Edmundson, B. (1986). Who gives to charity? *American Demographics*, *8*, 45–49.
European Commission (2003). Commission recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. *Official Journal*, *L 124*, 36–41.
Evans, M. D. R., & Kelley, J. (1995). Class and class conflict in six western nations. *American Sociological Review*, *60*(4), 157–178.
Faccio, M., Masulis, R. W., & McConnell, J. J. (2006). Political connections and corporate bailouts. *Journal of Finance*, *61*(6), 2597–2635.
Fama, E. F., & Jensen, M. N. (1983). Separation of ownership and control. *Journal of Law and Economics*, *26*(2), 301–325.
Finkelstein, S., Hambrick, D. C., & Cannella, A. A. Jr. (2009). *Strategic leadership: Theory and research on executives, top management teams and boards*. Oxford: Oxford University Press.
Foladare, I. S. (1969). A clarification of 'ascribed status' and 'achieved status'. *The Sociological Quarterly*, *10*(1), 53–61.
Fombrun, C. J. (1996). *Reputation: Realizing value from the corporate image*. Boston, MA: Harvard Business School Press.
Foschi, M. (1992). Gender and double standards for competence. In C. L. Ridgeway (Ed.), *Gender, interaction, and inequality* (pp. 181–207). New York, NY: Springer-Verlag.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Galaskiewicz, J. (1997). An urban grants economy revisited: Corporate charitable contributions in the Twin Cities, 1979–81, 1987–1989. *Administrative Science Quarterly*, *42*(3), 445–471.
Gao, Y. (2011). Philanthropic disaster relief giving as a response to institutional pressure: Evidence from China. *Journal Business Research*, *64*(4), 1377–1382.
Gardberg, N. A., & Fombrun, C. J. (2006). Corporate citizenship: Creating intangible assets across institutional environments. *Academy of Management Review*, *31*(2), 329–346.
Gerth, H., & Mills, C. W. (1946). *From Max Weber*. London: Oxford University Press.
Glorieux, I., & Laurijssen, I. (2011). The labour market integration of the children of immigrants in Flanders, Belgium. In M., Koch, L., Mcmillan, & B., Peper (Eds.), *Diversity, standardization and social transformation* (pp. 213–222). Farnham: Ashgate Publishing.
Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, *30*(4), 777–798.
Godoy, R., Reyes-García, V., Leonard, W. R., Huanca, T., McDade, T., Vadez, V., & Tanner, S. (2007). Signaling by consumption in a native Amazonian society. *Evolution and Human Behavior*, *28*(2), 124–134.
Gomez-Mejia, L. R., Cruz, C., Berrone, P., & DeCastro, J. (2011). The bind that ties: Socioemotional wealth preservations in family firms. *Academy of Management Annals*, *5*(1), 653–707.
Goy, J., Rosenberg, M. W., & King, W. (2008). Health risk behaviors: Examining social inequalities in bladder and colorectal cancers. *Annals of Epidemiology*, *18*(2), 156–162.
Hafsi, T., & Turgut, G. (2013). Boardroom diversity and its effect on social performance: Conceptualization and empirical evidence. *Journal of Business Ethics*, *112*(3), 463–479.
Halfpenny, P. (1999). Economic and sociological theories of individual charitable giving: Complementary or contradictory? *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, *10*(3), 197–215.
Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, *9*(2), 193–206.
Hambrick, D. C., & Quigley, T. J. (2014). Toward more accurate contextualization of the CEO effect on firm performance. *Strategic Management Journal*, *35*(4), 473–491.
Hauser, R. M., & Warren, J. R. (1997). Socioeconomic indexes for occupations: A review, update, and critique. *Sociological Methodology*, *27*(1), 177–298.
He, E., & Sommer, D. W. (2006). *Separation of ownership and control: Implications for board composition* (Working Paper). Athens: University of Georgia.
Hess, D., & Warren, D. E. (2008). The meaning and meaningfulness of corporate social initiatives. *Business and Society Review*, *113*(2), 163–197.
Hollingshead, A. B. (1975). *Four factor index of social status* (Working Paper). Department of Sociology, New Haven, Yale University.
Huang, X. (2009). Strategic decision making in Chinese SMEs. *Chinese Management Studies*, *3*(2), 87–101.
Hull, C. E., & Rothenberg, S. (2008). Firm performance: The interactions of corporate social performance with innovation and industry differentiation. *Strategic Management Journal*, *29*(7), 781–789.
Idowu, S. O., & Papasolomou, I. (2007). Are the corporate social responsibility matters based on good intentions or false pretences? An empirical study of the motivations behind the issuing of CSR reports by UK companies. *Corporate Governance*, *7*(2), 136–147.
Jensen, M. C. (1993). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, *48*(3), 831–880.
Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360.
Jones, A., & Posnett, J. (1991). Charitable donations by UK households: Evidence from the family expenditure survey. *Applied Economics*, *23*(2), 343–351.
Kaiser, H. F. (1960). The application of electronic computers to factor analysis. *Educational and Psychological Measurement*, *20*(1), 141–151.
Kelly, F., & Stein, J. (2011). *The real world: An introduction to sociology* (3rd ed.), New York: W.W. Norton & Company.
Lenway, S. A., & Rehbein, K. (1991). Leaders, followers, and free riders: An empirical test of the variation in corporate political involvement. *Academy of Management Journal*, *34*(4), 893–905.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Li, J. J., Poppo, L., & Zhou, K. Z. (2008). Do managerial ties in China always produce value? Competition, uncertainty, and domestic vs. foreign firms. *Strategic Management Journal*, *29*(4), 383–400.

Liang, J., Chen, S., & Gai, T. (2010). Political participation, governance structure, and philanthropic giving in private firms (Minying qiye de zhengzhi canyu, zhili jiegou yu cishan juanzeng). *Management World*, *7*, 109–118 (in Chinese).

Lin, N., & Bian, Y. J. (2002). The process of employment and status attainment in rural Chinese. In Y. J., Bian (Ed.), *Market transition and social stratification* (pp. 83–115). Beijing: Shanlian Press. (In Chinese).

Lucey, B. M., Plaksina, Y., & Dowling, M. (2013). CEO social status and acquisitiveness. *Qualitative Research in Financial Markets*, *5*(2), 161–177.

Magee, J. C., & Galinsky, A. (2008). Social hierarchy: The self-reinforcing nature of power and status. *Academy of Management Annals*, *2*(1), 351–398.

Magnuson, K. A., & Duncan, G. (2002). Parents in poverty. In M. H. Bornstein (Ed.), *Handbook of parenting* (pp. 95–121). Mahwah, NJ: Lawrence Erlbaum.

Marquis, C., Glynn, M. A., & Davis, G. F. (2007). Community isomorphism and corporate social action. *Academy of Management Review*, *32*(3), 925–945.

Marquis, C., & Qian, C. (2014). Corporate social responsibility reporting in China: Symbol or substance? *Organization Science*, *25*(1), 127–148.

McWilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal*, *21*(5), 603–609.

Merton, R. K. (1968). The Matthew effect in science. *Science*, *159*(3810), 56–63.

Nishii, L., Gotte, A., & Raver, J. (2007). *Upper echelon theory revisited: The relationship between upper echelon diversity, the adoption of diversity practices, and organizational performance* (Working Paper No. 07-04). School of Industrial and Labor Relations, Cornell University, New York.

Norton, E. C., Wang, H., & Ai, C. (2004). Computing interaction effects and standard errors in logit and probit models. *The Stata Journal*, *4*(2), 103–116.

Oliver, C. (1991). Strategic responses to institutional processes. *Academy of Management Review*, *16*(1), 145–179.

Oliver, C. (1997). Sustainable competitive advantage: Combining institutional and resource-based views. *Strategic Management Journal*, *18*(9), 697–713.

Peteraf, M., & Barney, J. (2003). Unraveling the resource-based tangle. *Managerial and Decision Economics*, *24*(4), 179–191.

Piff, P. K., Kraus, M. W., Côté, S., Cheng, B. H., & Keltner, D. (2010). Having less, giving more: The influence of social class on prosocial behavior. *Journal of Personality and Social Psychology*, *99*(5), 771–784.

Podolny, J. M. (2001). Networks as the pipes and prisms of the market. *American Journal of Sociology*, *107*(1), 33–60.

Preston, L. E., & O'Bannon, D. P. (1997). The corporate social-financial relationship: Typology and analysis. *Business & Society*, *36*(4), 419–429.

Ridgeway, C. L., & Correll, S. J. (2006). Consensus and the creation of status beliefs. *Social Forces*, *85*(1), 431–453.

Scott, W. R. (2014). *Institutions and organizations: Ideas, interests, and identities* (4th ed.), Thousand Oaks, CA: Sage.

Sen, S. (2011). *Corporate social responsibility in small and medium enterprises: Application of stakeholder theory and social capital theory*. DBA thesis, Southern Cross University, Lismore, NSW.

Sethi, S. P. (2003). Globalization and the good corporation: A need for proactive co-existence. *Journal of Business Ethics*, *43*(1/2), 21–31.

Shemesh, J. (2010). *CEO social status and risk taking* (Working Paper), Los Angeles: University of Southern California. Retrieved from http://ssrn.com/abstract=1682625.

Sheng, S., Zhou, K. Z., & Li, J. J. (2011). The effects of business and political ties on firm performance: Evidence from China. *Journal of Marketing*, *75*(1), 1–15.

Siemsen, E., Roth, A., & Oliveira, P. (2010). Common method bias in regression models with linear, quadratic, and interaction effects. *Organizational Research Methods*, *13*(3), 456–476.

Stewart, D. (2005). Social status in an open-source community. *American Sociological Review*, *70*(5), 823–842.

Thye, S. R. (2000). A status value theory of power in exchange relations. *American Sociological Review*, *65*(3), 407–432.

Tobin, J. (1958). Estimation of relationships for limited dependent variables. *Econometrica*, *26*(1), 24–36.

U.S. International Trade Commission (2010). *Small and medium-sized enterprises: Overview of participation in U.S. exports* (investigation No. 332-508, publication No. 4125).

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31

Useem, M. (1988). Market and institutional factors in corporate contributions. *California Management Review*, *30*(2), 77–88.
Waddock, S. A., & Graves, S. B. (1997). The corporate social performance-financial performance link. *Strategic Management Journal*, *18*(4), 303–319.
Wang, H., & Qian, C. (2011). Corporate philanthropy and financial performance of Chinese firms: The roles of social expectations and political access. *Academy of Management Journal*, *54*(6), 1159–1181.
Xiao, B. (2009). *Thousand years of finance and economics: History of Chinese wealth (Qiannian Caijing: Zhongguoren de Caifu Wangshi)*. Beijing: Chinese Chang'an Press. (In Chinese).
Yamaguchi, K., & Wang, Y. (2002). Class identification of married employed women and men in America. *American Journal of Sociology*, *108*(2), 440–475.
Zhang, R., Rezaee, Z., & Zhu, J. (2009). Corporate philanthropic disaster response and ownership type: Evidence from Chinese firms' response to the Sichuan earthquake. *Journal of Business Ethics*, *91*(3), 51–63.
Zhang, R., Zhu, J., Yue, H., & Zhu, C. (2010). Corporate philanthropic giving, advertising intensity, and industry competition level. *Journal of Business Ethics*, *94*(1), 39–52.
Zhang, Y. (2004). The attainment of Chinese social status: Class succession and the intergenerational mobility. *Sociological Studies*, *18*(4), 76–90. (In Chinese).
Zhu, X. (2012). Understanding China's growth: Past, present, and future. *Journal of Economic Perspectives*, *26*(4), 103–124.

Downloaded from https://www.cambridge.org/core. Tsinghua University, on 04 Aug 2020 at 09:05:37, subject to the Cambridge Core terms of use, available at https://www.cambridge.org/core/terms. https://doi.org/10.1017/jmo.2016.31