

Print ISSN: 1738-3110 / Online ISSN 2093-7717  
<http://dx.doi.org/10.15722/jds.14.12.201612.31>

## The Effects of Corporate Social Responsibility on Corporate Activity: Comparing Domestic and Multinational Corporations in Korea\*

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Received: November 15, 2016. Revised: November 28, 2016. Accepted: December 15, 2016.

### Abstract

**Purpose** - This study investigates whether corporate social responsibility (hereafter CSR) management activities affect companies' performance. Depending on the CSR management activities and companies' type (national and multinational), we examined whether there is any difference in their CSR activities on Corporate Performance.

**Research design, data, and methodology** - Data were collected from 230 surveys with a sample group consisting of employees in multinational corporations located in Seoul and Gyeonggi and 224 copies were used from 3 May 2016 to 17 May 2016. The data was analyzed by SPSS 21.0.

**Results** - The empirical results show that CSR management activities positively influence on financial and non-financial corporate achievement and CSR may be interpreted as a strategic method to improve corporate value. But the impacts of CSR activities on performance were different between domestic and multinational corporations. The reason that the legal responsibility was overruled as a factor for financial and non-financial achievement in domestic company may be that CSR management activity is perceived as an indulgence to hide or beautify negative behavior regarding corporate illegal behavior, thus it does not deliver value.

**Conclusions** - CSR activities can be delivered differently between domestic and multinational corporations, and further study should be done why there are differences between corporations.

**Keywords:** Corporate Social Responsibility, Domestic Corporation, Multinational Corporation, Performance.

**JEL Classifications:** G30, G34, G39.

### 1. Introduction

After a major earthquake in Wenchuan, Sichuan province on 12 May 2008, strong patriotism was initiated in China. On the one hand, this patriotism received a positive evaluation from people because numerous domestic and multinational corporations provided support by donating money and supplying donation goods. On the other hand, Chinese consumers boycotted products of multinational corporations that donated small amounts after the donation

ranking of corporations was published. Thereafter, the Secretary of Commerce in China denounced the authenticity of the donation ranking. Similarly, Chinese consumers are more sensitive toward the corporate social responsibility (CSR) of multinational corporations than that of domestic corporations and have high expectations to them. Social responsibility management activity has become influential on corporate achievement as much as economic power and corporate scale. Although no clear definition on CSR management activity currently exists, this sphere has now been extended its range from the CSR management activity to create shared value based on many studies. This present study considers four responsibilities based on the CSR pyramid model formulated by Carroll (1979, 1991), namely, economical, legal, ethical, and charitable responsibilities, as the basic definition on CSR management activity.

Existing studies regarding social responsibility were conducted based on the influence of CSR management

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activity on corporate achievement. Studies on comparative analysis were inadequate, and those for the influences of CSR management activity on corporate achievement were insufficient. Therefore, this paper performs a comparative analysis on the effects on CSR management activity for corporate achievement, including financial and non-financial achievement, and it aims to determine the effect on the CSR management activity of domestic and multinational corporations on corporate achievement. This study was performed in parallel to a literature review through an investigation of existing literature and a survey through empirical analysis.

A Literature review examines the concept and type of CSR management activity covered in existing studies and reviews, and also analyzes domestic and foreign studies related to CSR management activity to determine the process of creating a model and hypothesis on the influences on corporate performance and financial and non-financial achievement. In addition, the hypothesis is verified through an empirical study to achieve the goal of this study based on the literature review, and a comparative analysis is performed to get the findings. Employees of domestic and multinational corporations in Seoul and Gyeonggi were selected for the survey sample group. A survey was conducted from 3 May 2016 to 17 May 2016; we distributed a total of 230 questionnaires and collected 224 questionnaires (direct questionnaire: 121, KSDC DB questionnaire: 103) for the final analysis. The following analyses were conducted: frequency analysis to examine the demographic characteristics, reliability analysis through Cronbach's  $\alpha$  verification to examine the internal consistency of variables, and exploratory factor analysis and correlation analysis to confirm the convergent validity and discriminant validity. Additionally, linear regression analysis was performed to verify the hypothesis about management activity, corporate performance, and financial and non-financial achievement.

## 2. Literature Review

### 2.1. Definition of CSR

It is difficult to define clearly CSR management activity today. The definition of CSR management activity varies in terms of perspectives, as it may be divided into more than a thousand categories (Dahlsrud, 2008) despite several efforts. Thus, CSR is used in the context of other terms such as Corporate Sustainable (CS), Sustainable Entrepreneurship (SE), Corporate Responsibility (CR), Responsible Business (RB), Corporate Ethics (CE), and Corporate Citizenship (CC) (Jang, 2013). Although CSR management activity has been defined by various studies, the definitions have never been organized clearly even in the academe, and each researcher has presented a different

interpretation. A corporation can also change its recognition about social responsibility, along with the change in numerous viewpoints on corporations.

The definition of CSR presented by global organizations and celebrities is discussed as follows. The International Organization for Standardization (ISO) in 2010 selected ISO 26000. It used the term Social Responsibility (SR), which excludes Corporate from existing CSR, and defined it as follows: "it is the activity that proceeds to enable corporations to grant an abundant benefit on throughout whole society such as human and local community with social, economic and environmental issue." Thereafter, it extended the domain of responsibility. The United Nations Conference on Trade and Development (UNCTAD) defined CSR as follows: "it is about how corporation reacts to requirement and purpose for society." The Organization for Economic Cooperation and Development (OECD) defined CSR as follows: "it is the concept that corporations integrate social and economic issues into correlation between corporate activity and interested parties by themselves." In addition, the European Union (EU) defined as CSR as follows: "it is the concept that corporations integrate social and economic issues into correlation between corporate activity and interested parties by themselves." The International Organization of Employers (IOE) defined CSR as follows: "it is voluntary and positive activity of corporation at various social, economic and environmental sectors going beyond observance of a law." In addition, the World Business Council for Sustainable Development (WBCSD) defined CSR as follows: "it is corporation that will contribute on sustainable development and improve their quality of life through cooperating with family, employee, local community and whole society." The Ministry of Economy, Trade and Industry of Japan defined CSR as follows "it is a management method to contribute on sustainable and probable development with smooth business activity and following result expansion through active exchange with interested parties surrounding corporation according to corporate management philosophy" (Zhou, 2009, re-cited).

In the famous book, "Corporate Social Responsibility," Bowen (1953) defined CSR as follows: "CSR is pursuing the best policies in the viewpoint of social goal or value, to make those decisions or follow those lines of action, which are desirable in terms of the objectives and values of our society." Eells and Walto (1961) defined CSR as follows: "It may be thought in the viewpoint of many problems occurred by every corporate activity and viewpoint of ethic principle determining relation of corporation and society, and namely this problem solution and observance of ethics are CSR." McGuire (1963) said that society has not only economic and legal responsibilities but also these responsibilities. McFarland (1982) said that CSR management activity is the development of interdependence recognition, and this recognition among the individual, organizational, and social systems are integrated into a behavior in the framework of

economic, ethical, and charitable values. Murray and Montanari (1986) said that CSR means a legitimate corporate activity that may be admitted beyond economical and legal requirements. In addition, Wood (1991) said that although a corporation aims to pursue profit, CSR completes its purpose in the ethical and legal aspects and enables an individual businessman to exercise the right of decision-making in a socially responsible direction. Furthermore, Carroll (1979, 1991) categorized CSR management activity into four domains, namely, economic, legal, ethical, and charitable responsibilities. Accordingly, most domestic studies used the four domains of Carroll (1979, 1991) to evaluate CSR.

## 2.2. CSR and Financial Performance

### 2.2.1. Positive Effects on Financial Performance

Pava and Krausz (1995) found a positive relationship between CSR management activity and financial achievement. Sundgren and Schneewies (1998) verified that financial achievement is positively influenced by CSR management activity through an empirical analysis of the relation between CSR management and financial achievement for listed corporations. Simpson and Kohers (2002) found a positive relationship between CSR management and financial achievement, using a bank as a case study. The relationship between CSR management activity and financial achievement positively influences the viewpoint of an interested party (Kim, 2011a). When a corporate image activity is conducted, corporate philanthropic activities that are CSR management activities positively influence corporate performance (Kim, 2011b).

### 2.2.2. Negative Effects on Financial Performance

Although Preston and O'Bannon (1997) found that decreasing expenditure on social achievement to increase short-term profits and individual achievement of managers has a negative relationship, they found that corporate managers divert attention from expenditure for social programs when financial achievement is poor. Freedman and Jaggi (1982) said that the cost of CSR management activity might become unstable in aspects that were not previously considered. In the case of public enterprises and semi-government agencies, CSR management activity cannot positively influence financial achievement (Im, 2014).

### 2.2.3. Neutral Effects on Financial Performance

Ullmann (1985) comprehensively and critically reviewed the study results on CSR management activity and financial achievement until the mid-1980s and asserted that CSR has an inconsistent relationship with financial achievement. Eight of 13 studies showed a positive relation, four studies did not have any relation, and one study showed a negative

relation. Domestic studies analyzed financial achievement with the social responsibility framework of Carroll (1979, 1991), taking economic, legal, ethical, and charitable responsibilities as variables. According to Chang (2013), the CSR of foreign multinational corporations in Korea positively influences on corporate achievement. According to Shin (2016), whereas economic, ethical, and charitable responsibilities positively influence on corporate achievement, legal responsibility negatively influences on corporate achievement.

## 2.3. CSR and Non-financial Performance

Non-financial achievement includes customer satisfaction, corporate image, cooperative relationship with suppliers, and corporate foreign reliability, which are more useful in predicting long-term achievement than current corporate financial achievement; these factors influence overall corporate achievement (Banker et al., 2000). In addition, employee training, employee participation, and corporate achievement are the core conditions for business success, which may increase corporate efficiency (Tahsildari & Shahnaei, 2015). Social value measures a close part of social influence that is difficult to change economically, and it includes the promotion of the quality of life that is aimed at the individual level and the management index that approaches economic calculation and the self-reliance of individuals and the community into economic and social influences (Dees & Anderson, 2003).

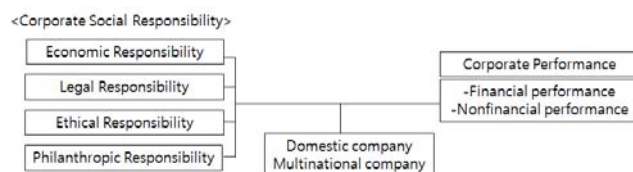
Data from studies on non-financial achievement based on the social responsibility framework of Carroll (1979, 1991) is scarce. Many studies positively influence corporate achievement. According to Stanwick and Stanwick (1998), if a corporation highly performs in CSR management activity, then the productivity of organization members increases, and generated profit through this activity would offset or exceed the expenditure. According to a study by Waddock and Graves (1997), CSR management activity has a positive correlation to corporate financial achievement. According to a study of Park and Lee (2001), CSR management activity shows a positive influence on financial achievement. The social responsibility activity of foreign multinational corporations in Korea positively influences corporate achievement (Chang, 2013).

Accordingly, based on advanced studies, this study proposes the following hypotheses, which considers the four responsibilities (economic, legal, ethical, and charitable responsibilities) as independent variables and corporate achievement and financial and non-financial achievement as dependent variables. <Figure 1> shows the research model.

**<Hypothesis 1>** CSR management activity would positively influence on corporate achievement.

**<Hypothesis 1-1>** CSR management activity would positively influence on financial achievement.

- <Hypothesis 1-2>** CSR management activity would positively influence on non-financial achievement.
- <Hypothesis 2>** CSR management activity would positively influence on the corporate achievement of domestic corporations.
- <Hypothesis 2-1>** CSR management activity would positively influence on the financial achievement of domestic corporations.
- <Hypothesis 2-2>** CSR management activity would positively influence on the non-financial achievement of domestic corporations.
- <Hypothesis 3>** CSR management activity would positively influence on the corporate achievement of multinational corporations.
- <Hypothesis 3-1>** CSR management activity would positively influence on the financial achievement of multinational corporations.
- <Hypothesis 3-2>** CSR management activity would positively influence on the non-financial achievement of multinational corporations.



**<Figure 1>** Research Model

### 3. Data and Methodology

This study conducted a survey with a sample group consisting of employees of multinational corporations located in Seoul and Gyeonggi. The survey was conducted for approximately two weeks from 3 May 2016 to 17 May 2016. A total of 230 questionnaires were distributed, and 224 copies (direct questionnaire: 121, KSDC DB questionnaire: 103) were collected for the final analysis. The collected data were analyzed through the following methods: frequency analysis to examine the demographic characteristics, reliability analysis through Cronbach's  $\alpha$  verification to examine the internal consistency of the variables, exploratory factor analysis and correlation analysis to confirm convergent validity and discriminant validity, and linear regression analysis to verify the hypothesis on CSR management activity and corporate achievement. The series of analyses were conducted through SPSS 21.0.

#### 3.1. Independent Variables

The independent variables of CSR management activity in this study were categorized into the four responsibilities (economic, legal, ethical, and charitable responsibilities)

defined by Carroll (1979, 1991) and referred to a study of Park et al.(2010) to measure questions about the four levels of CSR management. A total of 19 verified items were selected through exploratory factor analysis on CSR activity. These 19 items were developed with four or five levels as suggested by Carroll (1979, 1991). Thus, the following measurement items are included: economic responsibility includes quality improvement, helping economic development, employment creation, improving living standards, and wage level; legal responsibility includes compliance with legal standards, pursuing welfare, contractual responsibility, corporate management-related laws, and consumer protection laws; ethical responsibility includes false advertising, social ethics, transparent management, and justice business; and charitable responsibility includes cooperative project, higher education, volunteer work, society restoration, and education support. Each item is measured on a five-point Likert-type scale, as follows: "Not at all:" 1 point, "Not really:" 2 points, "Neutral:" 3 points, "Likely:" 4 points, and "Very likely:" 5 points.

#### 3.2. Dependent Variable

The dependent variable of corporate achievement of this study is selected and measured by a total of ten corporate achievement questions through exploratory factor analysis to fit the purpose of this study, based on advanced studies such as those of Carroll and Buchholtz (2000), Waddock and Graves (1997), Park and Lee (2002), Ban and Kim (2009). It is classified into financial achievement and non-financial achievement and is progressive. Financial achievement includes turnover, net income, investment earning rate, EPS growth, and market share. Non-financial achievement includes customer satisfaction, corporate image, cooperative relationship, corporate foreign reliability, and employee job satisfaction. Each item is measured on a 5-point Likert-type scale as follows: "Not at all:" 1 point, "Not really:" 2 points, "Neutral:" 3 points, "Likely:" 4 points, and "Very likely:" 5 points. A high score means a high corporate achievement.

### 4. Empirical Results

#### 4.1. Demographic Composition of Research Subject

The demographic characteristics of the 224 respondents collected through survey are organized and presented in a <Table 1>. Gender results show that 69.6% of the respondents are male (156), and 30.4% are female (68). Age results show that 27.6% of the respondents are in their forties (62), 5.4% are in their twenties (12), and 2.7% are over fifty years old (6). According to the academic ability of the respondents, 41% are college graduates (92), 22.8% are junior-college graduates (51), 21.0% are high school

graduates (47), and 15.2% completed graduate school (34). Service year results show that 34.3% of the respondents had 1–5 years of experience (77), 31.7% had 6–10 years (71), 18.8% had 11–15 years (42), 10.7% had 16–20 years (24), and 4.5% had over 21 years of experience (10). According to rank, 33.9% of the respondents are staff members (76), 33.5% are at the managerial level (75), 18.8% are section chiefs (42), 9.3% are department heads (21), and 4.5% are executives (10). According to job classification, 43.8% of the respondents are members of the administrative department (98), 27.7% are in production (62), 16.5% are in sales and marketing (37), 9.8% are in research and development (22), and 2.2% are in other departments (5). According to corporation scale, 31.3% of

the respondents mentioned that their companies had less than 100 employees (70), 26.8% of respondents worked for employers that had 1,000 employees (60), 24.5% had less than 1,000 employees (55), 9.8% had less than 300 employees (22), and 7.6% had less than 500 employees (17). According to business type, 44.2% of the respondents are from distribution or logistics companies (99), 31.3% are from manufacturing companies (70), 10.7% are from construction companies (24), 10.7% are from communication companies (24), 1.8% are from other types of companies (4), and 1.3% are from financial companies (3). According to corporation domicile, 56.7% of the respondents are from domestic companies, and 43.3% are from multinational companies (97).

<Table 1> Characteristics of Survey Respondents (n=224)

Classification		Frequency (#)	Ratio (%)	Classification		Frequency (#)	Ratio (%)
Gender	Male	156	69.6	Occupation	Administrative position	98	43.8
	Female	68	30.4		Sales/Marketing	37	16.5
Age	20s	12	5.4		R&D/Engineering	22	9.8
	30s	144	64.3		Production	62	27.7
	40s	62	27.6		etc.	5	2.2
	50s and more	6	2.7	less than 100	70	31.3	
Education	High School	47	21.0	Company Size (# of employee)	less than 300	22	9.8
	2-year college	51	22.8		less than 500	17	7.6
	4-year college	92	41.0		less than 1,000	55	24.5
	Graduate School or more	34	15.2		more than 1,000	60	26.8
Continuous Service Years	1~5 years	77	34.3		Type of Business	Manufacturing	70
	6~10 years	71	31.7	Service/Logistics		99	44.2
	11~15 years	42	18.8	Construction		24	10.7
	16~20 years	24	10.7	Finance		3	1.3
	21 years and more	10	4.5	Information		24	10.7
Position	Employee	76	33.9	etc.		4	1.8
	Manager	75	33.5	Company		Domestic	127
	Senior Manager	42	18.8		Multinational	97	43.3
	Section Chief	21	9.3				
	Director	10	4.5				

4.2. Validity and Reliability Analysis on the Variables

Before hypothesis verification, reliability analysis was conducted to confirm the sufficiency of the collected data in encompassing the concept of the variables related to the hypothesis. Reliability may be regarded as the concept related to the unsystematic error means dispersion of the measured value that appears when an identical concept is repeatedly measured; thus, concepts such as stability, potential measurement, and accuracy are included. Through

the questionnaires secured through a series of processes, this study measured reliability through Cronbach's Alpha. For all questions, if the alpha coefficient is greater than 0.5, then it is evaluated as an acceptable level. For individual questions, if the alpha coefficient is greater than 0.6, then it is evaluated as an acceptable level. Lastly, if it is greater than 0.7, then it is evaluated as a reliable level (Nunnally, 1978).

Exploratory factor analysis was conducted to verify the construct validity of questionnaire composition. Principle Component Analysis (PCA) was used for factor extraction,

and Varimax method is used to verify nursing independence for factor rotation. The reliability and validity analysis on the measurement tool used for the empirical analysis in this study is shown in <Table 2>.

<Table 2> The Results of Principal Component Factor Analysis: Independent Variables

Measurement Items		Component			
		1	2	3	4
Economic Responsibility	quality improvement			.713	
	contribution to economic development			.758	
	creation of employment			.693	
	improvement of standard of living			.717	
	satisfaction of wages			.593	
Legal Responsibility	obeying the law	.760			
	obeying labor law and searching for welfare	.690			
	following the notional contractual responsibility	.764			
	obeying the corporate management related law	.723			
	obeying the consumer protection law	.765			
Ethical Responsibility	avoiding exaggerated and deceptive advertisements				.688
	searching for social ethics				.714
	transparent management				.761
	fair trading with partner				.708
Philanthropic Responsibility	collaborating with regional community		.634		
	supporting additional education		.770		
	promoting volunteer service		.708		
	returning to society		.715		
	supporting education		.733		
Eigen Value		8.402	1.586	1.373	1.144
Explained Variance %		44.221	8.346	7.224	6.019
Cumulative Variance %		44.221	52.567	59.791	65.810
Cronbach's Alpha		.830	.887	.846	.848

According to <Table 3>, questions that measure variables are properly grouped into each factor, and each item explains 78% of the whole dispersion. In addition, every Eigenvalue is over 1.0, which is high. Every factor loading value is over 0.6; thus, the problem of convergent validity and discriminant validity is non-existent.

<Table 3> The Results of Principal Component Factor Analysis: Dependent Variables

Measurement Items		Component	
		1	2
Financial Performance	Sales	.827	
	Net income	.899	
	Return on Investment	.881	
	Growth rate of Profit	.876	
	Market Share	.802	
Non-financial Performance	Customer Satisfaction		.849
	Corporate Image		.738
	Cooperative Relationship		.667
	Reliability		.664
	Employee Satisfaction		.768
Eigen Value		6.731	1.084
Explained Variance %		67.314	10.840
Cumulative Variance %		67.314	78.155
Cronbach's Alpha		.953	.886

### 4.3. Correlation Analysis

In this present study, correlation analysis was conducted to confirm whether a correlation between the variables exists. First, multi-collinearity between individual independent variables must be determined, which can be confirmed by calculating the Variance Inflation Factor (VIF). VIF shows a high correlation level with different independent variables if the VIF value is high. In general, if the VIF values of individual independent variables are greater than ten, then the problem of multicollinearity is non-existent. <Table 4> shows a significant correlation analysis result with CSR recognition and corporate achievement, which is a dependent variable. An examination of the sub-elements of CSR recognition shows that corporate achievement is significantly positive correlated with economic, legal, ethical, and charitable responsibilities, and this finding may be confirmed with the Pearson correlation coefficient.

<Table 4> Mean-Correlation Analysis among Variables

	Mean	S.D.	1	2	3	4	5
Performance	3.5746	.65154	1				
Economic Responsibility	3.5795	.53750	.591**	1			
Legal Responsibility	3.7661	.53865	.591**	.592**	1		
Ethical Responsibility	3.7277	.48757	.612**	.548**	.602**	1	
Philanthropic Responsibility	3.4402	.69256	.595**	.542**	.551**	.611**	1

#### 4.4. Hypothesis Verification

Linear regression analysis is conducted to study the influence of CSR management activity on corporate achievement. As the corporate level is measured, the sample number is limited; thus, the data attribute may react sensitively. The hypothesis was verified with a flexible standard of conformity and  $p < 0.05$  (significant level 5%). The purpose of this study is to determine the effects of CSR management activity on corporate achievement. Therefore, linear regression analysis is conducted with economic, legal, ethical, and charitable responsibilities as independent variables, and corporate, financial, and non-financial achievements as dependent variables. <Table 5> shows the results of regression analysis between CSR management activity and corporate achievement. The result of the analysis on <Hypothesis 1> shows that because the coefficient of determination of the regression model is 0.542, the explanatory power of the dependent variable on the independent variable is 52.4%. The F value of the model is 60.36, and the significant probability is 0.001, in which the model appeared to be significant statistically (1% significant level). The following paragraphs discuss the factors that determine whether CSR management activity significantly

influences corporate achievements.

Results of the regression analysis for <Hypothesis 1> show the correlation of CSR management activity to different factors that influence corporate achievement. Economic responsibility positively influences corporate achievement ( $\beta = .191, t = 2.962, p < .003$ ). Legal responsibility positively influences corporate achievement ( $\beta = .238, t = 3.633, p < .000$ ). Ethical responsibility positively influences corporate achievement ( $\beta = .220, t = 3.491, p < .001$ ). Finally, charitable responsibility positively influences corporate achievement ( $\beta = .230, t = 3.544, p < .000$ ). Thus, <Hypothesis 1> is accepted.

The results of the regression analysis for <Hypothesis 1-1> show the following. Economic ( $\beta = .182, t = 2.603, p < .010$ ), legal ( $\beta = .220, t = 3.037, p < .003$ ), ethical ( $\beta = .172, t = 2.347, p < .020$ ) and charitable ( $\beta = .192, t = 2.713, p < .007$ ) responsibility positively influences financial achievement ( $\beta = .182, t = 2.603, p < .010$ ). Thus, <Hypothesis 1-1> is accepted.

The results of the regression analysis on <Hypothesis 1-2> show the following. Economic ( $\beta = .244, t = 3.905, p < .000$ ), legal ( $\beta = .132, t = 2.028, p < .044$ ), ethical ( $\beta = .274, t = 4.162, p < .000$ ) and charitable ( $\beta = .219, t = 3.443, p < .001$ ) responsibility positively influences non-financial achievement. Thus, <Hypothesis 1-2> is accepted.

<Table 5> Regression Results between Corporate Performance and CSR Variables

Hypothesis	Dependent Variables	Independent Variables	unstandardized B		standardized coeff.	t	Sig.	adjusted R <sup>2</sup>
			B	S.E.	Beta			
1	Corporate Performance	(const.)	-1.834	2.596		-0.706	.481	0.516
		Economic Responsibility	.552	.151	.228	3.661	.000	
		Legal Responsibility	0.463	.156	.191	2.962	.003	
		Ethical Responsibility	.794	.219	.238	3.633	.000	
		Philanthropic Responsibility	0.415	.119	.220	3.491	.001	
1-1	Financial Performance	(const.)	-.542	1.634		-.332	.740	0.390
		Economic Responsibility	1.235	.474	.182	2.603	.010	
		Legal Responsibility	1.495	.492	.220	3.037	.003	
		Ethical Responsibility	1.291	.550	.172	2.347	.020	
		Philanthropic Responsibility	1.015	.374	.192	2.713	.007	
1-2	Non-Financial Performance	(const.)	-0.258	0.269		-0.960	.338	0.510
		Economic Responsibility	.305	.078	.244	3.905	.000	
		Legal Responsibility	.164	.081	.132	2.028	.044	
		Ethical Responsibility	.377	.091	.274	4.162	.000	
		Philanthropic Responsibility	.212	.062	.219	3.443	.001	

<Table 6> shows the results of the regression analysis between CSR management activity and corporate achievements of Domestic Corporations. The results of the regression analysis on <Hypothesis 2> show the following. Economic responsibility positively influences corporate achievement ( $\beta=.292$ ,  $t=3.318$ ,  $p<.001$ ). Legal responsibility influences corporate achievement ( $\beta=.050$ ,  $t=0.552$ ,  $p<.582$ ). Ethical responsibility positively influences corporate achievement ( $\beta=.240$ ,  $t=2.427$ ,  $p<.017$ ). Finally, charitable responsibility positively influences corporate achievement ( $\beta=.228$ ,  $t=2.525$ ,  $p<.013$ ). Thus, for <Hypothesis 2>, whereas economic, ethical, and charitable responsibilities are accepted, legal responsibility is overruled because CSR management activity is perceived as an indulgence aimed at neutralizing the effect of any corporate illegal or negative activity. Therefore, CSR is perceived to hide the negative activity or is recognized as an activity used to beautify a corporation; it does not deliver its intended value (Suh et al., 2006). The results of the regression analysis on <Hypothesis 2-1> show the following. Economic responsibility positively influences the financial achievement of domestic corporations

( $\beta=.226$ ,  $t=2.358$ ,  $p<.020$ ). Legal responsibility influences the financial achievement of domestic corporations ( $\beta=.113$ ,  $t=1.146$ ,  $p<.254$ ). Ethical responsibility positively influences the financial achievement of domestic corporations ( $\beta=.172$ ,  $t=1.601$ ,  $p<.112$ ). Finally, charitable responsibility positively influences the financial achievement of domestic corporations ( $\beta=.214$ ,  $t=2.179$ ,  $p<.031$ ). Thus, for <Hypothesis 2-1>, whereas economic and charitable responsibilities are accepted, ethical and legal responsibilities are overruled.

The results of the regression analysis on <Hypothesis 2-2> show the following. Economic responsibility positively influences the non-financial achievement of domestic corporations ( $\beta=.323$ ,  $t=3.625$ ,  $p<.000$ ). Legal responsibility positively influences the non-financial achievement of domestic corporations ( $\beta=-0.033$ ,  $t=-0.358$ ,  $p<.721$ ). Ethical responsibility positively influences non-financial achievement ( $\beta=.281$ ,  $t=2.810$ ,  $p<.006$ ). Finally, charitable responsibility positively influences the non-financial achievement of domestic corporations ( $\beta=.208$ ,  $t=2.268$ ,  $p<.025$ ). Thus, for <Hypothesis 2-2>, whereas economic, ethical, and charitable responsibilities are accepted, legal responsibility is overruled.

<Table 6> Regression Result between Corporate Performance and CSR Variables of Domestic Corporations

Hypothesis	Dependent Variables	Independent Variables	unstandardized B		standardized coeff.	t	Sig.	adjusted R <sup>2</sup>
			B	S.E.	Beta			
2	Corporate Performance	(const.)	-0.276	3.863		-0.071	.943	0.434
		Economic Responsibility	.730	.220	.292	3.318	.001	
		Legal Responsibility	0.132	.239	.050	0.552	.582	
		Ethical Responsibility	.811	.334	.240	2.427	.017	
		Philanthropic Responsibility	0.440	.174	.228	2.525	.013	
2-1	Financial Performance	(const.)	-1.224	2.465		-.497	.620	0.332
		Economic Responsibility	.331	.140	.226	2.358	.020	
		Legal Responsibility	.175	.153	.113	1.146	.254	
		Ethical Responsibility	.341	.213	.172	1.601	.112	
		Philanthropic Responsibility	.242	.111	.214	2.179	.031	
2-2	Non-Financial Performance	(const.)	.948	1.933		.490	.625	0.419
		Economic Responsibility	.399	.110	.323	3.625	.000	
		Legal Responsibility	-.043	.120	-.033	-.358	.721	
		Ethical Responsibility	.469	.167	.281	2.810	.006	
		Philanthropic Responsibility	.198	.087	.208	2.268	.025	

<Table 7> shows the results of the regression analysis between CSR management activity and the corporate achievement of multinational corporations. The results of the regression analysis on <Hypothesis 3> show the following. Economic responsibility positively influences the corporate achievement of multinational corporations ( $\beta=.173$ ,  $t=2.113$ ,  $p<.037$ ). Legal responsibility influences the corporate achievement of multinational corporations ( $\beta=.416$ ,  $t=4.840$ ,  $p<.000$ ). Ethical responsibility positively influences the

corporate achievement of multinational corporations ( $\beta=.169$ ,  $t=2.082$ ,  $p<.040$ ). Finally, charitable responsibility positively influences the corporate achievement of multinational corporations ( $\beta=.211$ ,  $t=2.519$ ,  $p<.013$ ). Thus, <Hypothesis 3> is accepted.

The results of the regression analysis on <Hypothesis 3-1> show the following. Economic ( $\beta=.155$ ,  $t=1.593$ ,  $p<.115$ ), legal ( $\beta=.463$ ,  $t=4.5490$ ,  $p<.000$ ), ethical ( $\beta=.073$ ,  $t=0.754$ ,  $p<.453$ ) and charitable responsibility ( $\beta=.161$ ,



t=1.629, p<.107) positively influences the financial achievement of multinational corporations. Thus, for <Hypothesis 3-1>, whereas legal responsibility is accepted, economic, ethical, and charitable responsibilities are overruled.

The results of regression analysis on <Hypothesis 3-2>

show the following. Economic ( $\beta=.179$ ,  $t=1.997$ ,  $p<.049$ ), legal ( $\beta=.322$ ,  $t=3.611$ ,  $p<.000$ ), ethical ( $\beta=.239$ ,  $t=2.841$ ,  $p<.006$ ) and charitable ( $\beta=.231$ ,  $t=2.670$ ,  $p<.009$ ) responsibility positively influences the non-financial achievement of multinational corporations. Thus, <Hypothesis 3-2> is accepted.

<Table 7> Regression Result between Corporate Performance and CSR Variables of Multinational Corporations

Hypothesis	Dependent Variables	Independent Variables	unstandardized B		standardized coeff.	t	Sig.	adjusted R2
			B	S.E.	Beta			
3	Corporate Performance	(const.)	-0.132	0.311		-0.425	.672	0.661
		Economic Responsibility	.196	.093	.173	2.113	.037	
		Legal Responsibility	0.445	.092	.416	4.840	.000	
		Ethical Responsibility	.217	.104	.169	2.082	.040	
		Philanthropic Responsibility	0.186	.074	.211	2.519	.013	
3-1	Financial Performance	(const.)	1.470	1.902		.773	.441	0.525
		Economic Responsibility	.180	.113	.155	1.593	.115	
		Legal Responsibility	.511	.112	.463	4.549	.000	
		Ethical Responsibility	.120	.159	.073	.754	.453	
		Philanthropic Responsibility	.147	.090	.161	1.629	.107	
3-2	Non-Financial Performance	(const.)	-2.795	1.778		-1.571	.120	0.637
		Economic Responsibility	.212	.106	.170	1.997	.049	
		Legal Responsibility	.379	.105	.322	3.611	.000	
		Ethical Responsibility	.423	.149	.239	2.841	.006	
		Philanthropic Responsibility	.225	.084	.231	2.670	.009	

## 5. Conclusion

### 5.1. Summary

This study performs a comparative analysis of financial and non-financial achievement based on the influence of CSR management activity on corporate achievement. Based on existing studies about the contents and characteristics of CSR management activity, this study examines the effects of the characteristics of CSR management activity on corporate achievement and the effects of CSR management activity on financial and non-financial achievement. A survey was conducted with employees of domestic and multinational corporations. In addition, domestic and foreign studies were analyzed to determine whether CSR management activity positively influences corporate achievement. The empirical analysis is summarized as follows.

First, this study found that CSR management activity positively influences corporate achievement, which is a long-term investment that has zero cost for short-term achievement, and CSR may be interpreted as a strategic method to improve corporate value.

Second, CSR management activity also positively influences financial achievement, which means that CSR management activity, as a part of corporate management, must be performed across all the management aspects and not only to keep the corporation alive. If CSR is performed strategically and efficiently beyond a fragmented

performance, it may improve corporate short- and long-term financial achievement.

Third, CSR management activity also positively influences on non-financial achievement. Although the social value of non-financial achievement is difficult to convert economically, continuous efforts on CSR management activity improve non-financial achievement in the long-run.

Fourth, among the factors of CSR management activity that influence on the corporate achievement of domestic corporations, whereas economic, ethical, and charitable responsibilities were accepted, legal responsibility was overruled. Based on this finding, among the factors of CSR management activity that influence on the financial achievement of domestic corporations, whereas economic and charitable responsibilities were selected, legal and ethical responsibilities were overruled. Furthermore, among the factors that influence on non-financial achievement, whereas ethical and charitable responsibilities were accepted, legal responsibility was overruled. The reason that the legal responsibility was overruled as a factor for financial and non-financial achievement may be that CSR management activity is perceived as an indulgence to hide or beautify negative behavior regarding corporate illegal behavior, thus it does not deliver value.

### 5.2. Limitations and Implications

Limitations of this study are listed as follows. First, because the subject of the survey for this study is limited to

employees of certain companies, interpreting the applicability of the findings to consumers or other subjects is difficult. Thus, in future studies, a survey of various classes can be conducted to solve this limitation. Second, this study selected variables from the study of Carroll (1997, 1991); thus, it did not include factors caused by the change in time and recognition, and it did not diversify the variables. In future studies, these aspects should be measured by organizing various and appropriate CSR variables. Third, this study may suggest a reverse cause-and-effect relationship, where corporations with good corporation achievement use CSR management activity. In fact, corporations with good

corporate achievement may be using the positive influence of financial and non-financial achievement. In other words, it is not that CSR management activity positively influences on corporate achievement, but the reverse cause-and-effect relationship may be established such that corporations with good corporate achievement perform CSR management activity. Fourth, the CSR management activity of domestic and multinational corporations positively influences on corporate activity. Further studies on the influence of CSR management activity on corporate achievement are also required to perform CSR.

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