

# From Gift to Commodity: The Social Construction of Corporate Social Responsibility in East Asia

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*This study explores how corporate social responsibility (CSR) is socially constructed in East Asia, its conceptualization, and the guiding rationale and factors influencing its formation. Using sociological perspectives, this study explains the nature of CSR in Japan, Korea, and China regarding gift relations, moral economy, conspicuous consumption, and fictitious commodities. A comparison of institutional arrangements and CSR in these three countries reveals that although they may share similar historical and industrial backgrounds, the form and function of their CSR institutional arrangements may differ concerning how governments, businesses, and consumers adopt and respond to such arrangements.*

**Keywords:** *corporate social responsibility, gift relations, commodity, Japan, Korea, China*

## Introduction

Today, the concept of corporate social responsibility (CSR) is steadily emerging as an issue that requires the attention of business and academic communities. The concept of CSR is gaining an increasingly high profile in East Asia. East Asian companies have recently experienced global growth, as many now operate worldwide. As of August 2023, the Fortune Global 500 list of the world's largest companies indicated that China came in first with 142 firms on the list, Japan at third with 41 firms on the list, and Korea at sixth place with 18 firms on the list (Fortune 2023). To maintain their expanding influence globally, these companies have recently begun to pay particular attention to CSR activities. Until recently, however, CSR in the East Asian context had received limited attention in Western scholarship, with the

exception of several Japanese, Korean or Chinese CSR studies (Tanimoto and Suzuki 2005; Choi and Aguilera 2009; Wong 2009; Lin 2010; Moon and Shen 2010).

However, these studies do not provide a comparative analysis of CSR institutional arrangements in each country. Matten and Moon (2008) conceptualized the two types of CSR: explicit and implicit. Explicit CSR consists of voluntary corporate policies, programs, and strategies that help meet shareholder expectations; implicit CSR is comprised of mandated or codified practices that obtain legitimacy through the values, norms, and beliefs of a society embedded in national institutions. Matten and Moon's implicit-explicit framework suggests that the difference in CSR practices between the US and Europe reflects the variation in their respective societal expectations and the institutional environment for CSR.

However, the implicit-explicit framework does not provide a comprehensive analysis of CSR institutional arrangements in each country. Some new institutionalism works have focused on cross-national business systems to specifically understand firms' CSR practices and cross-national variation in CSR (Whitley 1999; Quazi and O'Brien 2000; Hall and Soskice 2001). New institutionalism also relies on a clear dichotomy between explicit CSR practices in liberal market economies, such as the US, and implicit practices in coordinated market economies, such as European countries. In particular, these studies do not reflect culture and ideology as embedded in national institutional differences.

To understand the nature of CSR, the impact of national culture and economic ideology must first be elucidated, particularly as they help shape the politics of stakeholder influence. The relationships between different players in the business-society nexus, and the expectations they each have regarding the others' roles and responsibilities, are embedded in cultural contexts (Antal and Sobczak 2004; Kang and Moon 2012).

In this respect, Japan, Korea, and China provide interesting comparative cases of CSR in East Asia, as CSR in these three countries differs somewhat from that in Western countries. Similar traditions, cultures, and ideologies in East Asia exhibit differences to the CSR approaches of Western countries and elsewhere. The CSR of East Asian countries has not adopted the utilitarian method or optimized rationality, but rather was formed to redesign the market and political systems and to push regional governments, national institutions, and government institutions toward organizational, economic, and legal appropriateness.

Moreover, as the crucial differences between East Asian and Western

societies have already been extensively explored in the literature, contemporary studies should focus on the differences between East Asian societies. For some analysts, there is an East Asian road to socioeconomic development (Evans 1995). Japan, Korea, and China share certain cultural similarities, particularly a dominant Confucian ideology. However, East Asia is a region that manifests cultural and institutional divergences as well as similarities. This study considers the evident differences in CSR institutional arrangements between East Asian nations and assesses whether these differences affect the strength and characteristics of CSR.

This study goes beyond a mere comparison of the characteristics of CSR in the three East Asian countries, and compares the similarities and differences shown in the process of institutional embeddedness of CSR as they have been influenced by economic, social, and political backgrounds. This study seeks to determine how CSR is defined in Japan, Korea, and China regarding the conceptualization and the guiding rationale and factors influencing its formation. More specifically, it examines the nature of CSR in Japan, Korea, and China regarding gift relations, conspicuous consumption, moral economy, and fictitious commodities.

The findings indicate that although different countries may share similar historical backgrounds and cultural traits, the form and function of their CSR institutional arrangements may differ concerning how governments, businesses, and consumers adopt and respond to such arrangements. This implies that, from a historical perspective, CSR in East Asia is socially constructed and thus a product of changing gift relations between governments, firms, and consumers. The findings suggest that global markets do not have common interpretations of what is meant by market competition or efficiency.

## Economic Sociology Background of CSR

CSR has a dual meaning. First, it is considered a part of business strategy. Philanthropic activities, such as donations, charity, and volunteering, are seen as ways to improve a corporation's image and thereby boost sales. Firms in the US consider free enterprise and individual rights sacred and emphasize short-term profit maximization as the primary goal. Second, CSR is intrinsically part of society as firms are motivated by societal expectations that are ingrained in national laws, practices and regulations (LaGore, Mahoney, and Thorne 2020). Hence CSR is an ideology formed by the interaction between corporations—or those who run them—and their social environment. This

is clearly seen in East Asian countries where nationalistic or patriotic contributions by corporations are encouraged. Concepts such as “returning wealth to society and “business as a service to the country are part of this ideology. Thus, the precise meaning of CSR as related to social issues requires a broader, macro-oriented set of interpretations that draws on sociological literature.

### *CSR as Gift Relations*

The concept of CSR may include intrinsic and extrinsic meanings. The intrinsic meaning is derived from a generalized sense of altruism. Here, CSR is not performed for selfish purposes but is a natural responsibility. The intrinsic concept is defined as an instituted process of interaction between businesses and their environment. This process provides businesses with legitimacy by producing something with communal solidarity in society. Other motives drive the achievement of status and prestige or social approval. Thus, such motives can be called “intrinsic, as they move toward a notion of society-based CSR for legitimacy.

Sociologists have long drawn attention to the significance of exchanging gifts, which are offered voluntarily but given and repaid under obligation. Social exchange entails unspecified obligations (Blau 1964). For example, firms make substantial donations not to earn the recipients’ appreciation but to earn the social approval of the community in which they are active. In this respect, CSR can be understood in the context of a gift exchange between businesses and society. In other words, if an institution’s CSR efforts are considered a gift, then any level of approval from society can also be considered a gift.

Regarding CSR as playing out according to the norms of gift-giving may generate a logic of a moral economy for consumers based on goodness, fairness, and justice (Thompson 1971). The moral economy of CSR comprises the norms of gift-giving and justice. For example, if firms fail to repay their obligations, an internalized norm of reciprocity could lead a consumer to feel angry and resentful while generating guilt within the firm. A failure to carry out obligations may result in multiple penalties that pressure the firm to make cuts. Through publicized corporate misdeeds and scandals, firms can lose consumer trust and their competitive position, eventually leading to bankruptcy. In addition, the moral economy of CSR may invite third-party reactions. For example, perceived violations of the moral economy develop shareholder activism and socially responsible investment, and can lead to

more governmental intervention in markets. Also, perceived violations of the moral economy of industrial relations can develop social movements. According to Murray and Schwartz (2015), deprivation and hunger alone do not motivate collective resistance; rather, the cause of immiseration must be seen as a violation of a culture or subculture's traditional morals.

In this respect, CSR may be a social structure characterized by extensive gift relations between firms, workers, suppliers, consumers, and governments. Thus, CSR may not be performed by outsiders but instead reflect the social construction of each society, where the history and culture surrounding business-society relations and the various kinds of interventions by governments produced a unique institutional order (Fligstein and Dauter 2007, p. 110).

### *CSR as Conspicuous Consumption*

Another important function of social exchange is “to surpass a rival in generosity, to crush him if possible under future obligations which it is hoped he cannot meet, thus taking from him privileges, titles, rank, authority, and prestige (Levi-Strauss 1957, p. 85). The distribution of gifts and services to others may be a means of gaining superiority over them. A classic case is the potlatch in North America. Here, CSR may serve as a means for the giver to exhibit their social class, particularly when such an exchange is controlled by those with absolute power. Such ostentatious displays of CSR may imply that the potlatch's seemingly senseless dissipation and destruction of wealth to assert a superior status can also be found today, in the form of conspicuous consumption (Veblen 1931).

Presently, leading companies with CSR programs may have a sense of superiority over those who are yet to implement such initiatives. The practice has been labeled one of the most important status symbols in business communities and has thus become a form of patina. According to anthropologist McCracken (1988), patina served as visual proof of social status before the eighteenth century. It has important symbolic meaning, suggesting that existing status claims are legitimate. He states that “patina acted as a kind of gatekeeper, barring pretenders, admitting those who belonged (p. 39). In this respect, one of the important functions of CSR for leading companies is its ability to distinguish them from less prestigious counterparts.

In an economic boom, CSR may be said to be priceless, and companies may be described as good corporate citizens. During such a period, CSR often takes ostentatious forms. In times of recession, however, CSR is regarded as a desirable, optional luxury, and is often culled in favor of profit maximization.

Under such circumstances, companies argue that the business cannot maintain the “luxury of CSR and subsequently cut the budget for these activities. Thus, a recession often becomes an excuse to reduce CSR budgets (Fortune 2009). This may imply that CSR activities take the form of conspicuous consumption of surplus wealth in prosperous times.

### *CSR as Fictitious Commodities*

The extrinsic meaning of CSR is derived from the logical nature of a means-ends relationship, which is made apparent by words like “strategy or “investment. Economic rationality motivates extrinsic CSR and provides it with an ultimate goal. Furthermore, whether CSR is short-term or long-term, it is considered a strategic investment. A market price is derived from the interaction of supply and demand for CSR activities.

CSR has gradually become disembedded from its intrinsic meaning, turning instead into a fictitious commodity, (Polanyi 1957) since commodities by definition are bought and sold at market prices. However, morality is given; it is not a social convention or produced for sale. The concept of CSR as fictitious commodity relates to Sandel’s (2012) arguments about morality and market society, where nearly everything is for sale. According to him, in a market society, market values have come to govern all aspects of our existence, which were traditionally governed by social norms. Furthermore, Ariely (2009) outlined the differences between social norms and market norms: social norms include the friendly requests that people make of one another, as characterized by our social nature and need for community, whereas market norms govern the world of commodities, such as prices, costs, and benefits.

As Polanyi argues, as the economy became disembedded from the social matrix in which it was traditionally embedded, social relations of business and society have also been subordinated to the logic of the market. This indicates that the nature of CSR has changed from (intrinsic) social exchange to (extrinsic) market exchange. It also implies that conceiving of CSR as a market exchange is compatible with the existence of other non-market goods, such as trust or friendship, whose partly constitutive moral duties and responsibilities differ significantly from those of exchange. Thus, it can be called “extrinsic.

## Historical Background of CSR in Japan, Korea, and China

### *Japan*

The initial goal of CSR in Japan was to develop an economy in harmony with society. Some top businessmen, such as Konosuke Matsushita (chairperson of Panasonic), have regarded the duty of businesspeople to be lifting people out of poverty by producing a plentiful supply of goods, “similar to the plentiful supply of inexpensive tap water, and to bring happiness to people’s lives, and make this world a better place. This is called the tap water philosophy, proposed in 1932 (Panasonic 2014). This concept of CSR became widespread in Japan after World War II. In 1956, the Japanese Association of Corporate Executives announced a report regarding CSR that suggested a norm of corporations as social institutions and corporate executives as stewards of the society in which their firms operate (Demise 2006).

The modern meaning of CSR in Japan began officially with rapid industrialization. Starting in the early 1960s, this development within Japanese society brought prosperity never before experienced. However, this swift economic growth also had the negative consequence of causing serious social problems. For example, the profit-conscious chemical industry caused severe environmental pollution and social problems, such as Minamata disease caused by mercury poisoning. These incidents prompted a strong anti-business campaign in the 1970s (Kawamura 2004).

In the mid-1980s, a practical version of CSR was widely adopted to maintain good relationships with stakeholders, which were rebuilt on mutual trust. Thus, the modern history of CSR in Japan is nearly in accord with repetitions of corporate scandals followed by introspection, and so on. Consequently, rebuilding public trust has become the primary goal of CSR in modern Japan (Kurihama 2005). To rebuild public trust, Japanese companies contribute enormous sums of money to society. This was particularly true during the bubble economy in the 1990s (Murakami 2009).

During the bubble economy, Japanese *keiretsu* (big business groups) consistently spent money on CSR activities, such as *mécénat* (support for the arts) or philanthropy, which was primarily spent on cultural programs, such as classic concerts and works of art. During this period, simply spending money for the benefit of society was regarded as normative evidence of a good company, while the return of profits was not carefully considered (Murakami 2009). After the bubble economy burst around 2002, many

companies experienced significant slumps, and some went bankrupt. Meanwhile, a series of corporate scandals erupted in the 2000s, effectively rocking the foundation of corporate trust. Consequently, Japanese companies began to abandon ostentatious CSR policies to reconsider their stakeholder and shareholder policies (Fukukawa and Teramoto 2009).

Alongside the global standardization of CSR, Japanese *keiretsu* have sought to implement market-based strategic CSR activities to rebuild trust and make further profits. Currently, Japanese CSR involves more strategic activities closely connected with profit-making and satisfying global standards and local requirements. Toyota's hybrid cars are a good example of this phenomenon. The Prius has become popular enough to be considered an icon of environmental friendliness, simultaneously cultivating company and social benefits (Murakami 2009). Toyota has recently revolutionized the notion of CSR through its concept of creating shared value (CSV), which refers to the exchange between profits and social value.

### *Korea*

The initial concept of CSR for major Korean companies (*chaebol*) was equivalent to a patriotic business spirit, which sought to establish national wealth to lay the foundation for a strong state. For example, under Samsung's management principle, established by its founder Lee Byung-chull, patriotic business means that the company provides services for and contributes to the company and country. Engaging in business for national service (*saeob-boguk*) refers to the creation of a stronger nation through business prosperity, which repays the country (*Korea Times* Feb. 10, 2010). Consequently, this CSR concept has become widespread. Many Korean companies aim to discharge their repayment obligations through such a spirit of patriotic business.

It was under these circumstances that Korea experienced an economic crisis in late 1997. Before the crisis, CSR was regarded as a charitable donation to the poor or an undertaking akin to a quasi-tax, paid under government pressure. Also it was regarded as merely rhetoric because it was either similar to the values embedded in corporate creeds or principles (Lee 2017). After the Korean crisis, American concepts of CSR were introduced to Korean society (Lee and Choi 2002). Korean *chaebol* began to focus on CSR to maintain good relationships with stakeholders. In 2012, the total expenditure by Korean corporations on CSR exceeded \$2.54 billion, constituting 3.76 percent of their profit before tax, which is even larger than the expenditures



of corporations in Japan and the US (Federation of Korean Industries 2013).

However, many corporate misdeeds and scandals have regularly occurred over the decades, and many *chaebol* chairpersons were prosecuted in Korea. It is not rare for the owners of *chaebol* convicted of crimes to be granted special pardons. Thus the *chaebol* remain surrounded by an aura of public disapproval and illegitimacy. For example, Accenture (2011) conducted a survey of 900 executives worldwide and reported that Korea was ranked highest for public anti-corporation sentiment out of 22 countries.

### *China*

CSR is relatively new in China. The modern concept of CSR was first introduced to China by Western multinational retailers who, in the late 1990s, began to demand that their Chinese partners adopt CSR standards (Zu and Song 2009). As the basic producers in the multinationals' global supply chain, Chinese firms had no choice but to accept some CSR requirements passively from their foreign partners (Zhou 2006). During this period, many Chinese firms rejected CSR, claiming that they did not have the capacity to perform it (Lin 2007) and did not view CSR as a core value but a task to be completed (*The Collective* Oct. 30, 2018). The specific claims were that many of CSR principles based on laws and conditions in developed countries are not consistent with Chinese reality. Hence, CSR was a luxury that many firms could hardly afford, would be a trade barrier to competitiveness, and would expose firms to intense price competition while having to bear the cost of pro-social measures (Chen 2006; ORSE 2006; Wang and Juslin 2009).

However, since the early 2000s, many corporate misdeeds and scandals have occurred, such as the contamination of the Songhua River in 2005, the melamine baby powder scandal by Sanlu Group in August 2008, the Sudan I red dye crisis at KFC, and the Foxconn suicides, and these social issues led to social conflicts (Darigan and Post 2009). As such, the government and civil society in China came to regard CSR as an important factor in the development of China. Internally, the Chinese government has been promoting CSR as a social legitimacy-rebuilding lever (Moon and Shen 2010; See 2009). For example, in 2005, the Chinese government amended its Company Law and stipulated the need for companies to be socially responsible. Under Hu Jintao's leadership, CSR became part of the official rhetoric for a harmonious society and began to receive broad societal support. Company Law has incorporated the concept of CSR into China's legal system. According to Article 5, a company shall accept social responsibility and not only comply with the

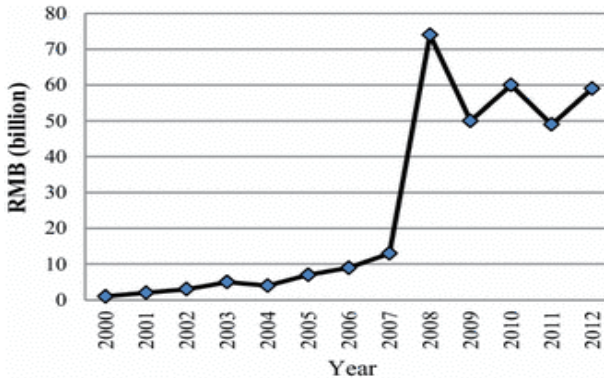


FIG. 1.—CORPORATE CHARITABLE DONATION IN CHINA (2000-2012)

Source: Ministry of Civil Affairs of China. Peng and Liu (2011-2014).

laws and administrative regulations but also observe social morality and business ethics (Wang and Juslin 2009).

A realistic experience of CSR among the Chinese public began to gain traction in 2008 after a magnitude 8.0 earthquake struck Sichuan province. The Sichuan earthquake would awaken the civil consciousness of the Chinese people, who expected businesses to contribute to social welfare and disaster relief. In the midst of this disaster, many Chinese companies responded, offering \$1.5 billion in support (Biswas and Tortajada 2020). The government and Chinese civil society came to regard CSR as an important factor in China's development. In practice, as shown in Figure 1, there has been a steep increase in corporate charitable donations since 2008 (Peng and Liu 2014).

Currently, under Xi Jinping's leadership, another official rhetoric of common prosperity, which calls for the people to share in the opportunity to be wealthy, has been added to narrow the income gap (*SCMP* August 30, 2021). Harmonious society and common prosperity were perceived to be a departure from an economic growth at all costs model to one in which economic growth is balanced against the urgent need to tackle pressing societal and environmental problems in China. These policies were designed to address social issues in China, such as the rich-poor gap and urban-rural polarization, while maintaining economic growth (Ramasamy and Yeung 2009). In this period, CSR spread rapidly in China, coupled with active support from the Chinese government, mainly through its state-owned enterprises (Wang and Juslin 2009).

More recently, the Chinese government introduced sanctions for

companies that fail to meet CSR standards, including significantly higher fines and jail sentences for senior officials. Thus, CSR spread rapidly in China, led by listed state-owned or state-controlled companies that are more likely to incorporate government priorities, from poverty alleviation to pollution control, into their business models (Biswas and Tortajada 2020). Furthermore, CSR has become a trend as many Chinese private companies have begun to expand overseas. Chinese private companies such as Alibaba and Jindong, who were once low-cost producers with poor labor and environmental standards and whose social responsibilities were largely set by government regulation, are quickly reaching the level of global brands. Through the years, CSR has also been redefined from simple traditional volunteering programs, such as charitable giving, to long-term plans that align with companies' core values (*The Collective* 2018).

## The Nature of CSR in Japan, Korea, and China

### *Gift Relations*

During industrialization in Japan and Korea, corporate growth represented national prosperity and wealth. Therefore, the populations of Japan and Korea have given much credit to companies, such as Toyota and Samsung, as their phenomenal growth is a source of great national pride. Thus, all stakeholders regarded corporations as social institutions (Tanimoto and Suzuki 2005; Lee 2011). Naturally, CSR aimed to develop the nation's economy in harmony with society and increase business prosperity to repay the country. A specific form of CSR policy has focused on creating material abundance by providing plentiful and inexpensive goods. Through this process of tap water philosophy or business for national service, companies in Japan and Korea discharged their repayment obligations through this moral business spirit, in keeping with society-based CSR for legitimacy. In this respect, both countries have certainly recognized the intrinsic meaning of CSR.

However, flagrant corruption and corporate misdeeds and scandals periodically rouse the public's ire, resulting in a loss of public trust in corporations (Lee 2017). In particular, Korean *chaebol* have sought to discharge their obligations primarily to the government rather than the public. In other words, gift exchange has mainly occurred between a business and government and not between a business and the public. Consequently, Koreans have been deeply cynical of *chaebol's* CSR initiatives, directly affecting public trust. This

meant that Korean *chaebol* required new strategies, such as conspicuous donations, to restore their relationships with the public.

Chinese CSR differs from that of Japan and Korea that operate under a capitalist market economy, as following the reform and opening up, it has pursued socialism in its CSR. Given the characteristics of socialist CSR, state-level efforts to resolve socioeconomic issues manifest themselves as CSR policies. China's CSR practices and regulations themselves reflect the internal social conflicts and the external globalization process through which the Chinese economy and society have been evolving during the last four decades (Kim and Koo 2020). Chinese CSR is not based on the market efficiency of firms or legitimacy from consumers but rather occurs by considering the social exchange of fairness in society; Chinese CSR is located in the state of fairness as a whole. This is a matter of gift relations as understood by the public, based on goodness, fairness, and justice. This nature can be categorized as socialist CSR based on government-driven efficiency.

### *Conspicuous Consumption*

During the bubble economy period, Japanese CSR was primarily focused on conspicuous displays of “good companies continuously seeking to repay their obligations. Therefore, the Japanese *keiretsu* did not carefully consider how to effectively give back some of their profits; instead, CSR budgets were largely spent on ostentatious *mécénat* programs. This implies that Japanese CSR in this period was regarded as visual proof of social status, like a patina that distinguished one company from another.

The owners in the Korean *chaebol* system exercise near-absolute power over their entire corporate group (Kim 1997). Historically, this absolute *chaebol* system has been perceived as overwhelming other *chaebol*, creating long-running rivalries or family feuds between the *chaebol* groups. In addition, the *chaebol* have used CSR as a management tool to remedy negative attitudes toward owners of the group. This is a structural problem surrounding CSR in Korea. In other words, the virtues and failings of CSR become vested in the chairperson rather than the corporation as a whole. In fact, the origins of CSR in each Korean firm directly reflect the personal philosophy of the founder. The chairperson's personal opinions also strongly influence the decision-making process regarding CSR policies. The problem is that such CSR policies are mainly controlled by an amateur chairperson with absolute power rather than by experts or professional staff.

The owners of *chaebol* publicly express a deep interest in CSR; however,

their actual involvement is much more limited. Therefore, they made ostentatious donations capable of drawing media attention and garnering favorable impressions from the public (Lee 2016a). Consequently, charities have been the subject of empathy because such behavior is actually conspicuous compassion rather than altruistic sympathy (West 2004). Regarding social exchange, this serves as another ostentatious way of using CSR to widen the status gap between Korean *chaebol* groups.

The construction of a harmonious society has been the primary political driver of CSR development in China, being the central policy guideline for sustainable development and overall societal balance (Sino-European CSR International Forum 2005). State-owned enterprises or private companies whose CEOs have ties with the Chinese Communist Party are more likely to embrace CSR practices. The reason is that these companies are deeply embedded in the bureaucracy and thus are more scrutinized by the government. As another ostentatious way of using CSR, a good company would most probably follow the government's lead and do what is on its agenda (Norbert Monti-Rédacteur 2016). However, due to such active intervention by the government, bureaucracy and formalism heavily affect CSR in China, with the majority of state-owned enterprises merely taking an interest in conspicuous donations and not adhering to relevant regulations; the close relationships between regional governments and state-owned enterprises lead to a lack of supervision and punishment (Ho 2013; Wang 2013).

### *Moral Economy*

CSR in Japan has functioned as a norm of instilling morality within businesses and returning profits to society. Hence, CSR in Japan has been considered an indispensable expenditure, as high ethical standards resulted in greater legitimacy for a given company. In this way, Japanese companies believed that they would ultimately be rewarded by firmly maintaining high moral principles (Aoki 2006). For many Japanese companies, CSR is not a new concept since their corporate principles were established long before. Such companies tend to see themselves as already performing CSR as a norm; thus, the practice is rather an assumption that is taken for granted, or *atarimae* ("a given") (Fukukawa and Teramoto 2009).

However, there exists a normative gap in Japan between perceptions of "the ideal and "the real with regard to CSR. Although Japanese companies believe themselves to have high moral principles, in reality, corporate misdeeds and scandals have frequently occurred. In the past, corporate executives

provided payoffs and facilities to antisocial forces, including bribes to politicians. One of the structural problems of CSR in Japanese companies is a lack of awareness as to the seriousness of a CEO's misunderstanding of and reaction to such cases, or indeed their active engagement in them (Kurihama 2005). Rather, such cases have been regarded as behavior resulting from loyalty in terms of a norm of "micro moral unity (Wokutch and Shepard 1999).

Korean corporations have been competitively engaging in CSR activities. The primary goal that they seek to achieve through CSR activities is establishing social legitimacy in Korea. They tend to regard legitimacy as a virtue derived from the practice of donating money and exhibiting concern and compassion for the disadvantaged. In this respect, Korean *chaebol* have failed to understand that the benefits derived from CSR activities, in turn, help sustain the high status of those who undertake them. Their exchanges exclusively entailed wealth and items of economic value rather than courtesies and rituals. Moreover, the problem is that these huge sums of money are thoroughly wasted and used up in a large invisible market that the public does not even know exists. Although the CSR market grows as time passes, rather than trust or respect for corporations, only anti-corporate sentiment mounts. Beneath this mismatch between CSR and corporate trust lies the ideological feature of the moral economy in the public mind. To the general Korean public, CSR is a passive reaction to cyclical corporate scandals and criticisms against them; it is just a mark of self-reflection (Lee 2016a).

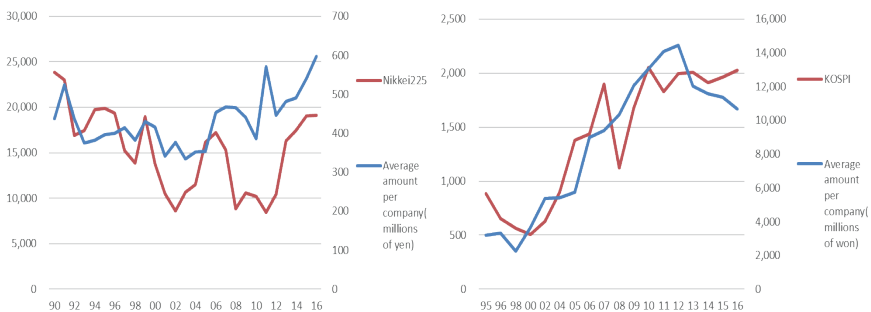
In China, the government has the biggest role in shaping CSR practices and culture. The government compulsively requires that firms consider balancing economic development and fairness to society, enacting laws and regulations concerning CSR. During the rapid economic development process, the Chinese Communist Party has remained firmly in power, and the state has continued to exert strong influence over the economy. The paradoxical coexistence of flourishing markets and strong state power is a symbolic feature of China's transition CSR. The government pursued creating a balanced society as a national-level goal, and state-led CSR was guided by state-owned enterprises (Biswas and Tortajada 2020). In this respect, a state-owned enterprise is a means through which the government exerts control over society to reduce tension in the Chinese populace (Kim 2007). All companies in China are obliged to carry out their social responsibilities and contribute to creating a harmonious society and common prosperity. This is a matter of the moral economy as understood by the public, based on goodness, fairness, and justice. In that sense, CSR in China becomes unavoidable and

compulsory for companies (Wang and Juslin 2009).

### *Fictitious Commodities*

There has been a significantly different trend of CSR in Japan and Korea. As shown in Figure 2, in Japan, the Nikkei225 index has been juxtaposed with the average CSR expenditure per company between 1990 and 2016, demonstrating that CSR budgets increase during boom times and decrease in recessions. The exception is the year 2011, which included a significant expenditure related to the massive earthquake that struck Japan that year (Japan Federation of Economic Organizations 1991-2017; Tokyo Stock Exchange 2017). This implies that the Japanese companies have followed a stage of fictitious commodity based on market norms. Conversely, in Korea, the KOSPI index has not been coupled with the average CSR expenditure per company between 1995 and 2016. Rather, CSR budgets have continuously increased, even in times of recession (Federation of Korean Industries 1995-2017; KRX 2017).

This implies that Korean companies have not followed the norm of market principles but rather political economy mechanisms. For example, Chung Mong-koo (chairperson of the Hyundai-Kia Motor Group) was convicted of appropriation in 2006; however, his prison term was reduced to community service. He subsequently established the Chung Mong-koo Foundation and donated \$1 billion to charity. Additionally, Lee Kun-hee (chairperson of Samsung Group) was convicted of illegal political donations



**FIG. 2.—STOCK MARKET INDEX WITH AVERAGE CSR EXPENDITURE PER COMPANY IN JAPAN (1990-2016) AND KOREA (1995-2016)**

Sources: Japan Federation of Economic Organizations (1990-2017); Federation of Korean Industries (1995-2017); Tokyo Stock Exchange (2017); KRX (2017).

and dubious insider trading in 2005, but the investigation was dropped. He publicly apologized and donated \$825 million to charity. In April 2008, he was again convicted of raising a slush fund, but the president wiped his record clean. Again, Lee publicly apologized and donated \$850 million to charity. In addition, owners of five of the nation's 20 largest *chaebol* groups (including SK, Hanwha, CJ, and Lotte) have recently been put on trial for similar charges of tax evasion and insider trading. The irony is that all of these companies have actively promoted their CSR activities through the media (Lee 2016b).

Table 1 shows CSR expenditure according to fields in Japan, Korea, and China between 2010 and 2016. Japanese companies have primarily spent it on education and academic research, while Korean and Chinese companies have primarily spent money on social welfare. In Japan, social welfare is regarded as a responsibility of the government rather than of businesses. Furthermore, CSR is currently regarded as a long-term investment opportunity for future profit. Thus, many allocations of CSR budgets go to universities and research institutes for R&D projects, such as fuel efficiency and low greenhouse gas emissions. Consequently, Japanese companies prioritize areas of CSR in which they can see a clear connection to profit and a return on investment.

In Korea, companies have participated in social welfare to restore their legitimacy since the crisis of the late 1990s, during which the country saw a sharp increase in unemployment, poverty, and government deficits. Many people believed that the responsibility for the crisis rested mainly with *chaebols*. This led the government to expressly encourage CSR, particularly in relation to the social welfare system. Similarly, concerns about business legitimacy pushed companies to spend more money on social welfare. In this respect, CSR was a long-term social investment opportunity resulting in legitimacy (Lee 2016a).

In China, donations have usually been used in areas of social welfare, such as poverty alleviation, education, health care, and disaster relief. Statistics from the China Charity Information Centre show that poverty alleviation was the topmost concern from 2010 to 2012, with donations accounting for 9 percent, 29 percent, and 22 percent, respectively, of the year-round sum. Education, viewed as a prescription against poverty, garnered more attention with 22 percent, 34 percent, and 25 percent of the year-round donation, respectively (Peng and Liu 2014; China Philanthropy Project. 2017). Overall, most donated money goes to support social welfare issues that are largely aligned with the government's overall development agenda. Thus,



**TABLE 1**  
**CSR EXPENDITURE BY FIELD IN JAPAN, KOREA, AND CHINA (% , 2010–2016)**

Field	2010			2011			2012			2013			2016		
	JP	KO	CH	JP	KO	CH	JP	KO	CH	JP	KO	CH	JP	KO	CH
Education/ Research	36	21	22	20	23	34	30	16	25	20	24	27	19	22	48
Social welfare*	5	39	36	4	38	45	6	33	22	5	34	13	5	41	30
Culture/ Arts	13	11	-	8	12	-	13	11	-	11	13	-	17	21	13
Health/ Medicine	11	0	9	8	3	9	11	6	20	12	1	37	14	0	9
Environment	14	2	3	7	3	5	11	2	-	7	1	-	6	1	1

\* The category social welfare” of China includes “poverty alleviation,” “disaster relief” and “social service.”

Sources: Japan Federation of Economic Organizations (2011-2017); Federation of Korean Industries (2011-2017); Peng and Liu (2014); China Philanthropy Project (2017).

CSR in China is seen as a way to plug the “governance gaps left by under-resourced governments that fail to adequately provide various social services—housing, roads, electricity, health care, and education (Visser 2008). In other words, narrowing social inequality is a key focus area of CSR in China (Conference Board 2012).

## Implications

East Asian styles of CSR build upon and revitalize their own distinct institutional patterns. The function and context of CSR in East Asia are somewhat different from that in Western countries. It is important to recognize that the institutionalized process of CSR in East Asia is not uniform. Each country is in a different stage of development, and domestic management practices often have priorities other than market principles. Thus, the extent to which CSR has been taken up varies across the region.

The initial form of modern CSR was similar in Japan and Korea, beginning as a corporate moral responsibility to repay obligations regarding gift relations. Simultaneously, several corporate misdeeds and scandals have occurred and have further evoked a sense of moral economy on the part of the public. The initial similar nature of CSR in Japan and Korea has changed

relative to the different ways in which companies have adopted CSR. CSR in Japan contains more normative elements that are taken for granted in day-to-day business activities. Hence, CSR follows informal routines because it is a matter of norms rather than a particular law or regulation. Although Japanese companies once adopted conspicuous CSR consumption during the bubble economy in the 1990s, they have attempted to shift to strategic profit-driven CSR based on the logic of the market and commodity. Simply put, they have attempted to follow market norms based on supply and demand. The CSR trend gradually led to its adoption in Japan as a fictitious commodity in a market society.

Korean companies remain in a stage of conspicuous CSR consumption to gain legitimacy. Simultaneously, commodity fiction has occurred through political exchanges. This is different from the Japanese case of fictitious commodity. In Korea, the function of social exchange is not to obtain profit but rather legitimacy, the price of which is determined not by economic but political principles. This would imply that current Korean CSR has entered a dual stage of conspicuous consumption and fictitious commodity. Furthermore, this implies that Korean CSR has been politically transacted as a commodity for buying and selling within the political market.

In China, CSR has been mainly promoted not by the corporate body of the group or individual chairperson but by the government. The government has controlled the culture-ideology sphere and created an ideology of moral economy for social integration. In this respect, the Chinese model places more emphasis on a state-specific socialist CSR standard. The moral economy of Chinese CSR comprises the norms of gift-giving and justice. If the Chinese government and state-owned companies fail to repay their obligations based on goodness, fairness, and justice, an internalized norm of reciprocity could make the public angry and resentful. A failure to carry out obligations may result in multiple social conflicts. Thus, Chinese firms have adopted CSR policies from formal and informal pressures by the government and cultural expectations from the public. Such pressures may be felt as a force. Consequently, in practice, CSR in China has become the ideological and coercive work of the government (Zhang et al. 2014).

Consequently, such long years of authoritarian culture combined with traditional Confucianism resulted in developing a China-specific CSR model. In addition, interactions between the government and businesses were not one between two equals but between two cooperating parts in a hierarchical relationship. This Chinese context features another nature of CSR where private companies use ostentatious contributions of money to establish and

maintain ties with the government (Dickson 2003; Ma and Parish 2006). Given the strong role of the state, private entrepreneurs are eager to cultivate political connections because they confer crucial advantages, such as helping to cope with poorly defined property rights and facilitating access to state resources (Nee and Opper 2010; Chen and Cao 2016).

For example, during the 1990s, private entrepreneurs donated to government-sponsored charity projects in exchange for “political access and social status via appointment to political councils (Ma and Parish 2006, p. 943). Private companies whose owners hold seats in political councils are more likely to contribute to charitable causes. Such political connections mainly function as a substitute for charitable giving in that both can help firms to gain access to state resources and to mitigate the consequences of legitimacy loss (Nee and Opper 2010; Du 2015; Chen and Cao 2016). For Chinese corporations, in this respect, CSR would be unavoidable and compulsory, and a social license to do business. These cases would imply that CSR in China has changed from gift relations of the moral economy to a fictitious commodity that can be bought and sold at politically chosen market prices.

Eventually, these findings may set out a conceptual framework of a four-fold typology of CSR. Table 2 represents an ideal type at summarizing some of the key differences of CSR among the US, Japan, Korea, and China. Generally, CSR in the US adopts “explicit principles: it normally consists of voluntary philanthropic programs and strategies by corporations that combine social and business value and address issues perceived as being part of their social responsibility. This type of CSR is made apparent by institutional investors regarding economic rationality. Thus, CSR is considered a strategic investment and has developed toward the so-called “lucrative CSR, based on the integration of market and performance axes.

Second, in Japan, the historical path of CSR started from an initial stage of gift exchange, such as the tap water philosophy; which was then followed by a normative stage of moral unity between business and society; and eventually now a stage of fictitious commodity based on market norms. Thus, companies have attempted to implement strategic CSR as a means of gaining profit based on the norm of the market such as “creating shared value, developing the so-called “normative CSR, conforming to legitimacy.

CSR in Korea has followed the “big boss model: a single individual family member achieves their central position through centralized CSR planning and participates in CSR practices. CSR began from a stage of gift exchange, such as a spirit of business for nation service, and now a conspicuous stage of political consumption and fictitious commodity as an insurance (or

deposition in court) to obtain legitimacy from the public and government. Thus, starting with the moral unity between business and government, companies remain in a stage of conspicuous consumption for the sake of legitimacy; what is discovered is the so-called “conspicuous CSR led by the chairpersons of *chaebol* based on the logic of hierarchy.

Finally, CSR in China is led by the government. CSR was started on the stage of gift exchange, such as harmonious society; and now finds itself at a coercive stage of moral economy of common prosperity and fictitious commodity as social license to do business. In the context of China, what might be termed the “coercive CSR has emerged, that is driven by the government-initiated attempts to encourage state-owned companies to achieve performance goals based on a strong hierarchical structure. All these imply that CSR in East Asia has a common starting point: gift relations but has now entered a new phase of fictitious commodities. This conceptual framework for a comparative understanding of CSR between East Asian and Western societies proposes that institutional arrangement of CSR will vary along an implicit-explicit continuum.

In sum, if CSR can be regarded as a means of companies giving back to society, its core meaning is that of repaying obligations as a norm rather than as a commodity. However, the current trend has been gradually changing. For this reason, this study utilized sociological perspectives of CSR regarding gift relations and fictitious commodities. The concept of CSR was initially carried out in spheres of society that were traditionally governed by social norms; it was more than a mere exchange of goods and services, represented

TABLE 2  
STYLIZED COMPARISON OF FOUR TYPES OF CSR

Key Features	Countries			
	USA	Japan	Korea	China
Major Player	Institutional Investors	<i>Keiretsu</i>	Chairperson	Government
Governance Structure	Market	Market	Hierarchy	Hierarchy
CSR Ideology	Performance	Legitimacy	Legitimacy	Performance
Old Principle	Philanthropy	Water Tap Philosophy	Business for Nation Service	Harmonious Society
New Principle	Strategic Investment	CSV	Political Consumption	Common Prosperity
Typology	Lucrative	Normative	Conspicuous	Coercive

beliefs about noblesse oblige, and was originally an altruistic practice linked with people's natural compassion and voluntary impulse. Simply put, it is a matter of pricelessness within society rather than consumption or commodity beyond society. Subsequently, the nature of CSR has been altered from a representation of certain good things in life and the right thing to do into something that can be valued as a commodity. The presence of the market in CSR has changed social norms.

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