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Corporate Social Responsibility and Corporate Longevity: The Mediating Role of Social Capital and Moral Legitimacy in Korea

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Abstract How does a company achieve long-term survival? This study starts with the question of why, among companies on the verge of bankruptcy, some survive and some break up. This study argues that the long-term survival of a company is determined by not only its economic performance but also its social performance. It clarifies that sustainable corporate social responsibility (CSR) practices facilitate long-term survival. Thus, this study analyzed 259 CSR actions performed by eight representative long-lived companies in Korea and how the various CSR actions helped these companies overcome crises and survive. The common CSR actions practiced by all the long-lived companies had a positive influence on forming social capital with primary stakeholders and securing legitimacy from secondary stakeholders, which in turn had a significant influence on maintaining survival. This study provides significant implications for the value of CSR practices that have been controversial, by presenting a model of how CSR actions facilitate corporate longevity.

Keywords Corporate longevity · Social capital · Moral legitimacy · Corporate social responsibility

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Introduction

As companies rise and fall, there is increasing interest in corporate sustainability; however, research on the factors that facilitate a company's long-term survival is inadequate. This may be due to long-held tacit assumption among scholars that companies with high economic performance will naturally survive (Williamson 1991; Winter 1965). However, economic performance and survival may not be always synonymous (Carroll and Huo 1986; Kalleberg and Leicht 1991; Meyer and Zucker 1989).

Consider the following case of Samlip, which was founded in 1945 and is the longest-lived bread maker in Korea. Samlip has been known to Korean consumers for half a century, producing products familiar to Koreans' tastes, such as cream breads, steamed buns, and pancakes stuffed with brown sugar filling. Samlip also has been famous for maintaining a warm corporate culture and treating employees with exceptional respect, helping them to continue working even after regular retirement. During the 1997 financial crisis, Samlip was in danger of bankruptcy owing to its affiliates' financial difficulties and filed for court receivership. Upon hearing the news, employees were the first to react. The labor union of Samlip led the "increasing productivity by 10 %" campaign, and workers began the "work an extra hour" campaign, making a voluntary effort to save the company. Also, middle-aged consumers, who had appeased their hunger with Samlip breads in the lean years and had been buying Samlip products for decades, rolled up their sleeves. Samlip received orders increased by 23 % on average compared to before the application for receivership. In addition, more than 150 retail store owners carried out campaigns to increase sales and to reduce accounts receivable, and more

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than 400 cooperative firms promised their support until management was normalized.

What can be seen from the case? Samlip had a history of more than 50 years in 1997 and was on the verge of bankruptcy due to financial losses; however, Samlip survived while many other companies faded into the mist of history during the crisis. Samlip formed a social consensus to prevent losses to society, and many of its stakeholders provided the necessary support to prevent the company from going bankrupt. In addition, its existence may be taken for granted by stakeholders, increasing the possibility of its survival. That is, it can be implied that factors other than economic performance may have an effect on determining corporate survival, especially the sustainable survival of long-lived companies.

While the assumption of unidimensionality between performance and survival (i.e., the lowest performing organizations are the least likely to survive) has been firmly entrenched, in many prior studies, scholars have shown that non-economic criteria can play a major role in organizational survival (Carroll and Huo 1986; Gimeno et al. 1997; Meyer and Zucker 1989). For instance, companies that have lost legitimacy because of association with cartels or having a bad influence on society may disappear even if their economic performance is outstanding. Moreover, an organization's survival can be determined by the influence of the constituent individuals of the organization. For example, executives or employees of a company will voice opinions on the decision making related to dissolution in order to prevent self-loss (dismissal) due to corporate destruction, which lowers the possibility of dissolution if they are highly influential (Gimeno et al. 1997). This can also be seen in the aforementioned case of Samlip: the sustainable survival of companies that survived for more than 50 years was significantly influenced by various internal and external stakeholders rather than just economic performance.

This study thus focuses on social performance as a factor that influences the long-term survival of companies. Various corporate activities related to social performance can be explained by the concept of corporate social responsibility (Carroll 1999). This study develops a model that clarifies the relationship between CSR and long-term survival based on the assumption that CSR creates goodwill among stakeholders and helps firms survive a crisis (Bansal and Clelland 2004; Godfrey et al. 2009). Thus, this study identifies common CSR principles of Korea's eight most long-lived companies through a content analysis of their CSR-related activities, using the views of social capital (Bourdieu 1986; Coleman 1988) and legitimacy (Meyer and Rowan 1977; Weber 1978). Social capital theory assumes that goodwill, formed in relationships among people, can be a resource (Adler and Kwon 2002). Social legitimacy theory presumes that organizational behavior is evaluated according to whether it is recognized as proper or desirable within the value system of the society to which the organization belongs (Suchman 1995). Then, it shows how these CSR principles influence the accumulation of social capital and acquisition of legitimacy for these companies and analyses what role social capital and legitimacy played for these companies in overcoming crises of survival.

This study has significance in that it is the first to focus on factors other than economic performance as the cause of a company's long-term survival. Moreover, unlike studies related to CSR performance concentrating on a financial index, it presents a new index coinciding with the fundamental purpose of CSR, which will contribute greatly by shedding new light on the value of CSR activities. Moreover, this study is expected to clarify the underlying process of CSR in performance that was pointed out as a limitation of CSR research (Aguinis and Glavas 2012).

This study is structured as follows. First, "Theoretical Background" section describes the theoretical background of the study, and "Method" section explains which companies are studied as well as the data collection process. Then, "Dynamic Process Model: Linking CSR with Long-Term Survival" section combines the results of analysis, develops a model that clarifies the relationship between CSR and long-term survival, and outlines a proposition. Finally, "Conclusion and Discussion" section discusses the research conclusion and implications.

Theoretical Background

Corporate Long-Term Survival

The word longevity generally connotes *long life*, especially when it concerns someone or something lasting longer than expected. It is either used as a synonym for *life expectancy* or sometimes meant to refer to *especially long-lived members of a population* (Wikipedia). Therefore, on the one hand, we may apply the term corporate long-term survival to companies that have outlived their life expectancy. Unlike human longevity, however, the average life expectancy of a company varies widely depending on population (i.e., company type, company size, industry characteristics), thus, it is not feasible to set a standard age for a company to be considered a long-lived company (Ahn 2015). On the other hand, we may apply the term corporate long-term survival to most long-lived companies of a population if we approach longevity as a rare phenomenon (Burgelman and Grove 2007). Considering that there is a huge discrepancy between its maximum life expectancy and the average span it realizes (i.e., while there are companies with several centuries of history, the average corporate life expectancy is considered to be below 30 years) (de Geus 1997), this approach may help avoid any unnecessary debates on the relative nature of long-term survival (i.e., how many years is long enough before a company obtains the long-term survival status). Thus, in this study, we use the term corporate long-term survival to refer to "especially long-lived members of a population."

Research on companies' long-term survival and/or longevity is still at an early stage, with only a few studies examining the characteristics of long-lived organizations. De Geus (1997), considered to have begun the research on long-lived companies, stated in "The Living Company," published in the *Harvard Business Review*, that companies can theoretically have eternal life and some companies have survived for many centuries, such as Stora and Sumimoto. However, he stated that the average life of companies worldwide is 20–30 years, because companies obsess over economic aspects so much that they become money-making machines. (De Geus 1997).

However, most studies of business thus far have concentrated on companies as money-making machines by focusing on the goal of improving shareholder value (Friedman 1970) through profit maximization; this is also true for studies related to the survival of organizations. Early studies on organizational survival mostly covered organizational ecology, and researchers pointed out the liability of newness (Hannan and Freeman 1984; Stinchcombe 1965), the liability of smallness (Aldrich and Auster 1986), the characteristics of a niche market (Carroll 1985), and the founding condition (Tucker et al. 1990) as the causes of organizational destruction. These researchers mainly focused on how the organizational characteristics of the external ecosystem influenced the survival of an organization, and the range of analysis was mostly limited to economic factors comparable to population units such as the age, size, and industrial characteristics of companies.

Non-economic factors of organizational survival can be found in the study of Gimeno et al. (1997). Gimeno et al. (1997) claimed that the survival of new organizations is not always determined by economic performance; rather, various stakeholders of the company—such as the owners' objectives, the influence of non-owner members, and the legitimacy conferred by external organizations—have influence on survival. For example, if a company that has maintained good relationships with its stakeholders over a long period of time teeters on bankruptcy, many of its stakeholders are likely to provide the necessary support to avoid the company from going bankrupt by offering financial aid, making voluntary purchases, and extending the moratorium on debt repayments. Essentially, the company prevents its dissolution owing to its good social performance. This study thus considers two factors that determine the long-term survival of companies: economic performance and social performance.

Corporate Social Responsibility

The concept of CSR suggests that a company has social responsibility beyond its economic responsibility (Carroll 1999). Many scholars have been conducting various studies on the influence of CSR actions on economic performance based on the tacit assumption that companies acquitting themselves of social responsibility will also show high performance (Aupperle et al. 1985; Barnett and Salomon 2006; Cochran and Wood 1984; McGuire et al. 1988; McWilliams and Siegel 2000; Waddock and Graves 1997). However, the results of many empirical studies have not clarified the relationship between CSR actions and economic performance, challenging the appropriateness of expecting executives to perform CSR. It is likely that this results from the error of overlooking the fundamental goal of CSR, which is a company's coexistence with the society to which it belongs (Davis 1960; Eilbirt and Parket 1973). In other words, the evaluation of a company's CSR is based not on how beneficial the value created for shareholders is in the short term, but on whether it satisfies the needs of various stakeholders and achieves sustainable survival by acquiring social power in the society in the long term. Thus, this study will examine CSR actions as the key variable that influences the long-term survival of a company and will establish a model that facilitates long-term survival through two parameters—social capital and legitimacy—to grasp the underlying process of the influence of CSR actions on long-term survival.

Social Performance Measures: Social Capital and Legitimacy

A company as a community exists in the network of various stakeholders. Freeman (1984) stated that seeking profit maximization based on the shareholder view is not enough for companies to maintain competitiveness and survive in a turbulent environment and that they need to manage diverse stakeholders. These stakeholders can be divided into the following: primary stakeholders, which are claimants that have high interdependence with the company, such as owners, customers, employees, and suppliers, and are the main agents leading internal change; and secondary stakeholders, which can indirectly influence corporate performance, such as the government, competitors, consumer advocates, special interest groups, and media, and are the main agents leading external change (Clarkson 1995; Freeman 1984). The stakeholder view has been the basis for many scholars' study of companies' social performance (Clarkson 1995; Eesley and Lenox 2006; Mitchell et al. 1997).

This study starts from the premise that companies can enhance social performance through social capital and legitimacy, which leads to long-term survival. Social capital is defined as "the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet and Ghoshal 1998, p. 243) and legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995, p. 574).

Social capital and legitimacy are overlapping concepts in a broad sense in that they can be interpreted as resources formed in social relationships; however, social capital is a concept emphasizing mutual acquaintance and recognition formed through mutual exchange among people with direct relationships (e.g., friendship, kinship) (Adler and Kwon 2002; Bourdieu 1986; Burt 1997), whereas legitimacy is a concept implying recognition and support from unspecified individuals within society (Starr and MacMillan 1990; Suchman 1995). That is, social capital is a resource inherent in direct relationships that can be jointly owned, developed, and used for its benefits; on the other hand, legitimacy is a form of support emphasizing external recognition that cannot be controlled, or "the institutional support of powerful external actors" (Starr and MacMillan 1990). Burt (1997) distinguished the two and explained legitimacy as a factor that influences the value of social capital.

Therefore, this study establishes its model by dividing the two concepts: social capital from primary stakeholders in direct and controllable relationships with the company and legitimacy from with secondary unspecified stakeholders in indirect relationships with the company.

Social Capital

Social capital was first systemized as a scientific concept by Bourdieu (Bourdieu 1986). Economists have tried to explain phenomena that are difficult to address using the previous economic capital concept by expanding the capital concept; accordingly, the concept of human capital was derived (Becker 1962; Johnson 1960; Schultz 1961). As the scope of capital extended beyond economic to human capital, the rigidity of the capital concept was relaxed, extending the concept as far as social capital dealing with relationships between humans (Coleman 1988). Though social capital is a term that originally appeared in community studies, it is rapidly becoming an important concept in business studies (Burt 2000; Moran 2005).

Social capital is primarily concerned with the significance of relationships as a resource for social action (Bourdieu 1986; Burt 1997; Coleman 1988). Characterized by durable interconnected relationships between human beings, social capital is tightly bound with the strategy of a firm (Nahapiet and Ghoshal 1998). As such, the development of social capital within an organization is likely to be a source of competitive advantage (Adler and Kwon 2002; Moran 2005; Nahapiet and Ghoshal 1998). Accordingly, many studies have investigated the impact of social capital on firm performance (Rowley et al. 2000; Tsai and Ghoshal 1998; Walker et al. 1997) and survival (Pennings et al. 1998).

Social capital is an umbrella concept and is criticized for not being a consistent concept, as scholars define it differently (Adler and Kwon 2002), thus it is important to clarify which dimension of social capital is investigated. Nahapiet and Ghoshal's (1998) framework integrates prior research in the area and offers three specific dimensions of social capital: structural, relational, and cognitive. The structural dimension is an overall pattern of connections between agents and encompasses network ties, network configuration, and appropriable organizations. The relational dimension is formed from relationships and is characterized by high levels of trust, shared norms and perceived obligations, and a sense of mutual identification. Finally, the cognitive dimension provides shared representation, interpretations, and systems of meaning. Shared languages and codes as well as shared narratives fall under this category. This general classification was later used by many researchers (Bolino et al. 2002; Inkpen and Tsang 2005; Moran 2005; Tsai and Ghoshal 1998).

In this study, we focus on the relational dimension of social capital of Nahapiet and Ghoshal(1998)'s classification as the outcome of CSR activities, which may be stimulated and/or developed by both the structural and cognitive dimensions (Tsai and Ghoshal 1998), and thereby becomes the most appropriate and inclusive dimension to determine whether an organization conforms to social values and obligations.

Legitimacy

Since the work of Weber (1978) and Parsons and Jones (1960), the concept of legitimacy has come to hold a key position in the field of social science. The field of study particularly relevant to the concept of social legitimacy is institutionalism theory (DiMaggio and Powell 1983; Meyer and Rowan 1977). It argues that an organization can maintain its survival by acquiring legitimacy from the environment when it accepts the norms and values socially taken for granted and forms its own institutionalism (Ashforth and Gibbs 1990; Deephouse 1996). This legitimacy concept has been used by various scholars. Representative studies are divided into the institutional school (DiMaggio and Powell 1983, 1991; Scott and Meyer 1983; Zucker 1987) and the strategic school (Ashforth and Gibbs 1990; Dowling and Pfeffer 1975; Salancik and Pfeffer 1978). Organizational scholars note that legitimacy is essential for an organization's survival (Aldrich and Auster 1986; Singh et al. 1986; Human and Provan 2000).

Suchman (1995) combined the discussions of the institutional school and the strategic school and provided a careful and even-handed synthesis of the concept of legitimacy with the following three dimensions. The first is pragmatic legitimacy, which is based on the calculation of self-interest by the most direct interested party of the organization. The second is moral legitimacy, which represents a positive normative evaluation of the organization and its activities by the society. The major evaluation criterion involves determining whether conducting a particular activity is socially relevant. The third is cognitive legitimacy, which is related to an event that has been taken for granted. For example, in its early days, the computer industry was not taken for granted, but as users gradually increased and time passed, it started to be taken for granted.

To avoid unproductive debates over the operationalization of legitimacy, it is important to clearly identify which of its three dimensions is considered for each study. In this study, we focus on moral legitimacy as an outcome of a company's CSR activities. Pragmatic legitimacy is not feasible in that its major valuation criterion rests on audiences' self-interest based on direct relationships, and cognitive legitimacy is limited since it does not rest on discursive evaluation (Suchman 1995); thus, we focus on moral legitimacy for the purpose of this research.

Method

Research Design

This paper's primary research question concerns how CSR actions affect a company's long-term survival. Generally, the case study method is considered useful for investigating a particular process or for an explorative study of a phenomenon that has received little attention in previous research (Eisenhardt 1989). Case study is also a useful method for longitudinal observation (Yin 2008). Therefore, case study seems the most appropriate for this paper as it seeks to investigate the CSR actions followed by companies from their founding to the present day and to understand how these CSR actions influence the long-term survival of those companies.

This paper selects eight of Korea's most long-lived companies and conducts a multiple case analysis to investigate the influence of CSR actions on the companies' long-term survival. Undoubtedly, the ideal research methodology in this context would be to examine the differences between the CSR principles that long-lived companies pursue and those that the control group (demised companies) pursues. However, as there are only few data sources available for companies that became extinct a long time ago, it is not possible to establish a proper control group for systematic comparisons. Thus, as an alternative to this approach, we employed inductive inference, using which we draw out common attributes of the long-lived companies from the sample and regard them as the general attributes of all long-lived companies. Such a research method would effectively apply the replication logic that is generally used in a multiple case analysis (Yin 2008) and would be helpful in understanding the underlying impact of CSR actions on long-term survival.

Sample

The sample comprises the most long-lived companies in Korea. Business organizations in Korea began to emerge around the late 1800s, but modern companies are recorded as having made their appearance only after the foundation of the Great Korean Empire in 1896 (Ahn and Cho 2011). In spite of their short history, Korean companies are best suited for studying corporate long-term survival for the following reasons. Firstly, Korea has transformed itself from a destitute country to a developed one through civilization and industrialization, in a matter of just 100 years. Korea was once one of the world's poorest countries with a mere 60 dollars per capita GDP. However, with rapid economic growth unrivaled by any other country, it was christened "the miracle of Han River" and became an OECD member country in 1996; in 2012, it became the 15th world economic power with 23,679 dollars per capita GDP. Thus, considering that the modern business environment is characterized by high uncertainty and radical changes, the dynamic business environmental changes that Korean firms have gone through will likely make the study's findings meaningful and provide considerable future applications. Secondly, Korea has experienced frequent environmental turbulence. From 1910 to 1945, it endured the forceful Japanese colonization; from 1950 to 1953, the Korean War devastated the Korean peninsula and divided the country. Since then, military security issues such as North Korea's regional provocation have arisen unpredictably. In addition to the two major oil shocks in 1973 and 1979, Korea also went through the worst economic crisis in its history with the foreign exchange crisis, or IMF crisis, in 1997, which it overcame in the shortest period of time in world history. Therefore, although there is no company that has survived over centuries, considering

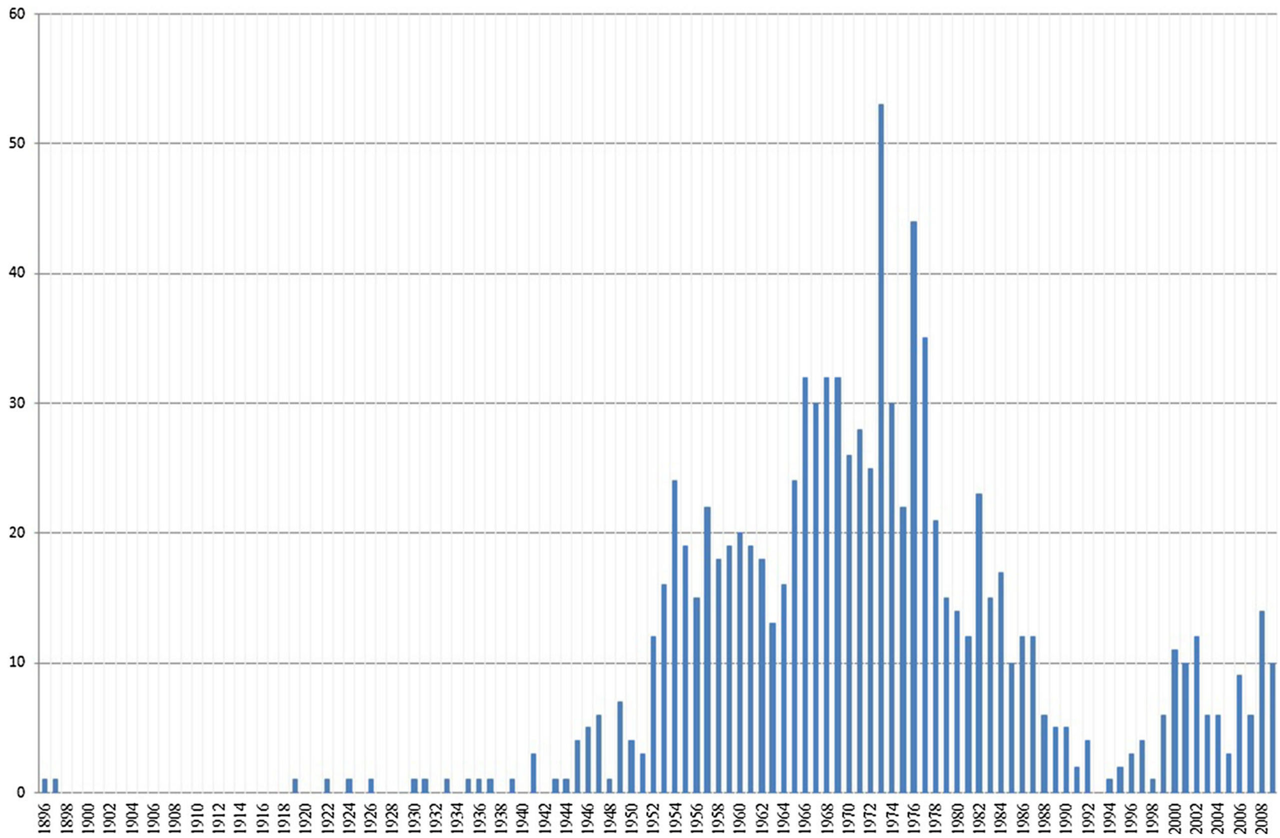

Fig. 1 Number of newly established companies listed annually on KSE

the various environmental crises they experienced over a short period, Korean companies seem appropriate subjects for this study. Although there may exist some small family firms that have been around for a significant number of years, but not listed on the KSE, there is no official record for these firms, making them inappropriate for this study's research sample. Further, the shareholders' rights are of primary concern for listed companies so that there is pressure to dissolve the firm when financial losses occur, making such companies an appropriate sample, since this study focuses on factors other than economic performance in analyzing a company's long-term survival.

First, we have selected 20 of the most long-lived companies based on the founding year data provided by KIS-LINE, from among the KSE-listed companies in 2012 (Fig. 1). Among these 20 companies, those that are unsuitable for this study have been eliminated according to the two criteria below (Table 1).

Primarily, large-scale business groups (Chaebols) and companies in the financial sector have been eliminated, as the founding and dissolution of these companies were controlled by the government in the past. Thus, their survival as individual companies may not be likely attributed to their economic or social performance. Chaebol refers to the Korean conglomerate defined as "a business group consisting of large companies, which are owned and managed by family members or relatives in many diversified business areas" (Lee and Yoo 1987). Chaebols are thought to play the leading role in Korea's economic growth (Cho 1990; Lee and Yoo 1987), but have been criticized as being the main cause of the foreign exchange crisis through their collusion with government, as they flourished with the full support of the Korean government (Chang 2003). Chaebols were formed through various support plans initiated by the government, and they have grown through differentiated and unlimited governmental support such as preferential allotment of foreign aid and grants, disposal of government-vested properties, and preference given with regard to taxation and finance (Lee and Yoo 1987). Some Chaebols' survival may have been artificially extended through the resources and financial backing given to particular companies belonging to Chaebol (Chang and Hong 2000). Moreover, there were numerous cases where mergers and acquisitions took place regardless of an individual firm's competitiveness, in order to modify a Chaebol's portfolio (Cho 1990). So the reasons for a firm's survival may be distorted when the analysis is done by the business unit. The similar logic is applied for the financial companies which were mostly founded and tightly controlled by the government. Until the 1990s,

Table 1 20 most long-lived companies in Korea (KSE listed)

Rank	Company name	Founding	Criteria	Rank	company name	Founding	Criteria
1	DooSan Corp.	18960801	Chaebol	11	HanJin Heavy Industries & Construction Holdings Co. Ltd.	19370710	Chaebol
2	**DongWha Pharm Co. Ltd.**	**18970925**		12	Daelim Industrial Co. Ltd.	19391010	Chaebol
3	**KyungBang Co. Ltd.**	**19191005**		13	Yuyu Pharma, Inc.	19410228	Pharmaceutical
4	Meritz Fire & Marine Insurance Co. Ltd.	19221001	Financial	14	IlDong Pharmaceutical Co. Ltd.	19410314	Pharmaceutical
5	**SamYang Corp.**	**19241001**		15	HanKook Tire Co. Ltd.	19410510	Chaebol
6	**YuHan Corp.**	**19260620**		16	Kia Mortors Corp.	19441221	Chaebol
7	CJ Korea Express Corp.	19301115	Chaebol	17	**ChoSun Refractories Co. Ltd.**	**19450515**	
8	**SungChang Corp.**	**19311207**		18	**SamLip General Foods Co. Ltd.**	**19450628**	
9	Hite Holdings	19330809	Chaebol	19	JW Pharma Corp.	19450808	Pharmaceutical
10	KumHo Electric, Inc.	19350525	Chaebol	20	**NoRoo Holdings**	**19451101**	

Companies in bold are the final eight sampled companies

Table 2 Eight sampled companies and basic information

Firms	Abbre.	Founding	Industry sector[a]	Market cap[b]	Rank[b]	Sales[c]	Asset[c]	Debt[c]
DongWha	DH	1897	Pharmaceutical	1731	372	2346	3394	1098
KyungBang	KB	1919	Textile, etc.	1986	345	3481	13,523	7226
SamYang	SY	1924	Food	5316	198	11,808	18,845	5868
YuHan	YH	1926	Pharmaceutical	20,966	103	6792	13,141	1973
SungChang	SC	1931	Paper and wood	1029	473	577	522	197
NoRoo	NR	1945	Construction materials	1174	450	5480	7871	4244
ChoSun	CS	1945	Nonferrous metal	2448	307	7704	11,537	5318
SamLip	SL	1945	Food	2152	325	6272	3606	2030

Unit: one hundred million won

[a] Industry sector is based on the WICS which is in alignment with GICS (Global Industry Classification Sector)

[b] Market cap and rank (as of Jan 2013)

[c] Sales, Asset, Debt (as of Dec 2011)

major banks in Korea were owned and controlled by the government and even today, the government plays an important role in managing these banks by staying involved in the appointment of CEOs, and so on. Thus, among the 20 companies, eight companies that belong to Chaebols and one financial company have been eliminated from the sample. Further, the number of firms has been adjusted where there is more than one company existing within the same industry, considering that the average age and survival rate differ by industry sector. Among the top 20 companies, five (25 %) belong to the pharmaceutical industry, creating the possibility that the nature of the sample may be distorted due to the influence of a particular industry; hence, we included the two most longest surviving companies in the pharmaceutical sector and removed the remaining three from the sample. The companies that were finally selected for inclusion in the sample were DongWha Pharmaceutical (1897), KyungBang (1919), SamYang Company (1924), YuHan Company (1926), SungChang (1931), NoRoo Holdings (1945), SamLip General Foods Company (1945), and ChoSun Refractories Company (1945) (Table 2). The average firm age of these companies, as of 2012, was 84.5 years; they are mostly enterprises of middle standing, ranking from 100 to 400 in terms of market capitalization. Basic information for each company such as the founding year, industry sector, sales, and assets are presented below.

In addition, to highlight the economic challenges the companies faced over the periods, we have included the economic roadmap of the eight companies from 1972 to 2012 (Fig. 2). As shown in the Fig. 2, not all companies showed performance stability and many of the sampled

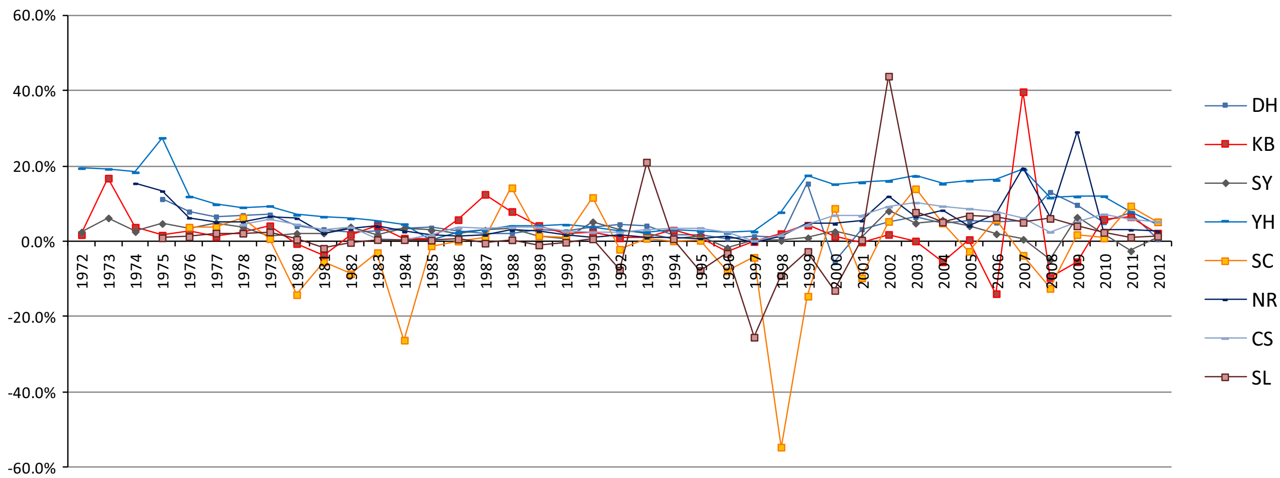

Fig. 2 Economic roadmap of the eight sampled companies from 1972 to 2012. Net profit ratio (net income/total sales) data are used as a measure of economic performance. The data source is *Annual Reports of KSE Listed Companies* (1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, and 1982, each in hardcopy) and KISVALUE database (1981–2012)

companies recorded several years of consecutive losses, some of them coincided with nationwide financial crises in 1979, 1997, and 2008. Although the data are limited, it may be the proof of the basic assumption our paper: there are factors other than economic performance that affect the long-term survival of a company.

Measures of CSR

The usual method used for measuring a firm's CSR in recent research is the use of index announced by various research institutions. However, as no index by research institutions existed when the sample companies were established—84.5 years ago on average—such an approach is not feasible for this study. Thus, we used content analysis of the companies' history books. Content analysis is a method at the intersection of the qualitative and quantitative traditions (Duriau et al. 2007) and appears highly promising for the rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley 1993; Morris 1994; Woodrum 1984). It is popularly used in analyzing information such as annual reports (D'Aveni and MacMillan 1990); moreover, it has been used in CSR research before (Abbott and Monsen 1979; Bowman and Haire 1975; Ullmann 1985).

History books published by each company were used as the source of content analysis. All the companies in the sample have published history books on their 50th anniversary, by recording their 50-year history, and some have continued their publications with an inter-decadal schedule. The publication dates vary from 1997 to 2009, and we used the most recent history book of each company. To unearth the CSR activities in these history books, we followed the process described below.

First, we identified stakeholders-related events in each history book. For general history, the books generally record events in a chronological order, and each individual event was selected accordingly. We classified stakeholders into two groups: primary stakeholders and secondary stakeholders. Further, the primary stakeholders were categorized into employees (EMP), business partners (PAR), and customers (CUS). Secondary stakeholders, which include the local community, government, and media, are grouped together as one (SEC). Although these three disparate groups have different characteristics and expectations, as many of the CSR activities of companies are thought to have affected two or more secondary stakeholders at once. Thus, secondary stakeholders are not subcategorized in this study. As a result, 753 events related to stakeholders were extracted from eight history books. These events include routine transactions, anecdotes, and critical moments of the organizations during crises.

Second, we identified CSR activities among these events. To define CSR activities, we used the definition used by McWilliams and Siegel (2001, p. 117): "Actions that appear to further some social good, beyond the interests of the firm and that which is required by law." According to this definition, we chose activities that achieved social good, while going beyond the interests of the firm, and that are required by law. To do this, three expert scholars who have undertaken CSR-related research for at least 5 years, including one of this paper's authors, participated in a panel discussion and analyses. These three scholars first discussed the definition of CSR activities, and then each took charge of 1–300, 201–500, 401–753 activities for classifying CSR activities from non-CSR activities. In order to secure the reliability of the data, two experts did the analysis for the same 200 activities, and the

Table 3 Common CSR activities of sampled companies

Stakeholder	CSR principles	DH	SC	KB	SY	YH	NR	CS	SL	Sum	Total
CSR principles analyzed											
CUS	Promise fulfillment	2	2	4	2	2	4	2	2	20	8
CUS	Self-sacrifice	3	0	3	2	0	2	1	3	14	7
EMP	Humanitarianism	4	2	5	3	4	4	2	4	28	8
EMP	Promise fulfillment	3	2	4	2	2	5	2	4	24	8
EMP	Openness	4	4	3	5	6	3	4	3	32	8
EMP	Self-sacrifice	2	2	2	4	3	1	2	1	17	8
EMP	Long-term employment	4	3	3	3	4	3	3	5	28	8
SEC	Pro-social goals	3	4	3	3	2	2	2	1	20	8
SEC	Corporate giving	9	7	10	12	6	4	4	6	58	8
CSR principles not analyzed											
PAR	Collaborative relationship	0	1	0	0	0	3	2	2	8	4
PAR	Fast supply	0	2	0	0	0	2	0	3	7	4
SEC	Openness	1	1	0	0	1	0	0	0	3	3
Sum		35	30	37	36	30	33	24	34	259	

results were compared. According to the inter-rater reliability analysis, the value of Cohen's kappa was 0.85, showing that the classification was reasonable. Through these processes, 259 CSR-related activities were extracted (Table 3).

Third, each of these activities was categorized into interconnected CSR principles according to their similarities. To do this, the three experts deduced 13 CSR principles that appeared as a common denominator in the sampled long-lived companies. Then, to verify the classification, four M.S. candidates in Business Administration were hired as ad hoc research assistants and were asked to match the 259 activities to the 13 principles. The results of the four research assistants corresponded at an 80 % reliability level. After final discussions among the three experts, 259 CSR-related activities were categorized into 12 CSR principles.

Next, the research team matched 12 principles to eight companies. As a result of the company-to-company comparison, nine principles which were observed in most of long-lived companies were chosen as representing CSR principles. Then, from among the remaining nine principles, two principles that were related to the same activity, but for which the stakeholders differed, were merged into one, leaving seven CSR principles that were derived (Table 4). The seven main CSR principles that were finally deduced are promise fulfillment, self-sacrifice, humanitarianism, openness, long-term employment, pro-social goals, and corporate giving.

Additional Analysis

Although some scholars claim that history books are useful enough to be used as reliable sources of information for

Table 4 Common CSR principles and representative examples

Stakeholder	CSR principles	Representative examples
CUS, EMP	Promise fulfillment	Fulfilling promises made to employees
		Fulfilling promises and completing projects even in risky situations
CUS, EMP	Self-sacrifice	Investing executives' private properties during a company crisis
		Enduring damages for clients and employees
EMP	Humanitarianism	Voluntarily advising to establish a labor union
		Providing education and transferring assets and profits to employees
EMP	Openness	Sharing information with employees
		Making employees participate in decision making
EMP	Long-term employment	Avoiding dismissal of employees even in a financial crisis
SEC	Pro-social goals	Proclaiming and complying with the ideology and value system of society
SEC	Corporate giving	Establishing educational institutions and scholarship foundations in local communities
		Providing products to local communities

corporate research, history books have the drawback of data having been intentionally omitted or exaggerated. Therefore, for the CSR activities after 1973 when the news media library became available, we conducted an online search to do a comparison analysis with the records in the news media's database. Because not all the activities in the history books were reported in the media, we conducted a comparison analysis of a sample of 20 main events, that is, two or three events extracted from each firm. The sampled events include CSR activities related to the most reported events such as an owner's input of private property, employees' pay cut, and customers' voluntary purchases during the foreign exchange crisis from 1997 to 1998. A careful examination revealed that the history books were fine for use as a reference because there was no major discrepancy between the media reports and the history book contents about the main CSR activities.

In the next chapter, a model explaining how the CSR principles of a company affect the company's long-term survival by their acquiring social capital and legitimacy will be devised on the basis of previous research findings and the case analysis results.

Dynamic Process Model: Linking CSR with Long-Term Survival

Brief Overview of the Model

Four Main Variables

Details regarding the variables used in the model are as follows. CSR Principles, the independent variable, includes the seven previously deduced principles—promise fulfillment, self-sacrifice, humanitarianism, openness, long-term employment, pro-social goals, and corporate giving. Further, for Social Capital, the mediator variable, variables are drawn from Nahapiet and Ghoshal (1998)'s research: Trust and Identification. For another mediator variable, Legitimacy, three Moral Legitimacy-related dimensions—consequential, procedural, and personal—used in Suchman's (1995) study are used. The pathway to a company's Long-term Survival, the dependent variable, is modeled in two ways: the enhancement of economic performance and lowering of the threshold of performance.

Two Main Processes

The processes through which CSR principles positively influence long-term survival by securing social capital and legitimacy can be divided into two processes. The first is relational social capital process. Implementing CSR results in an accumulation of relational social capital, which helps the company's survival by leading to cooperative behavior on the part of employees. The second is the moral legitimacy process. Implementing CSR results in an accumulation of moral legitimacy, through which survival is maintained through the acquisition of resources and social support. The following is detailed description of each process.

Process 1: Relational Social Capital Process

First is the relational social capital process. The accumulation of relational social capital due to CSR benefited survival. Specifically, this study utilizes *trust* and *identification* as the main variables of relational social capital. Trust is the expectation by one person, group, or firm of ethically justifiable behavior—that is, morally correct decisions and actions based upon ethical principles of analysis—on the part of the other person, group, or firm in a joint endeavor or economic exchange (Hosmer 1995, p. 399). If a company demonstrates something more than just the mere pursuit of self-interest such as CSR activities, its stakeholders are more likely to judge that the company will not engage in opportunistic behaviors in the future, which in turn increases their level of trust. Likewise, identification can be promoted once the company makes positive contributions such as CSR to its stakeholders over a long period. Stakeholders recognize the company's good intentions and eventually identify with the company. The following is a list of influences of CSR on relational social capital. A detailed description of how such relational social capital leads to actual survival shall be provided later.

CSR and Trust

Promise Fulfillment

Promise fulfillment has been suggested to be a condition of trust (Butler 1991; Dasgupta 1988). The researched companies were confirmed to have accumulated trust by performing CSR with a method of promise fulfillment.

During its restructuring in the financial crisis of 1997, NR promised a return to human resources; the company actually kept the promise and after 3 years called 300 employees to come back to work. KB was famous for searching for every employee during the Korean War to pay their salary. DH never had a single postponement of salary and even paid salaries to employees during the 3 years of temporary closing after liberation from Japanese Rule.

Self-sacrifice

Self-sacrifice is related to integrity, which is another condition of trust that has received attention (Butler 1991; Lieberman 1981; Ring and Van de Ven 1992). When the executives of a company fully address the company's responsibility through self-sacrificial behaviors, the employees trust in them increases. CS executives devoted their private property during the 1982 crisis to contribute to the company's normalization. SY executives, during the forfeit of farmland because of the financial crisis in 1997, put in almost all of their private property and gained strong faith and trust from employees.

Openness

Openness has been suggested to be an important precedence factor of trust (Butler 1991; Farris et al. 1973; Gabarro 1978; Hart et al. 1986). It was found that companies that address their responsibility through openness of information build trust with employees. CS held "one-mind meetings" every year in which members of the organization could share opinions on common issues from a position of equal standing without formality or status. SL would honestly reveal certain issues occurring in the company to all employees rather than hiding them.

As such, CSR practices by long-lived companies, such as promise fulfillment, self-sacrifice and openness, contributed to the enhancement of the relational social capital of trust.

CSR and Identification

Openness

Communication is a prerequisite for employees to form a sense of identification with the company. In particular, vertical communication among coworkers appears to be more related to forming an organizational identity than horizontal communication (Bartels et al. 2010). The companies studied formed a corporate identity while addressing their responsibility through open communication. SL, with the motto of sharing with all employees the information previously available only to executives, promoted direct communication between executives and employees. YH allowed labor representatives to participate in all major meetings, accurately sharing the company's situation and enabling them to freely state their views, activating a vertical communication channel.

Humanitarianism

Employees' perceived organizational support (POS), which is formed by giving them support and respect, is known to be a prerequisite for forming an identity (Edwards and Peccei 2010). The companies selected as subjects for our case study formed a sense of identity while carrying out their responsibilities through humanitarianism. YH and KB, unlike other companies in general, encouraged employees to form a labor union and worked hard to invest in the education and benefits of employees. YH was the first company in Korea to carry out a shareholding plan with employees, in which 52 % of shares were transferred to employees in 1939, leading the employees to perceive the company as one group sharing a common destiny. KB was the first company in Korea to build a company school for employees. The company reduced working hours from 12 to 10 h, encouraging employees to invest the remaining two hours in education. At a time when unethical labor standards were rampant in Korea, this was an innovative attempt.

As such, CSR practices such as openness and humanitarianism that are implemented by long-lived companies contribute to the enhancement of identification which is also a factor that forms relational social capital. Therefore, the following relationship can be expected.

Proposition 1 *A company's CSR actions will enhance relational social capital by improving trust and identification with primary stakeholders.*

Relational Social Capital and Survival

The following explains how relational social capital influences a company in overcoming performance crises and is beneficial to its long-term survival.

Overcoming Crises

According to De Cremer and van Dijk (2002), groups with strong group identification tend to show increased commitment by members when the group fails. Moreover, if they have strong group identification, group cohesiveness increases in times of failure (Turner et al. 1984), which has a considerable influence on performance improvement (Mullen and Copper 1994). Moreover, trust creates benefits in crisis situations by enhancing such identification (De Cremer and van Dijk 2002; Mullen and Copper 1994; Turner et al. 1984). The trust and identification accumulated through the ethical behavior of KB executives survived a crisis. The Yeongdeungpo, Siheung, Ssangnimdong, and Uijeongbu plants were completely destroyed by fire during the Korean War. At the time, employees voluntarily participated in the restoration project, and the plants were quickly reconstructed and could avoid shutting down. The enthusiasm of employees at the restoration site was so intense that the international press published the news with bold headlines.

The trust and identification accumulated by YH executives helped with crisis management during the 1997 financial crisis. YH employees voluntarily worked 30 min of overtime and returned their bonus of 600 %. They also held a campaign to reduce expendable costs by 10 %. With their efforts, total costs including wages were reduced by 18 %. The company recorded a gain even during the IMF period thanks to the financial stabilization achieved through cost reduction. Such behaviors on the part of employees could not have occurred without trust in the executives and identification with the company. Later, YH rewarded the employees for their hard work by giving a bonus of 800 %, which further reinforced trust.

There has not been a single labor dispute at DH since the formation of the labor union in 1975. There was no single labor dispute at YH since it was founded in 1926. Except for one case after liberation, KB also has never had any labor issues. SL has also never experienced a labor dispute. This stands in stark contrast to other companies, which have faced crises due to strikes and slowdowns. As such, the relational social capital formed between executives and employees helps survive crises and benefits survival.

Improved Performance

According to previous research, trust enhances resource exchange, communication, and cooperation among members (Jones and George 1998; Kramer et al. 2001; Misztal 1996; Tsai and Ghoshal 1998). Moreover, studies have shown that group identity has a positive relationship with communication, cooperation, group activities, and the level of concern about results (Champion et al. 1996; Kramer et al. 1996; Kramer et al. 2001; Wit and Wilke 1992). Thus, identification also leads to positive cooperation. Characteristics such as communication, commitment, and cooperation form the foundation of performance improvement.

A representative case could be that of CS. In 1973, there was an accident in which operational teeming ladle bricks used in a smelting process melted down near completion at the steel convertor of POSCO, a Korean steel company. These bricks depended on imports, so POSCO reviewed the possibility of an emergency import from Japan, but the quickest route was scheduled to take 3 months, which would have led to a problem in meeting the deadline for completion. POSCO made inquiries with CS as to whether they could express 700 tons of fired bricks. All employees of CS worked day and night voluntarily, and as a result, they could succeed in delivering the entire quantity in 25 days. And as a result, POSCO's perception of CS changed greatly. POSCO, which had been importing all refractories from Japan, began to order all its products from CS, leading to great economic performance. Thus, relational social capital can help a company survive by leading to improvement of performance.

Therefore, the following relationship can be expected.

Proposition 2 *A company's relational social capital will benefit its long-term survival by helping the company to overcome performance crises or improve its performance.*

The Mediating Role of Relational Social Capital

This study presumed that the relationship between CSR practice and long-term survival is indirect. For example, a company's openness principle may not guarantee its survival. That is, not all companies can sustain survival by opening information to employees or promoting communication; rather, they can be helped in long-term survival only when the result of the openness forms the relational social capital of trust and identification of employees. The role of mediation of relational social capital can be seen from Proposition 1 and 2. That is, the following relationship will be established.

Proposition 3 *A company's relational social capital will mediate the influence of CSR actions on long-term survival.*

Process 2: Moral Legitimacy Process

Second is the moral legitimacy process. CSR leads to an acquisition of moral legitimacy which is also a source of survival. Suchman (1995) identified consequential legitimacy, procedural legitimacy, structural legitimacy, and personal legitimacy as the factors determining moral legitimacy. Consequential legitimacy is formed by achieving a goal that enhances public interest. Procedural legitimacy is achieved by performing procedures and measures that are recognized as being socially right. Structural legitimacy is accomplished by forming systems or structures that make one conform to a code of ethics in society. Personal legitimacy is achieved when the leader of an organization conducts an act that demonstrates noble character and trust. According to Suchman (1995, p. 581), structural legitimacy overlaps with procedural legitimacy in that organizational structure largely consists of stably replicated procedures. Therefore, this study focuses on the formation and use of legitimacy by long-lived companies via consequential, procedural, and personal legitimacy, which build moral legitimacy. We expect a firm's CSR actions to lead to the acquisition of moral legitimacy for its external stakeholders and eventually help firms survive in the long term.

CSR and Consequential Legitimacy

Corporate Giving

By performing corporate giving activities, long-lived companies were able to acquire public recognition that they are realizing the public interest of society. SC has been implementing silviculture afforestation projects every year since the 1960s and manages 81 million square meters of forest lands nationwide. Moreover, they formed a 41,223-pyeong botanical garden in Busan in 1969, providing a place for relaxation for community residents. SC also founded Sung-ji High School for Technical Training, Seongji Middle School, and Pusan University of Foreign Studies through the educational foundation of Sung-ji. SY began educational activities with the Yangyoung Association in 1939, established the Soodang Scholarship Association in 1968, and enacted the Soodang Science Award in 1973 to contribute to national education. Moreover, they run various corporate giving programs such as the 1-Company 1-Village Partnership, the Habitat Campaign, Beautiful Store, and Beautiful Sharing. KB has concentrated on the promotion of learning by establishing middle- and high-school facilities as well as universities, founding a high school in 1975, girls' middle schools in 1977 and 1980, girls' vocational high schools in 1982 and 1983, and Jangan University in 1995. They also manage a foundation that focuses on scholarship aid. YH operates the YH Foundation, performing social public interest activities and offering scholarship aid. It could be said that companies acquire consequential legitimacy through corporate giving activities.

CSR and Procedural Legitimacy

Long-Term Employment

Long-lived companies employ all employee management policies that are considered desirable by the national ethos. The Korean labor market used to be highly rigid, making it difficult for dismissed employees to get a job with other companies. There are frequent cases of laid-off workers committing suicide. Therefore, even if it is required for a company to downsize the workforce for efficiency, it is perceived as a desirable procedure by the national ethos to maintain employment. The companies examined in this research tended to maintain long-term employment rather than reducing their workforce for cost reduction. SL helped workers continue working even after their regular retirement. DH, though it was temporarily closed for 3 years after liberation, did not dismiss workers during that time. Instead, it paid them wages and maintained the employment contract. SY, in a situation in which they could have easily reduced the number of temporary workers instead made their positions permanent. DH does not dismiss female workers who go on maternity leave, whereas most Korean companies do so.

Humanitarianism

Moreover, humanitarianism is recognized as desirable in the business environment. The companies studied show high level of respect to their employees. KB had a place of business in Manchuria in the 1950s. When the Korean War occurred, they were forced to give up the machines and human resources there. KB gave up on its production facilities but returned employees and their families safely back to the homeland. Considering the business culture that valued machine equipment more than human resources at the time, this policy led to public respect for KB.

Openness

Traditionally in Korea, executives often monopolized information and lower-level employees did not know about the actual state of the company. There have even been unfortunate incidents such as those of Pan Ocean Shipping or Dongyang, in which employees found out that their own companies had shut down due to embezzlement and executive slush fund creation by reading it in the newspaper. Therefore, the policy of sharing information transparently with all employees is recognized as desirable by the national ethos. YH has shared company information with workers semiannually, and shares important data by always including the labor delegate in important decision making. SL also includes workers in important decision making and offers them space to state their views. As such, CSR actions such as long-term employment, humanitarianism, and openness have contributed to acquiring procedural legitimacy.

CSR and Personal Legitimacy

Pro-social Goals

Executives of long-lived companies have emphasized pro-social goals. In 1964, KB accomplished a loan contract worth $1.2 million with Japan's Itochu Corporation without the guarantee of the government and bank. The KB executive requested the loan with only KB's own guarantee not to cause the country trouble if KB were to become weak and unable to pay back the loan. The noble attitude of this KB executive, showing patriotism rather than seeking short-term profit of an individual had been the talk of the business people.

Self-sacrifice

Moreover, the executives of these companies have shown a spirit of self-sacrifice. NR presented its own product "NOROOTON" during a bid to work on the Army Headquarters. The bidding price for delivery even fell short of the production cost, thus NR would face a certain loss. However, the chairman of NR decided to put up with the loss to reward the military personnel for their work defending the country on the front line. Moreover, he dispatched technical employees to supervise the project until painting was completed. The noble attitude and trustworthiness of the executive led to personal legitimacy. As such, CSR actions such as emphasis of pro-social goals and self-sacrifice by executives help companies acquire personal legitimacy by showing the noble character and trustworthiness of top management.

The seven aforementioned CSR actions helped the companies studied acquire consequential, procedural, and personal moral legitimacy. Therefore, the following relationship can be expected.

Proposition 4 *CSR actions will help a company acquire moral legitimacy by securing consequential, procedural, and personal legitimacy from secondary stakeholders.*

Moral Legitimacy and Survival

The following explains how more legitimacy influences a company in overcoming performance crises and improving performance, which are beneficial to its long-term survival.

Overcome Crises

Companies can prevent their destruction through moral legitimacy. The personal legitimacy of KB executives led to a purchase campaign during the crisis. Cotton cloth produced and sold by KB in the 1920s had lower quality and a relatively higher price compared to Japanese products with excellent technology, which put KB in danger of going bankrupt. However, Korean people respected the efforts done by KB executives to ease the sorrow of the Korean people, who has lost their country. At that time, KB registered "Taegeuksung," a taegeuk trademark to be embroidered on cotton cloth, as the company's first original brand in 1927 to encourage the will for independence. Korean people voluntarily purchased KB products even though they lacked quality compared to the Japanese products. Moreover, the personal legitimacy of NR executives led to social support. The CEO of NR had supplied ink in Mullae-dong area since liberation. He was famous among merchants for keeping his promises such as thoroughly meeting deadlines and maintaining high quality. When he lost all assets due to a sudden fire, large clients that found out about the company's pitiable circumstance paid for the products in advance, as they believed in his credibility and responsibility, which enabled him to complete the company's restoration.

Improved Performance

The accumulated moral legitimacy helped companies acquire financial and human resources as well as customers and thereby enhance their performance.

The consequential legitimacy accumulated by the public business of YH had a positive influence on obtaining capital. The socially responsible investment (SRI) Fund which inaugurated in 2005 may serve as good evidence. According to various media, most fund managers of SRI fund have one voice in that YH is the most exemplary company to include in their SRI funds in that it has been the top environmental and social contributor to Korean society. The activities of the YH Foundation were reported many times in the press and attracted investors, which led to the rise of stock price and increased sales. The personal legitimacy of KB executives helped the company obtain capital. As mentioned above, KB executives demanded to proceed without the guarantee of the government and bank when making a loan contract, creating history in Korean business. The probity and patriotism of the executives impressed Itochu Corporation, and allowed KB to secure the loan with the favorable condition of soft credit. This is a representative case in which personal legitimacy helped with financing.

The procedural legitimacy of YH had a positive influence on its ability to obtain human resources. YH, having acquired procedural legitimacy through various supports for workers, attracted job seekers by being selected as the company most people wanted to join. This is evident from surveys carried out by Incruit, a renowned online job search portal in Korea. Since 2004, YH has been ranked at the top in the pharmaceutical industry as a company university students preferred to work in. The reasons for choosing YH included the pride of being associated with YH, its fun corporate culture, and its positive corporate image as a valuable contributor to the local community. The procedural legitimacy of KB also helped the company obtain human resources. As mentioned above, KB saved workers and gave up on machine equipment in Manchuria during the war. Due to the aftermath of war in the 1950s, Korean society suffered a lack of available workers. However, KB was renowned for the aforementioned story spread to the public and could find workers relatively more easily than other companies.

The personal legitimacy of SC executives influenced the expansion of its customer base. The founder of SC was renowned for never missing the product delivery due. Having acquired personal legitimacy through the attitude and behavior of the founder, who kept his promises, SC continuously secured a new customer quite a distance away from the SC base. The personal legitimacy of NR also helped it to expand its customer base. As mentioned above, the story of the NR executive making sacrifices for the country even though the bid fell short of the prime cost of delivery led to expansion to another customer. Generals who had worked in the Office of the Chief of Engineers at Army Headquarters were assigned to major institutions such as the Korea National Housing Corporation (KNHC) after being discharged. They recommended NR to various government construction projects, and as a result, NOROOTON was selected as the construction paint of the KNHC. This was a significant turning point for NR. NOROO products were used in all construction by the KNHC and thus, among consumers who intended to buy a new house, there was the natural perception that house painting must be done with NOROO paints.

As described above, moral legitimacies helped companies overcome performance crises and enhance performance, which enabled them to maintain their survival. According to previous research, accumulated social legitimacy has a positive influence on acquiring new resources (Zimmerman and Zeitz 2002). Moreover, acquiring legitimacy has an influence on a company's survival (Lu and Xu 2006). Overall, the following result can be expected.

Proposition 5 *Moral legitimacy secured by a company will benefit its long-term survival by helping it overcome performance crises or enhance its performance.*

The Mediating Role of Moral Legitimacy

Process 2, as in the analysis of Process 1, assumes that the relationship between a company's CSR actions and its long-term survival is indirect. In fact, a company's corporate giving activities do not guarantee survival. For example, corporate giving activities such as donations and volunteer service followed by corruption of the heads of large conglomerates instead form a negative social perception. That is, the same CSR action can have a positive influence on forming legitimacy for a certain company, yet have a negative influence on another company. Therefore, the following mediation relationship can be expected through Proposition 4 and 5.

Proposition 6 *Moral legitimacy secured by a company will mediate the influence of the company's CSR actions on its long-term survival.*

The propositions studied above are synthesized and the process in which CSR actions lead to long-term survival is schematized as follows (Fig. 3).

Conclusion and Discussion

This paper analyzed various CSR principles observed in long-lived Korean companies and modeled how a company's continual CSR principles contribute to its long-term survival. The model derived in this paper offers several implications about corporate long-term survival.

First, this study suggests that CSR principles play a critical role in maintaining the survival of companies by creating and leveraging relational social capital and moral legitimacy. Collins (2001), who studied long-lived companies, explained the maintenance of core values as the cause of corporate longevity. This study answers the question of how maintaining a single value can lead to better adaptation to changes. The research model in this paper suggests that CSR principles followed by the Korean long-lived companies enable the companies' long-term survival. Moral values, unlike utilitarian values, are unchanging regardless of the passing of years. Thus, we can conjecture that the CSR principles maintained by the Korean long-lived companies were safeguarded as the organizations' core values and ultimately contributed to the firms' longevity.

Second, the research model implies that CSR can be an institutionalism-based management style, and, at the same time, a strategic tool for achieving a sustainable competitive advantage. Institutionalism scholars (e.g., DiMaggio and Powell 1983) assume that firm homogeneity occurs through the isomorphism of companies, which try to benefit by conforming to the institutions. On the one hand, practicing CSR may seem like institutionalism's firm homogeneity when various companies set up organizations to carry out CSR activities. On the other hand, the resource-based view (Barney 1991) asserts that in order to attain competitive advantage, firm heterogeneity should be achieved by possessing unique resources. Social capital and legitimacy due to CSR are invisible resources when viewed from outside the firm. The social capital and legitimacy obtained by individual companies are resources that are intrinsically valuable, and other companies cannot acquire them easily. Therefore, they can have positive effects on a firm's sustainable competitive advantage as well. In either case, CSR activities are expected to contribute toward achieving corporate long-term survival.

Third, the research model suggests that the effects of practicing CSR could be completely different due to related stakeholders, because the kinds of resources formed through CSR vary between primary stakeholders and secondary stakeholders. According to the study, long-lived Korean companies consider the treatment given to employees, as one of the stakeholders, to be the most important. This highlights the fact that despite many previous CSR studies emphasizing the actions related to secondary stakeholders such as society, CSR activities concerning primary stakeholders can bring better results.

Lastly, this study highlights the possibility that there may be common management principles adhered to by Korean long-lived companies. The seven CSR principles derived from the case analysis were management principles common to the Korean long-lived companies, and the firms that abided by these principles have been able to survive continually. A more rigorous and sophisticated analysis could reveal the management principles that are crucial to

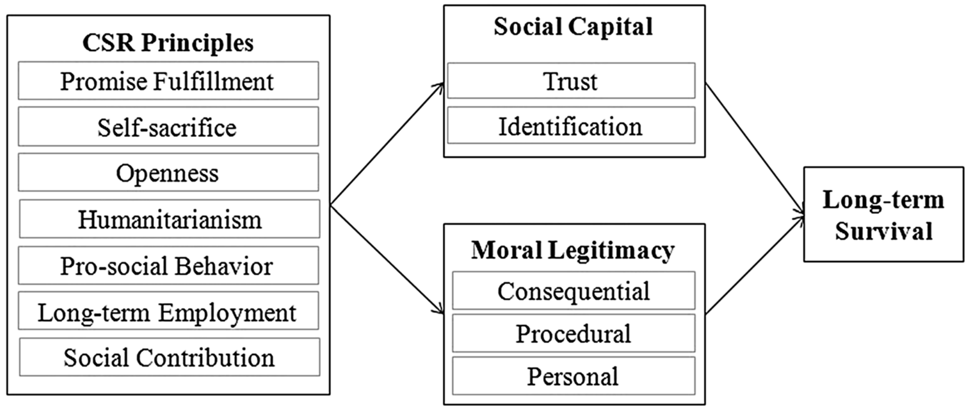

Fig. 3 Dynamic process model of corporate long-term survival

the longevity of a company (i.e., common management mechanisms).

The limitations of this study could be the starting point for future studies. First, due to the nature of variables, such as firms' CSR activities over a long period of time, this study has relied on the qualitative data of history books. History books are characteristically self-reporting, and thus, the possibility of important information being omitted or exaggerated cannot be ruled out. Despite these obstacles, history books are still the most useful research material in investigating hundreds of years of CSR activities and have been used as a main source of data in the previous studies about long-lived companies (De Geus 1997; O'Hara 2004). Collecting data that could quantify the CSR principles derived in this study will be an important task, henceforth, to test the propositions in this paper. Next, as this study included only Korean companies in the sample, the results may strongly reflect the characteristics of Korea's business environment. Therefore, a follow-up study with other countries' long-lived companies should be done to verify the model suggested in this study.

Despite these limitations, this study is significant as it deals with a phenomenon that has attracted little attention from scholars thus far. Moreover, it is important because it views the value of practicing CSR from a new perspective. Moreover, with shareholder capitalism facing opposition worldwide, recently, the social capital and legitimacy approach suggested in this study may help solve the various problems that previous studies with economic approach have not been able to resolve.

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