Corporate Social Responsibility in 
International Channels of Distribution:
Evidence from Korean Multinational Corporations’ Relationships with Foreign Partners

This study attempts to provide an understanding of the effects of corporate social responsibility (CSR) engagement on outcomes in international channels of distribution. Despite the importance of CSR in international business model and strategy, few studies have addressed the effects of CSR activities on the outcome in these channels. Building on the stakeholder theory and relationship marketing theory, the authors develop an empirically testable model that explains the effectiveness of firms' CSR engagement in their international channels of distribution. Using dyadic data collected from two surveys, the authors empirically test the model. Findings from an examination of 126 Korean multinational corporation-foreign distributor relationships reveal the positive effects of firms' CSR efforts on the international channel outcome through distinct mechanisms where ethical CSR improves channel partners’ trust whereas philanthropic CSR enhances relationship commitment. In addition, the authors find that foreign partners’ CSR orientation positively moderates the relationship between each CSR perception and each of relational mediators. This paper offers important implications for theory and practice and concludes with the limitations of the current study and the directions for future research.

Keywords: international channel, distribution, corporate social responsibility, stakeholder theory, relationship marketing theory

I. Introduction

Recently, customers, employees, and other stakeholders often place importance on the social responsibility of firms. In fact, many firms have implemented corporate social responsibility (CSR) into their business models and marketing strategies because social responsibility perceptions often affect the image of brands and firms, the willingness of customers to purchase brands, and the financial performance of firms (Bielak, Bonini, and Oppenheimer, 2007; Luo and Bhattacharya, 2006).

For instance, almost all Fortune 500 firms manifest CSR initiatives, publish a separate annual CSR report, and have senior executives responsible for CSR (Luo and Bhattacharya 2009; McKinsey and Company, 2009). As of 2012, more than 7,000 well-known firms across more than 130 countries...
have declared their observance of the United National Global Compact (UNGC) CSR principles (UNGC, 2012).

Research has echoed the managerial focus on CSR in both business-to-consumer (B2C) and business-to-business (B2B) contexts. On one hand, recent studies have revealed a link between a firm’s CSR activities and key customer outcomes such as satisfaction, loyalty, firm and product evaluation, and brand equity in B2C relationship marketing (e.g., Bhattacharya and Sen, 2004; Lai, Chiu, Yang, and Pai, 2010; Lichtenstein, Drumwright, and Braig, 2004; Luo and Bhattacharya, 2006; Torres, Bijmolt, Tribo, and Verhoef, 2012; Turker, 2009). On the other hand, some studies have highlighted that CSR is an issue in B2B relationship marketing (Carter and Jennings, 2004; Drumwright, 1994; Homburg, Stierl, and Bornemann, 2013).

Few studies, however, focused on the strategic role of CSR in international relationship marketing. Given that international relationship marketing is increasingly critical to business performance, it is necessary to study the effects of international firms’ CSR efforts on the outcome of their international channels of distribution. Specifically, multinational corporations (MNCs) often rely on their relationships with their foreign distributors in order to achieve their global objectives (Hada, Grewal, and Chandrashekaran 2013). Those relationships are often enduring sources of competitive advantage (Skarmeas and Katsikeas 2001) in overseas markets because foreign distributors can be a crucial part of MNCs value creation process. In practice, an MNC can deliver its market offering to target markets by an overseas distributor that often conduct important functions (Wu, Sinkovics, Cavusgil, and Roath 2007). Accordingly, research on CSR should be extended to answer a question of how firms’ CSR efforts affect their international channel outcome in the sense that “CSR is an issue in relation to all business partners” (Vaaland, Heide, and Grønhaug 2008, p.947).

It is essential to understand the effectiveness of firms’ CSR activities in their international channel relationships for several reasons. First, international firms’ channel partners (e.g., foreign distributors) can attempt to rationalize their organizational behavior because business customers must justify their decisions to other channel members (Bunn 1993). Second, given that a distributor’s own business operations depend considerably on the supplier’s reliability, an international channel member’s failure frequently arises from selecting an unreliable partner (Mitchell 1995). Third, because business customers are often interested in building enduring relationships with suppliers, an international firm’s reliability is critical to its international channel partners (Mitchell, 1995). For these reasons, firms’ CSR efforts may influence their international channel outcome. Few studies, however, propose guidance as to MNCs’ stakeholder-directed activities in the form of CSR engagement.

We attempt to integrate the stakeholder theory, which focuses on the addresses of international firms’ actions, with the key constructs of the relationship marketing theory, which focuses on the process underlying exchange relationships, in order to explains how firms’ CSR activities lead to beneficial relationships with international channel
partners. This study can contribute to the literature as follows. First, drawing on the stakeholder theory, we conceptualize two facets of CSR efforts: ethical CSR engagement and philanthropic CSR engagement. Second, based on this conceptualization, we try to identify distinct benefit mechanisms for each of the CSR facets. Third, we aim to investigate how firms’ CSR engagement influences their international channel outcome and provides them with a justification for an active commitment to CSR-related issues. Fourth, building on the relationship marketing theory, we examine the effects of firms’ CSR activities, their international channel partners’ perceptions of these activities, and relational factors including trust and relationship commitment on the channel outcome. Finally, we explore whether channel partners’ CSR orientation moderates the relationship between those CSR perception and each of relational factors.

The remainder of this manuscript is organized as follows. The next section presents research hypotheses based on the stakeholder theory and the relationship marketing theory. Next, the research method of the present study is described. This manuscript then shows the results of empirical tests. Finally, the manuscript concludes with a discussion on implications for theory and practice, limitations of the present study, and directions for future research.

II. Theoretical Background and Hypotheses

Integrating the stakeholder theory with the relationship-marketing theory, we develop an empirically testable model that explains how MNCs achieve channel performance through CSR engagement.

\[\text{Figure I} \quad \text{Theoretical Model}\]
On one hand, the stakeholder theory views a firm as a nexus of stakeholders, such as international business partners, who can influence the accomplishment of the firm’s goals or can be influenced by the accomplishment (Freeman 1984). On the other hand, the relationship-marketing theory emphasizes that firms should identify, develop, and nurture an efficiency- and effectiveness-enhancing portfolio of relationships (Hunt 2010). In particular, we view trust and relationship commitment as key relational mediators resulting from an international firm’s CSR activities. Figure 1 presents a theoretical model.

1. Corporate Social Responsibility Engagement and Perception

Based on the stakeholder theory (Freeman 1984), we divide CSR engagement into two facets—ethical CSR engagement and philanthropic CSR engagement. First, ethical CSR engagement is defined as a firm’s CSR activities targeted at primary stakeholders, such as employees and customers, with whom market exchange exists. Ethical CSR engagement corresponds to the ethical obligation that is related to the consideration of societal and ethical norm in everyday business (Carroll 1991). Second, philanthropic CSR engagement is defined as a firm’s CSR activities targeted at secondary stakeholders, such as the community and nonprofit organizations, outside the firm’s core business operations. Philanthropic CSR engagement involves the philanthropic obligation that is associated with activities promoting human welfare and goodwill (Aguilera, Rupp, Williams, and Ganapathi 2007; Godfrey, Merrill, and Hansen 2009; Peloza and Shang 2011).

We also demarcate foreign channel partners’ perception of such CSR engagement (Sen, Bhattacharya, and Korschun 2006). CSR perception represents the customer perception of a firm’s CSR engagement (Wagner, Lutz, and Weitz 2009). Positive perceptions of CSR engagement often lead to the benefits of partners (Peloza and Shang 2011). CSR perception juxtaposes CSR engagement (Homburg, Stierl, and Bornemann 2013). That is, ethical CSR perception is defined as the perception of a firm’s CSR engagement regarding primary stakeholders with whom market exchange exists. In contrast, philanthropic CSR perception represents the perception of a firm’s CSR engagement as to secondary stakeholders. In particular, a firm’s strong CSR engagement in both areas could drive a positive CSR perception with respect to the corresponding facet as perceived by its foreign channel partner. Thus, it is hypothesized that:

\[ H_{1a}: \text{Firms’ ethical CSR engagement has a positive effect on foreign partners’ perception of the engagement.} \]

\[ H_{1b}: \text{Firms’ philanthropic CSR engagement has a positive effect on foreign partners’ perception of the engagement.} \]

2. Relational Mediators

The stakeholder theory maintains that a firm’s stakeholder activities improve the relationships with customers only when these activities generate customer benefits (Bhattacharya, Korschun, and Sen, 2009). Combined with the relationship marketing
theory, the stakeholder theory can explain how marketing activities, in general, lead to beneficial firm-stakeholder relationships (Hult et al., 2011). The relationship marketing theory underscores trust and relationship commitment as critical social exchange mediators (Cropznano and Mitchell, 2005; Morgan and Hunt, 1994) because enduring relationships often result from a trust-based instrumental path that facilitates exchange by reducing uncertainty and an expressive path that arises if one party becomes an object of attachment for the other (Cook, Cheshire, and Gerbasi, 2006; Lawlerm Thye, and Yoon, 1994; Van Knippenberg and Sleebos, 2006).

Trust often generates “when one party has confidence in an exchange partner’s reliability and integrity” (Morgan and Hunt 1994). In reality, a firm can implement a signal to convey unobservable organizational attributes suggesting its trustworthiness to its foreign channel partner (Connelly, Certo, Ireland, and Reutzel 2011). Because a firm’s strong reputation often function as a signal for the firm’s positive characteristics, CSR support can create a perception of a firm’s reliability, honesty, benevolence, and integrity (Bhattacharya, Korschun, and Sen 2009; McWilliams and Siegel 2001), all of which are important dimensions of trust.

Foreign channel partners’ perception of firms’ ethical engagement can trigger the firms’ trustworthiness. The signaling theory proposes that high “signal fit” is important to the effectiveness of an informational cue (Connelly et al. 2011). Because business customers primarily search for signals of a supplier’s reliability and integrity, the CSR perception of a firm’s ethical engagement may contain a high signal fit and thereby a high signaling value for trustworthiness toward its channel membership. Therefore, it is hypothesized that:

H2: Foreign partners’ perception of their collaborators’ ethical CSR engagement has a positive effect on the partners’ trust toward the MNCs.

Relationship commitment refers to one party’s intention to continue the relationship because of its positive affect toward and identification with its partner (Kumar, Scheer, and Steenkamp 1995). Identification with an organization comes from a comparison of personal values with organizational values and results in a state of self-categorization (Hogg and Terry 2000). CSR perception can serve as one of the identification drivers (Lichtenstein, Drumwright, and Braig 2004).

Channel partners’ perception of MNCs’ philanthropic CSR engagement can drive foreign channel partners’ relationship commitment in that this perception addresses community stakeholders. Community stakeholders typically have normatively legitimate claims although they lack the urgency and power to maintain those claims. Given that philanthropic CSR activities tend to be voluntary acts of social beneficence (Godfrey, Merrill, and Hansen 2009), a firm’s CSR targeting community stakeholders may offer a benefit by increasing its foreign channel partner’s relationship commitment. Thus, it is hypothesized that:

H3: Foreign partners’ perception of their collaborators’ philanthropic CSR engagement has a positive effect on the partners’ relationship commitment.
Relationship commitment frequently occurs after “the exchange partners have achieved a level of satisfaction from the exchange process” (Dwyer, Schurr, and Oh 1987, p. 19) because “commitment entails vulnerability, parties will seek only trustworthy partners” (Morgan and Hunt 1994, p. 24). Spekman, Isabella, and MacAvoy (2000) suggested that commitment to an exchange relationship draws from a sense of trust as well as a belief that the exchange relationship has merit and warrants support. Therefore, it is hypothesized that:

\[ H_c: \text{Foreign partners’ trust toward their collaborator has a positive effect on relationship commitment.} \]

High levels of trust and relationship commitment enable foreign channel partners to do business effectively and efficiently in their marketplaces. Trust often leads to a successful channel relationship because interfirm trust provides a basis for future cooperation (Dwyer, Schurr, and Oh 1987). In fact, international channel relationships that lack trust are difficult to maintain (Duncan and Moriatry 1998). When firms trust foreign channel partners, they tend to cooperate well. With established trust, parties in a relationship learn that coordinated, joint efforts would lead to the performance that exceeds what each party would achieve if it acted solely in its own best interests (Anderson and Narus 1990). Thus, it is hypothesized that:

\[ H_c: \text{Foreign partners’ trust toward collaborators has a positive effect on the international channel outcome.} \]

A firm should reap benefit of investing in a channel relationship when its channel partner engages in behaviors that contribute to the accomplishment of the firm’s objectives in a target market. Firms committed to their channel partners are less inclined to terminate the relationships. In effect, relationship commitment in international channels of distribution is critical to their longevity, which then can affect the international channel outcome (Skarmelas, Katsikeas, and Schlegelmilch 2002). Because the channel partner is fulfilling the firm’s strategic, sales, and economic goals, enhancing relationship commitment improve the likelihood that the firm would accomplish its own objectives in a target market. Therefore, it is hypothesized that:

\[ H_c: \text{Foreign partners’ relationship commitment has a positive effect on the international channel outcome.} \]

3. Corporate Social Responsibility Orientation

CSR orientation is defined as a channel partner’s values, standards of ethical behavior, and commitment to CSR (Banerjee, Iyer, and Kashyap 2003). Research on customers’ reactions to CSR has identified customers’ personal support of CSR as a crucial moderator of CSR effects (Sen and Bhattacharya 2001). Similarly, organizational customers generally attach the significance to CSR-related issues. For this reason, CSR-related issues’ importance is often acknowledged in the context of international channels of distribution.

Foreign channel partners with a strong CSR orientation can emphasize CSR issues within their organizational culture either because of their top
managers’ support to such issues or because the issues have high relevance in their industries (Drumwright 1994). Over time, this orientation becomes “fused and internalized within the corporate values and beliefs” (Banerjee, Iyer, and Kashyap 2003, p. 111). Accordingly, we posit a greater awareness of and sensibility toward CSR issues in foreign channel partners with a strong CSR orientation. In such a channel partner, CSR issues tend more to play an important role, either formally or informally, through people acting according to the organization’s values (Carter and Jennings 2004). In this respect, it is expected that, because of foreign channel partners’ increased sensibility toward the CSR engagement of their collaborators, the foreign partners’ CSR orientation could positively influence both the ethical CSR perception-trust mechanism and the philanthropic CSR perception-relationship commitment one.

H7a: Foreign partners’ CSR orientation positively moderates the relationship between the perception of collaborators’ ethical CSR engagement and trust.

H7b: Foreign partners’ CSR orientation positively moderates the relationship between their perception of collaborators’ philanthropic CSR engagement and relationship commitment.

III. Research Method

We tested hypotheses by analyzing data collected from a survey of relationships between MNC subsidiaries and their local distributors. The survey may allow us to obtain external validity, reliability, and applicability of the results of this empirical study (Cook and Campbell 1979; Lyon, Lumpkin, and Dess 2000).

1. Data Collection

The study’s unit of analysis is an MNC-foreign distributor relationship. The theoretical population should be all MNCs’ relationships with foreign distributors around the world. The population of reality can be all Korean MNCs’ relationships with foreign distributors. The operationalized population can be those relationships of MNCs, listed on the Korea Stock Exchange, the Korea Securities Dealers Automated Quotations, the Korea New Exchange, and the WISEfn’s database of publicly trade Korean MNCs. The sampling frame consisted of 1,683 international firms. We established three criteria to select qualified international firms. First, the international firms were neither foreign-owned nor a joint venture. Second, the firms have at least one international channels of distribution where they sell products at least twice a year. Third, the firms’ foreign distributors do not belong to the same firm or the same business group affiliation to exclude vertical integration.

We used dyadic data on such international channel relationships by cooperating with a marketing research firm in South Korea. First, a questionnaire was sent to Korean MNCs’ managers responsible for international business and marketing. They were asked to consider their international channel relationships with foreign distributors where a specific market offering is transmitted. These
managers were then requested to complete the questionnaire. We gathered data in three successive waves. Each wave included all the measures as well as all the constructs. The questionnaire was mailed together with a cover letter. Follow-up reminders through e-mail messages were sent to the managers who had not responded yet two weeks after the initial email. The respondents had an opportunity to receive a copy of the final report as an incentive. We obtained usable responses from 395 firms (a response rate of 23.47%). Some of the reasons for nonparticipation were lack of available time, absence of the key informant, and ceasing of international channel relationships.

Second, another questionnaire was sent to Korean MNCs’ foreign distributors. The Korean MNC respondents offered us the contact information of their foreign distributors. We contacted those distributors and asked to fill out an English-version questionnaire concerning the CSR activities of their Korean partners and general firm characteristics. We received 126 usable responses from the distributors (a response rate of 31.90%). The following analyses are based on these 126 matched international channel relationship dyads. Table 1 shows the sample characteristics.

We considered the respondents from the MNCs to be key informants who disclosed extensive knowledge of their CSR activities. The respondents from foreign distributors revealed their self-reported knowledge of the CSR activities of their partner firms. In line with Kumar, Stern, and Anderson (1993), we checked whether the respondents were able to evaluate the attributes of the CSR activities.

<table>
<thead>
<tr>
<th>MNCs</th>
<th>%</th>
<th>Channel partners</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td></td>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>32</td>
<td>United States of America</td>
<td>33</td>
</tr>
<tr>
<td>Electronic products</td>
<td>29</td>
<td>China</td>
<td>15</td>
</tr>
<tr>
<td>Chemicals</td>
<td>22</td>
<td>Europe</td>
<td>12</td>
</tr>
<tr>
<td>Communication, software</td>
<td>13</td>
<td>Canada</td>
<td>12</td>
</tr>
<tr>
<td>Wholesale durable goods</td>
<td>12</td>
<td>South East Asia</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>Latin America</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>9</td>
</tr>
<tr>
<td>Key respondents</td>
<td></td>
<td>Key respondents</td>
<td></td>
</tr>
<tr>
<td>Marketing managers</td>
<td>30</td>
<td>General managers</td>
<td>19</td>
</tr>
<tr>
<td>Managers</td>
<td>25</td>
<td>Marketing managers</td>
<td>40</td>
</tr>
<tr>
<td>Sales managers</td>
<td>23</td>
<td>Sales managers</td>
<td>29</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>Other</td>
<td>12</td>
</tr>
<tr>
<td>Number of employees</td>
<td></td>
<td>Number of employees</td>
<td></td>
</tr>
<tr>
<td>Less than 50</td>
<td>6</td>
<td>Less than 50</td>
<td>22</td>
</tr>
<tr>
<td>50–99</td>
<td>17</td>
<td>50–99</td>
<td>21</td>
</tr>
<tr>
<td>100–499</td>
<td>20</td>
<td>100–499</td>
<td>31</td>
</tr>
<tr>
<td>500–999</td>
<td>23</td>
<td>500–999</td>
<td>11</td>
</tr>
<tr>
<td>1,000–5,000</td>
<td>18</td>
<td>1,000–5,000</td>
<td>10</td>
</tr>
<tr>
<td>More than 5000</td>
<td>15</td>
<td>More than 5000</td>
<td>6</td>
</tr>
</tbody>
</table>
The mean score for the MNC respondents’ knowledge of the CSR activities and that for the foreign distributors’ knowledge of them were 5.53 (SD = 1.51) and 5.78 (SD = 1.42), respectively. These scores suggest that the respondents were highly qualified to report on the research issues.

In accordance with Armstrong and Overton (1977), we examined potential nonresponse bias using an extrapolation method of comparing early respondents’ group with late respondents’ one under the presumption of both equal and unequal group variances. The results of a t-test show that all the items between these two groups confirmed a lack of nonresponse bias.

2. Research Instrument

Following standard psychometric scale construction procedures (Churchill 1979; Anderson and Gerbing 1988), we measured constructs using multi-item scales (Bollen and Lennox 1991). Most of the constructs were measured with existing measures. All items were measured using a seven-point scale.

We used reflective scales for all multi-item constructs (Jarvis, MacKenzie, and Podsakoff 2003). In line with previous studies (Banerjee, Iyer, and Kashyap 2003; Maignan, Ferrell, and Hult 1999), we obtained the information of MNCs’ CSR engagement from the corresponding key informant. On one end, MNCs’ philanthropic CSR engagement was measured with four items covering activities toward their community and nonprofit organizations (Lichtenstein, Drumwright, and Braig 2004).

To measure CSR perception, trust, and relationship commitment, we gather information from MNCs’ foreign distributors. Like the two facets of CSR engagement, the two facets of CSR perception were measured. Trust was measured with four items capturing credibility and benevolence (Doney and Cannon 1997; Kumar, Scheer, and Steenkamp 1995). Kumar, Scheer, and Steenkamp’s measure (1995), consisted of three items, was used to assess foreign distributors’ relationship commitment to their partners.

We gathered the information of channel outcomes from MNCs. The scale of channel outcomes was adapted from extant studies (Morgan, Kaleka, and Katsikeas 2004; Morgan, Katsikeas, and Vorhies 2012). Respondents were asked to assess the channel outcome over the past year relative to their major competitors. The scale was composed of four items: market share growth, growth in revenue, acquiring new customers, and increasing sales to existing business customers.

Foreign distributors’ CSR orientation was measured with an extant scale (Banerjee, Iyer, and Kashyap 2003). We controlled several variables that may influence foreign distributors’ trust, relationship commitment, and channel outcome. The control variables were MNC brand awareness and relationship duration.

In line with Lindell and Whitney (2001), we assessed potential common method bias. A “marker variable” was used to measure risk-perception
constructs. (Bredahl, 2001). The lowest negative correlation (γ = -0.05) between the marker and other variables was chosen to adjust the construct correlations and statistical significance. None of the significant correlations became insignificant after this adjustment. Thus, common method bias seems to be implausible.

IV. Empirical Evidence

We adopted a structural equation modeling (SEM) technique to analyze the data. It is an optimal technique because the technique makes it possible to concurrently test all the hypothesized relationships among the constructs. Table 2 shows the means, standard deviation, and correlation values among the constructs.

1. Measurement Model Assessment

We assessed the psychometric properties of the constructs and their measures on the basis of the approaches developed by Fornell and Larcker (1981) and Arnett, Laverie, and Meiers (2003). Table 2 also indicates that all mean values of the constructs are greater than two and less than six. Therefore, the mean values are little skewed toward either end of the scales. For instance, the mean of 3.39 is near the mid-point of the scale of CSR orientation. Furthermore, all standard deviations are greater than 0.87, implying significant variance.

Table 3 displays a list of all scales with item reliabilities and sources. The internal reliabilities of all measures are above the 0.65, which is an acceptable level set by Nunnally (1978). The average variance extracted of all reflective measures are high (all values are ≥ .57 except relationship commitment). The high average variance extracted is often coupled with the strengths and significances of the parameter estimates of each reflective scale and provides the evidence of convergent validity (Cannon and Perreault, 1999). We used the method of Fornell and Larcker (1981) in order to assess the constructs’ discriminant validity. The constructs demonstrate discriminant validity because the
variance shared between each construct and its measures is greater than the variance shared between the construct and other constructs in the model. Overall, the measures reveal acceptable measurement properties. Accordingly, it is appropriate to interpret a structural model.

2. Structural Model Estimation

We estimated a structural model with the effects depicted in Figure 1. The estimation of the model produced a good overall fit (GFI=.98; AGFI=.92; 

<Table 3> Constructs and Measurement Items

<table>
<thead>
<tr>
<th>Items</th>
<th>Reliabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channel Outcome (Morgan, Katsikeas, and Vorhies 2012)</td>
<td>.814</td>
</tr>
<tr>
<td>How successful was your subsidiary to increase your market-share over the past year relative to your competitors?</td>
<td></td>
</tr>
<tr>
<td>How successful was your subsidiary to increase your sales revenue over the past year relative to your competitors?</td>
<td></td>
</tr>
<tr>
<td>How successful was your subsidiary to acquire new business customers over the past year relative to your competitors?</td>
<td></td>
</tr>
<tr>
<td>How successful was your subsidiary to increase sales to existing distributors?</td>
<td></td>
</tr>
<tr>
<td>Relationship Commitment (Kumar, Scheer, and Steenkamp 1995)</td>
<td>.679</td>
</tr>
<tr>
<td>Even if we could, we would not drop MNC X’s subsidiary because we like being associated with it.</td>
<td></td>
</tr>
<tr>
<td>We want to remain a member of MNC subsidiary’s network because we genuinely enjoy our relationship with it.</td>
<td></td>
</tr>
<tr>
<td>Our positive feelings towards the MNC subsidiary are a major reason we continue to working with it.</td>
<td></td>
</tr>
<tr>
<td>Trust (Doney and Cannon 1997; Kumar, Scheer, and Steenkamp 1995)</td>
<td>.815</td>
</tr>
<tr>
<td>We believe the information MNC X’s subsidiary provides us.</td>
<td></td>
</tr>
<tr>
<td>MNC X’s subsidiary is trustworthy</td>
<td></td>
</tr>
<tr>
<td>When making important decisions, MNC X’s subsidiary considers our welfare as well as its own.</td>
<td></td>
</tr>
<tr>
<td>When we share our problem with MNC X’s subsidiary, we know that it will respond to us with understanding.</td>
<td></td>
</tr>
<tr>
<td>Ethical CSR Engagement (Lankoski 2009; Wagner, Lutz, and Weitz 2009)</td>
<td>.818</td>
</tr>
<tr>
<td>Our firm follows employee-friendly rules and policies.</td>
<td></td>
</tr>
<tr>
<td>Our firm provides working conditions that safeguard the health and safety of its employees.</td>
<td></td>
</tr>
<tr>
<td>Our firm provides full and accurate information to all its customers.</td>
<td></td>
</tr>
<tr>
<td>Our firm follows high ethical standards in its business operations.</td>
<td></td>
</tr>
<tr>
<td>Our firm respects customer rights beyond the legal requirements.</td>
<td></td>
</tr>
<tr>
<td>Philanthropic CSR Engagement (Lichtenstein, Drumwright, and Braig 2004)</td>
<td>.832</td>
</tr>
<tr>
<td>Our firm gives back to the communities in which it does business.</td>
<td></td>
</tr>
<tr>
<td>Our firm integrates charitable contributions into its business activities.</td>
<td></td>
</tr>
<tr>
<td>Local nonprofits benefit from our parent’s contributions.</td>
<td></td>
</tr>
<tr>
<td>Our firm is involved in corporate giving.</td>
<td></td>
</tr>
<tr>
<td>Ethical CSR Perception (Lankoski 2009; Wagner, Lutz, and Weitz 2009)</td>
<td>.816</td>
</tr>
<tr>
<td>MNC X follows employee-friendly rules and policies.</td>
<td></td>
</tr>
<tr>
<td>MNC X provides working conditions that safeguard the health and safety of its employees.</td>
<td></td>
</tr>
<tr>
<td>MNC X provides full and accurate information to all its customers.</td>
<td></td>
</tr>
<tr>
<td>MNC X follows high ethical standards in its business operations.</td>
<td></td>
</tr>
<tr>
<td>MNC X respects customer rights beyond the legal requirements.</td>
<td></td>
</tr>
<tr>
<td>Philanthropic CSR Perception (Lichtenstein, Drumwright, and Braig 2004)</td>
<td>.802</td>
</tr>
<tr>
<td>MNC X gives back to the communities in which it does business.</td>
<td></td>
</tr>
<tr>
<td>MNC X integrates charitable contributions into its business activities.</td>
<td></td>
</tr>
<tr>
<td>Local nonprofits benefit from the MNC’s contributions.</td>
<td></td>
</tr>
<tr>
<td>MNC X is involved in corporate giving.</td>
<td></td>
</tr>
<tr>
<td>CSR Orientation (Banerjee, Iyer, and Kashyp 2003)</td>
<td>.811</td>
</tr>
<tr>
<td>Our firm has a clear policy statement urging CSR awareness in every area of operations.</td>
<td></td>
</tr>
<tr>
<td>CSR is a high priority activity in our firm</td>
<td></td>
</tr>
<tr>
<td>At our firm, we make a concerted effort to make every employee understand the importance of CSR.</td>
<td></td>
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</tbody>
</table>
NFI=0.98; RMSEA=.07; and RMR=.04). The results of this estimation present strong support for the proposed effects. First, it is found that firms’ CSR engagement positively influences their international channel partners’ CSR perception. On one hand, firms’ ethical CSR engagement has a positive effect on international channel partners’ perception of ethical CSR engagement ($\gamma_{11}=0.22$, p <.01), thus supporting H1a. On the other hand, firms’ philanthropic CSR engagement has a positive effect on international channel partners’ perception of philanthropic CSR engagement ($\gamma_{22}=0.32$, p <.01), thereby supporting H1b.

Second, it is shown that foreign partners’ perceptions of firms’ CSR efforts positively influence relational mediators. On one end, foreign partners’ perception of firms’ ethical CSR engagement has a positive effect on their trust toward the MNCs ($\beta_{31}=0.15$, p <.05), thus supporting H2. On the other end, foreign partners’ perception of MNCs’ philanthropic CSR engagement has a positive effect on their relationship commitment ($\beta_{42}=0.21$, p <.01), thereby supporting H3.

Third, it appears that relational mediators have positive effects on international channel outcome. On one respect, trust has a positive effect on relationship commitment ($\beta_{43}=0.39$, p <.01), thus supporting H4 and on the international channel outcome ($\beta_{53}=0.24$, p <.01), thereby supporting H5. On the other respect, relationship commitment has a positive effect on channel outcome ($\beta_{54}=0.21$, p <.01), thus supporting H6.

Finally, the results reveal a positive moderating effect of foreign partners’ CSR orientation on the association between each of relationship mediators and the international channel outcome. On one hand, foreign partners’ CSR orientation positively moderates the relationship between trust and the international channel outcome, thereby supporting H7a. On the other hand, foreign partners’ CSR orientation positively moderates the relationship between relationship commitment and the

<Table 4> Structural Model Estimation

<table>
<thead>
<tr>
<th>Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>t-Value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Ethical CSR engagement → Ethical CSR perception</td>
<td>.216</td>
<td>.066</td>
<td>3.127‡</td>
<td>supported</td>
</tr>
<tr>
<td>H1b: Philanthropic CSR engagement → Philanthropic CSR perception</td>
<td>.315</td>
<td>.069</td>
<td>3.732‡</td>
<td>supported</td>
</tr>
<tr>
<td>H2: Ethical CSR perception → Trust</td>
<td>.149</td>
<td>.063</td>
<td>2.351†</td>
<td>supported</td>
</tr>
<tr>
<td>H3: Philanthropic CSR perception → Relationship commitment</td>
<td>.212</td>
<td>.068</td>
<td>3.056‡</td>
<td>supported</td>
</tr>
<tr>
<td>H4: Trust → Relationship commitment</td>
<td>.385</td>
<td>.075</td>
<td>3.985‡</td>
<td>supported</td>
</tr>
<tr>
<td>H5: Trust → Channel performance</td>
<td>.243</td>
<td>.061</td>
<td>3.892‡</td>
<td>supported</td>
</tr>
<tr>
<td>H6: Relationship commitment → Channel performance</td>
<td>.205</td>
<td>.091</td>
<td>2.728‡</td>
<td>supported</td>
</tr>
<tr>
<td>H7a: Trust × CSR orientation → Channel performance</td>
<td>.115</td>
<td>.192</td>
<td>2.326†</td>
<td>supported</td>
</tr>
<tr>
<td>H7b: Relationship commitment × CSR orientation → Channel performance</td>
<td>.203</td>
<td>.174</td>
<td>2.911‡</td>
<td>supported</td>
</tr>
</tbody>
</table>

Control variables
- Brand awareness → Trust
- Brand awareness → Relationship commitment
- Brand awareness → Channel performance
- Relationship duration → Trust
- Relationship duration → Relationship commitment
- Relationship duration → Channel performance

*p<.01,  **p<.05
international channel outcome, thus supporting \( H_{7b} \). Table 4 summarizes the structural model.

V. Discussion

Even though CSR has great practical relevance in the contemporary firms’ business model and marketing strategy, few studies highlight the effectiveness of firms’ CSR efforts in their international channels. Integrating the stakeholder theory with relationship marketing theory, we developed a model that explains the effects of firms’ CSR engagement on their international channel outcome. Analyzing dyadic data collected from surveys, we empirically test the models. The empirical evidence reveals that an MNC’s CSR engagement may create positive outcomes in international channels of distribution. The findings of the current study have some implications and provide several directions for future research.

1. Implications

This study can contributes to the literature on international marketing and CSR research in several ways. First, based on previous conceptual framework (Vaaland, Heide, and Gronhaug 2008), we formed a holistic framework that illuminates specifics of the international channels of distribution. In particular, unlike prior studies (e.g., Wagner, Lutz, and Weitz 2009), the present study proposed the effects of firms’ CSR engagement in the real context of international channels of distribution.

Second, the current study categorized CSR engagement into two distinct facets by demarcating ethical CSR engagement from philanthropic CSR engagement. The results of the study show that firms’ CSR activities can create benefit-mechanism in the international channels of distribution. Specifically, the results reveal that firms’ ethical CSR engagement leads to the international channel outcome through foreign partners’ trust whereas firms’ philanthropic CSR results in international channel outcome through foreign partners’ relationship commitment.

Third, based on the stakeholder theory and relationship marketing theory, the present study developed an underlying framework that enables us to concurrently examine idiosyncratic CSR results in international channels of distribution (Aguinis and Glavas 2012).

Last, the current study identified a moderator variable (i.e. foreign partners’ CSR orientation) on the effectiveness of CSR efforts (Barnett 2007). This study derived conditions under which different facets of CSR affect to create positive relationship outcomes in international channels of distribution.

The results of the current study contain several managerial implications. First, we suggest that CSR engagement is a worthwhile endeavor for firms that try to build international channels of distribution. By carefully targeting CSR activities, these firms can enhance international channel partners’ trust and relationship commitment, both of which may increase the international channel outcome.

Second, we propose that firms’ CSR efforts generate distinct relationship outcomes, according to the specific facet of CSR engagement. In the case that the primary goal is to heighten foreign channel
partners’ trust, then international marketers should prioritize the ethical CSR engagement. In the event that the goal is to improve foreign channel partners’ relationship commitment, international marketers should highlight the philanthropic CSR engagement.

Third, we suggest that international firms monitor how foreign channel partners perceive the firms’ CSR activities. The results of the current study reveal that foreign channel partners recognize different facets of CSR when they evaluate the CSR engagement of their partners. In this regard, firms can selectively influence foreign channel partners’ positive perception of CSR engagement in the corresponding CSR facet. In addition, firms should continue to proactively conduct CSR activities, and communicate their CSR efforts with stakeholders (e.g., foreign channel partners).

Finally, we propose that international marketers analyze the CSR orientation of foreign channel partners. In particular, a firm should increase CSR efforts when it does business in a n overseas market where channel partners are strongly CSR-oriented. The results of the current study present that the effects of firms’ CSR engagement can be strong for foreign channel partners that possess high levels of CSR orientation, thereby enhancing channel performance.

2. Limitations and Future Research

The present study and the interpretation of the results must be considered in light of certain limitations, which naturally present opportunities for future research. First, because we adopted a cross-sectional design, the limitations of this method can be applied to this study too. Cross-sectional data can hardly capture the dynamic nature of international channels of distribution. Therefore, a longitudinal study would be needed to conduct. Such a study might catch in detail CSR engagement in different life cycles of international channels of distribution.

Second, the findings of the current study can be considered tentative because of the small size sample employed and the possibility that the sample may not be representative of the more general populations of international channel relationships. In addition, this issue may generate a relatively low value of the average variance extracted of relationship commitment, which jeopardizes the convergent validity of the measurement model. Thus, future tests of the model with larger sample sizes, however, would provide evidence of its generalizability and validity.

Third, the findings of the present study are not always generalizable because we performed an empirical study with a single home country—South Korea. It is unclear whether these findings are generalizable across other countries or other combinations of headquarter-host country. Moreover, we focused only on MNCs’ CSR activities. Therefore, future research may apply this model to other contexts.

Fourth, the current study did not examine a variety of CSR factors that may affect international channel outcome. Some resources can be accessible through international channels of distribution and the propensity of these resources to affect the international channel outcome. For example, foreign channel partners’ CSR awareness and extrinsic CSR
attribution would influence the international channel outcome through relationship mediators. Thus, future research could extend the proposed model by examining how various types and combinations of CSR factors affect the international channel outcome.

Finally, even though the proposed model contains crucial constructs, we did not consider all constructs that could influence the international channel outcome. Therefore, future research should investigate other plausible factors. Potential factors can be other relationship factors (e.g., role clarity, perceived fairness, opportunism, and conflict). Furthermore, future research may consider cultural distances between a home and a host country, in terms of power distance, individualism vs. collectivism, uncertainty avoidance, and masculinity vs. femininity, developed by Hofstede, Hofstede, and Minkov (2010).

REFERENCES


국제유통채널에서 기업의 사회적 책임의 효과에 관한 연구
-한국 다국적 기업과 해외 유통기업과의 관계를 중심으로-

오한모*, 문병준**

초 록

본 연구는 국제 유통 채널의 성과에 대한 기업의 사회적 책임의 효과를 규명하는데 목적이 있다. 국제 마케팅 분야에서 기업의 사회적 책임의 전략적 중요성에도 불구하고 국제 유통 채널에서의 이러한 기업의 사회적 책임이 성과에 미치는 영향에 관한 연구는 빈약하다. 본 연구에서는 이해 당사자 이론과 관계 마케팅 이론에 기반을 두고 국제 유통 채널에서 기업의 사회적 책임 활동의 효과를 설명하는 실증분석이 가능한 모형이 도출되었다. 이 모형은 한국 다국적 기업들과 그들의 해외 유통 파트너들로부터 수집된 이원 자료를 활용하여 검증되었다. 분석의 단위는 다국적 기업-해외 유통 파트너간의 관계로 설정하였다. 수집된 총 126개 표본을 분석한 결과, 기업의 사회적 책임 노력이 궁극적으로 국제 유통 채널의 성과를 향상시키는 것이 발견되었다. 특히, 기업의 자선적 사회적 책임 노력은 기업의 사회적 책임 노력에 대한 인지도를 향상시켜 관계를 구축하는 데 기여하며, 기업의 윤리적인 사회적 책임 노력은 기업의 사회적 책임 노력을 향상시켜 관계를 구축하는 데 기여한다. 본 논문은 국제 유통 채널에서 기업의 사회적 책임의 성과에 대한 영향력에 대한 실무적인 의의와 이론적 기여, 본 연구의 한계, 그리고 향후 연구 방향을 탐색하며 결론을 맺는다.

주제어: 국제 채널, 유통, 기업의 사회적 책임, 이해 당사자 이론, 관계 마케팅 이론

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