

Working Paper

Community Isomorphism and Corporate Social Action

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CORPORATE SOCIAL ACTION**

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ABSTRACT

We advance a model of how institutional pressures at the community level shape corporate social action within the metropolitan area in which firms are headquartered. We define corporate social action as those firm behaviors and practices that extend beyond immediate profit maximization goals and that are intended to increase social benefits or mitigate social problems for constituencies external to the firm. We conceptualize corporate social action in terms of its *nature*, including the focus or target of corporate efforts (e.g., arts, education or health services) and the form that it takes (e.g., cash, in-kind donations, volunteerism), and *level* (or amount) of corporate social action. We propose that community isomorphism, i.e., the resemblance of a corporation's social practices to those of other corporations within its community, influences the nature and level of corporate social action and patterns corporate social action within communities. We conclude with a consideration of the theoretical implications of emphasizing community as the focal unit of analysis for understanding corporate social action.

COMMUNITY ISOMORPHISM AND CORPORATE SOCIAL ACTION

Why do corporations engage in social action? The most oft-cited reason, perhaps, is the belief that corporate social performance is good for financial performance. The rationale is that social spending is “akin to advertising” (Burt, 1983: 419; Webb & Farmer, 1996), thereby cultivating a more positive and distinctive corporate reputation that, in turn, can attract consumers (Creyer & Ross, 1997; Ellen, Mohr & Webb, 2000; Sen & Bhattacharya, 2001) and potential employees (Turban & Greening, 1997), thus bolstering profitability. And yet, as Margolis and Walsh (2003) concluded from their exhaustive analysis of 127 studies conducted over the last 30 years, the connection between social and financial performance is mixed and often contradictory. Burt (1983), for instance, showed that firms’ focus on household consumption and charitable giving were positively related, while Galaskiewicz (1997) found no effect of the level of consumer sales on giving. Thus, economic explanations are at a loss to account for either the frequency or nature of corporate social action. Given the doubts about the financial merits of corporate social action, then, our opening question becomes all the more pressing: Why do firms do anything at all considering the uncertainty of financial benefits from social practices?

Myriad answers have been proffered to understand the non-economic motives behind corporate social action. From a normative perspective, corporate social action can be viewed as a well-intended effort to promote “justice in a world in which...the shareholder wealth maximization paradigm reigns” (Margolis & Walsh, 2003: 273) or an attempt to convince “disbelievers” (Weiser & Zadek, 2003) of the value and need for corporate social involvement. In corporate accounts, social action is seen as an expression of an individual organization’s distinctive identity, image or mission (Bartel, 2001) or that of its visionary founder or CEO

(Martin, Knopoff & Beckman 1998). Corporate social action may also be a response to social movement actors that direct the attention of a corporation (or industry) to social needs such as environmentalism, global citizenship or urban problems (e.g., Bornstein, 2004; Lounsbury, 2001; Rao, 1998). Finally, corporations may engage in social practices for cultural, institutional and political reasons, in an attempt to secure legitimacy or competitive differentiation (e.g., Bansal & Roth, 2000; Himmelstein, 1997; Hoffman, 1999).

And yet, as influential as this growing stream of research has been, it tends to be atomistic, and focused on accounting for social action at the level of the individual organization. While there is much to be said for these explanations, they tend to come up short in explaining broader patterns of corporate engagement that are well-documented. Galaskiewicz's numerous and influential studies (1985, 1991, 1997; Galaskiewicz & Burt, 1991; Galaskiewicz & Wasserman, 1989) of the Minneapolis-St. Paul philanthropic community demonstrates the high interdependence between corporations and local non-profits that target social needs. Others (e.g., Besser, 1998; Guthrie, 2003; McElroy & Siegfried, 1986) have testified to community-based patterns of social action, showing how corporate social action is deeply rooted in the communities in which firms (or their headquarters) are located. To date, however, theoretical frameworks explaining this community-based nature of corporate social action are lacking. We attempt to redress this gap by theorizing how communities influence corporate social action, thus responding to calls for broader explanations of corporate social practices (Margolis & Walsh, 2003).

We view corporate social action through an institutional lens. Institutional theory affords insights into corporate social action that extend beyond the interests of individual firms, through the establishment of community-based patterns. We conceptualize the local geographic

community in which a firm is located as a source of institutional pressures that give rise to, and structure, the nature and level of corporate social action. Such a view offers an explanation for patterns of corporate giving observed in metropolitan areas such as Minneapolis-St. Paul, Atlanta, Cleveland and Seattle (e.g., Galaskiewicz, 1985; 1991; 1997; Guthrie, 2003), as well as variations in corporate behaviors across communities (e.g. Abzug & Simonoff, 2004; Bielefeld & Corbin, 1996). To explain such variation, we apply the central tenet of institutional theory – that isomorphism legitimates – to community infrastructures, theorizing that patterns of conformity in corporate social action emerge within local geographic communities. We propose that community isomorphism, which we define as the resemblance of a focal corporation’s social practices to those of other corporations within its geographic community, drives the nature and level of corporate social action. We believe that corporations are especially vulnerable to institutionalized pressures concerning social practices because the legitimacy of such practices is often questioned (e.g., Friedman, 1970), substantiating our claim with Davis and Greve (1997) who point out that firms turn to local “peers” to sanction activities whose legitimacy is uncertain.

We present a conceptual framework on corporate social action that models the influence of the local community. The central idea is this: standards of appropriateness about the nature and level of corporate social action are embedded within local communities such that organizational conformity to these institutionalized practices yields systemic patterns that vary by community. To develop and illustrate the underpinnings of our model, we draw on information from relevant literatures, press accounts, and published research on corporate and non-profit activities such as KLD Research & Analytics Inc., a supplier of corporate social ratings, and the Urban Institute’s compilation of non-profit reporting data. We also draw on informational interviews that we conducted with about 50 individuals in two major metropolitan

areas to get a better sense of what corporate social action entails and how it is influenced by communities. We begin by defining our major constructs and then present our conceptual model with propositions on how institutional aspects of community pattern the nature and level of corporate social action. Finally, we conclude with implications for theory and research that flow from our model.

CORPORATE SOCIAL ACTION AND LOCAL COMMUNITY

We define *corporate social action* as those firm behaviors and practices that extend beyond immediate profit maximization goals and are intended to increase social benefits or mitigate social problems for constituencies external to the firm. Corporate social action can focus on any number of different social needs or issues, including but not limited to: the arts, housing, the physical environment, education and schooling, human welfare, poverty, disease, wellness, or general improvement in the quality of life. And, in addressing these social concerns, corporate activities can take a variety of forms with various levels of giving; these can include cash contributions, investments in social initiatives or programs, employee volunteer efforts, or in-kind donations of the firms' products or services.

We use the term "corporate social action" instead of "corporate social responsibility" because we do not take up the argument that corporations have a "responsibility" to engage in social behavior. Instead, we simply seek to generate a theoretical perspective on a category of corporate practices - those oriented toward social benefits outside the firm. Yet, we recognize that corporate social action often is cast as corporate social responsibility. For instance, note the similarity between our conceptualization and an early definition of corporate social responsibility advanced by Davis (1973: 312-3): "firms' consideration of, and response to, issues beyond the

narrow economic, technical, and legal requirements of the firm... (to) accomplish social benefits along with the traditional economic gains which the firm seeks.” In considering what might be a “social benefit,” we rely on the intentions of the actors, recognizing that there may not be consensus about the benefits of these corporate actions (e.g. Friedman, 1970). Thus, our focus is on the well-intentioned social actions of corporations, not their responsibilities for doing so.

For operational purposes, we define a firm’s local community as the Metropolitan Statistical Area (MSA) in which its headquarters is located. An MSA is defined by the US Census as a “core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core” (www.census.gov/population/www/estimates/aboutmetro.html). Our definition of community includes both the inner city and the surrounding suburban ring, a unit of analysis consistent with the extant literature (e.g., Guthrie, 2003; Marquis, 2003; Stuart & Sorenson, 2003). Based on prior work, we assume a relatively high degree of interdependence among local community actors such as the general public, non-profits, government agencies, and corporations with a significant presence in that locale.

We propose that local geographic environments – communities -- are especially important influences on corporate social action, for two primary reasons. First, local understandings, norms, and rules can serve as touchstones for legitimating corporate social action. Previous research indicates how local and immediate institutional environments may be more salient than broader ones when a practice is contentious (Davis & Greve, 1997), as corporate social action often is (Friedman, 1970; Margolis & Walsh, 2003). Davis and Greve (1997) document that, in adopting a golden parachute (a controversial practice which richly rewards executives who lose their job following a takeover), corporate boards look to the actions

of other locally-headquartered companies for standards of appropriateness; the result is to create significant homogeneity within communities but substantial variation between communities. In some cities (such as Dallas), most firms quickly adopted a golden parachute, but in others (such as San Jose) most or all local companies rejected it. Similarly, Guthrie's (2003) recent study of corporate giving in Cleveland, Atlanta, and Seattle supports this pattern and speaks to the emergence of locally defined norms of appropriateness concerning corporate social action; Guthrie found that, in his 150 interviews across these three metropolitan areas, differences between local cultures frequently emerged. Similarly, Useem (1988: 83) suggests that community-based norms and attitudes regarding philanthropy are "perhaps the most significant...factor shaping a companies' giving."

A second reason why local communities may be influential is more pragmatic: corporate social actions are commonly oriented toward the locales where the firms' executives reside. Galaskiewicz (1997) found that about 70% of corporate philanthropy of Minneapolis-St. Paul headquartered firms stayed within that metropolitan area, and McElroy and Siegried (1986) found similar numbers in their study of 229 companies across 14 US cities. One of the civic leaders we interviewed suggested that "80% of corporate spending is typically in the headquarters city." Similar results emerge from Guthrie's (2003) study of 2,776 firms' giving behavior. Using data from 2001 and 2002, he found that 77% of giving across 50 communities stayed within the community and that 80% of corporations claim that their largest single donation was within their community. Further reinforcing this headquarters-based pattern of social action are the results of a study in Miami, Boston and Cleveland that showed that, in comparison to non-local companies, locally headquartered companies contributed considerably

more to the community and were much more involved in civic leadership at the local level (Kanter, 1997).

Building on this work, we focus on how corporate social action is shaped by institutional pressures at the level of the local community. By emphasizing this perspective, other aspects of community remain outside our model, including economic conditions and firm-level factors, which may also play a role. For instance, previous studies have found that philanthropy varies significantly with corporate size and industry (Galaskiewicz, 1997; Guthrie, 2003; Wolpert 1993). Banks and utilities rank near the top on indices of corporate social responsibility, while manufacturers and service firms have characteristically different patterns of giving (Kirchberg, 1995; Useem, 1988). Local socio-economic contexts are also important, including local income levels (Wolpert, 1993) and educational attainment (Kirchberg, 1995). We believe these factors may function as boundary conditions for community-level institutional effects; we discuss how they may interact with our focal model in the concluding section.

Using an institutional lens, we conceptualize communities as constituting organizations' immediate environment, and thus they can be modeled in terms of three basic aspects of institutions (Scott 2001): (1) cultural-cognitive, the shared framework of interpretation; (2) normative, defining standards of appropriateness and evaluation; and (3) regulative, which imposes formal and informal constraints on action. Thus, the local geographic community, as an immediate institutional environment embedding organizations, serves as both a touchstone for legitimacy and a target for corporate social change, shaping both the *nature* and the *level* of corporate social action. We now elaborate these dual aspects of corporate social action -- nature and level – and then expand upon the institutional forces that characterize communities.

The Nature of Corporate Social Action: Focus and Form

We propose that communities affect the *nature* of corporate social action, which we define as consisting of two elements: the *focus* of corporate social action, or what domain is targeted (e.g., promoting the arts, bolstering education, or developing housing) and the *form* that those efforts take, or how the company engages with that domain, e.g., cash donations, volunteerism, or providing company products or services. We detail each of these elements.

Focus of Corporate Social Action. By focus, we mean the particular set of social problems or needs that corporate activities are intended to mitigate or benefit. To parse the focus of corporate action, we synthesized the category systems already in use by the Taft Group (2005), the Foundation Center (2004) and the Urban Institute (nccs.urban.org), which aim to classify different types of corporate philanthropy and non-profit organizations. We observed that the category systems used by these diverse groups are remarkably similar; we took this as an indicator of general agreement about the social domains on which corporations focus their efforts. We found these cluster into four major focus categories: (1) Arts and Culture, (2) Civic and Public Benefit, (3) Education, and (4) Health and Human Welfare. Within these major categories are more fine-grained sub-categories. For instance, the Arts and Culture category includes museums, as well as performing arts groups; Civic and Public Benefit includes programs focused on developing the infrastructure of communities such as economic development, housing programs, public safety and local environmental efforts; Education represents local colleges, as well as national universities and other schools; and Health and Human Welfare concerns promoting and maintaining human well-being, including for example, healthcare, medical research, work for mental health and food and nutrition programs. We purposely chose to make these focal categories broad in order to discern the general structure of

the types of social actions in which companies can engage; in practice, corporate actions may sometimes cut cross these categories, such as programs that provide health or nutritional benefits in schools or enable cultural or educational events in public housing sites. Corporate activities that focus on these domains of social issues may target specific or diverse audiences, including the general public, people in need, specific groups—such as children, the elderly, the disabled, or military veterans—or other stakeholders in the community. Thus, corporate social action that focuses on health and human services could benefit primarily children with cancer or broadly serve a community by building a new wing of a hospital. Thus, the focus of corporate action could conceivably be broad or narrow.

There is support for our argument that corporate social action within communities has a definitive focus. Guthrie (2003) and his colleague (Guthrie & McQuarrie, 2004) indicate that there are significant differences across cities in how and where corporate giving is focused; for instance, low income housing characterized corporate giving in Cleveland and Atlanta, but not in Seattle. To elaborate this basic idea, we offer illustrations from two Ohio cities -- Cleveland and Columbus – that have very different patterns of corporate philanthropy. From company profiles in KLD’s Socrates database, we extracted the main foci for corporate social action of the seven major firms in each community and classified them using the four category system outlined previously; these are summarized by city in Table 1 (Columbus, OH) and Table 2 (Cleveland, OH). We present these examples merely as illustrations of the different types of social action in which corporations engage.

Insert Tables 1 and 2 about here

From the two tables, we observe that, while major corporations in each city target all four of the focal categories to some extent (Arts/Culture; Civic/Public Benefit; Education, Health/Human Welfare), more fine-grained differences in the patterns of social action differ across the two communities. In Columbus, all but one of the 7 major corporations focus on civic and public benefit; and, of these corporate programs, half are targeted to children's needs (e.g., The Children's Defense Fund). The majority of corporations also focus on education and health/human welfare; here again, there is considerable attention to children, ranging from kindergarten tutoring to pediatric AIDS. We can speculate that the Columbus corporations' interest in benefiting children, by focusing on their civil, educational and health-related needs, may stem from the influence of Dave Thomas, the founder of Wendy's: Thomas was not only an outspoken children's advocate but also a dedicated financial supporter. Other Columbus-headquartered companies as diverse as The Limited, Bob Evans, and Cardinal Healthcare evidence similar attention to children. The Limited, in addition to its contributions to many child-oriented causes such as The Children's Defense Fund, Action for Children, and Pediatric AIDS, also has an employee volunteer program of kindergarten tutoring for which employees contributed about 100,000 hours to 1,400 schools in 2003. Bob Evans supports the Boy Scouts, Girl Scouts, Children's Hospitals, and Children's Defense Fund. Cardinal Health made two major grants, each \$100,000, to recognize leaders in children's health care. Thus, in Columbus, we see a thematic focus, with corporate initiatives in civic, educational, and health concerns attentive to children's needs.

By contrast, the *focus* of corporate social action in Cleveland is more concentrated in affordable housing programs but more diverse in the constituencies served, embracing the homeless, minority home owners, and low income families. Two local financial service firms

(Key Corp; National City Corporation) are lauded for their efforts. As well, manufacturers Eaton and Nordson are strong supporters of Habitat for Humanity. Perhaps Cleveland's focus on housing is explained by Guthrie and McQuarrie (2004), who note that the passage of the Low Income Housing Tax Credit seemed to have generated corporate incentives to focus social action in this arena; their finding suggests that the particular nature of the regulative institutional environment may well affect the focus of corporate social action.

Form of Corporate Social Action. Beyond corporations' focus in practices, we propose that there are also systematic variations in the form that social action takes. To categorize the *form* of corporate social action, we adopt the typology created by the Committee on Corporate Grant Making at the Council on Foundations (2002): (1) Cash, (2) Volunteerism, (3) In-kind donations, and (4) Non-commercial sponsorship. The differences among these categories at the local level are also echoed in Guthrie's (2003) report in which he describes how different cities are characterized by different forms of social spending: in Cleveland, the dominant form is cash donations, while in Seattle and Atlanta, firms' social action primarily takes the form of in-kind donations.

Tables 1 and 2 offer vivid illustrations of how local companies can coalesce around an appropriate *form* of giving. In addition to Guthrie's (2003) finding on social spending, Cleveland companies also support substantial employee volunteerism (see Table 2). Eaton has given an award for employee volunteers since 1933. Nordson, as a supplement to offering paid time off for volunteering, created the "Talent and Time" program which was designed to match employee interests and talents with community needs. By contrast, however, Columbus (see Table 1), does not evidence any particular *form* of giving as dominant; perhaps this is a result of the strong thematic *focus* on children's issues in different social domains which can – and does --

take a variety of forms. These examples from two cities – Columbus and Cleveland – serve to illustrate how the forms of corporate social action can vary by community.

Level of Corporate Social Action

By *level*, we refer to the amount expended by a company on social activities. An obvious measure is financial and, clearly, the level of corporate social action can be assessed by total dollars contributed to a social cause or the valuation (dollar amount) of in-kind donations. However, level can also be quantified in non-financial terms, such as the number of executives that serve the non-profit community or the number of corporate volunteer hours.

Galaskiewicz's work (1985, 1991, 1997), demonstrating the high levels of corporate giving for Minneapolis-St. Paul, is perhaps the best example of how community can influence a corporation's level of engagement. Minneapolis may be the best-known illustration of high levels of corporate giving, but not all communities are like Minneapolis. Press accounts routinely lament the lack of philanthropy in Silicon Valley, even calling residents of this millionaire-rich community the "cyber-stingy" (Elkind, 2000). Thus, levels of corporate social action can vary substantially across communities.

To further illustrate, we offer some examples from the 2000 KLD corporate social responsibility database (see Waddock & Graves (1997) for description of KLD's methods and data). KLD rates 662 publicly-traded firms, including members of the S&P 500 and Domini 400 indices, giving firms points for surpassing threshold levels on each of six dimensions: generous charitable giving (more than 1.5% of net earnings before taxes), innovative giving, support for housing (through partnerships supporting housing for the economically disadvantaged), support for education, non-US charitable giving, and other strength (e.g., in volunteer programs or in-

kind giving). We averaged KLD ratings across these six dimensions for those 36 MSAs containing more than four company headquarters to identify community variations in levels of giving. We found that the average score across the top ten MSAs was nine times greater than the average of the bottom ten MSAs. Not surprisingly, Minneapolis was number one, followed by: #2, Charlotte-Gastonia-Rock Hill, North Carolina; #3, Baltimore, Maryland; #4, San Francisco, California; and #5, New York City. Rounding out the bottom were Bergen-Passaic, New Jersey; Birmingham, Alabama; Columbus, Ohio; Orange County, California; and Santa Cruz, California. All of these MSAs had scores of zero, indicating that not one company headquartered in any of those communities had any significant level of contribution. Consistent with its image as an impoverished region for philanthropy, San Jose (the MSA for Silicon Valley), was ranked 28 out of the 36 total communities. These examples illustrate the diversity across communities in the level of corporate social action; the important question becomes how to explain this variation.

A MODEL OF HOW COMMUNITIES AFFECT CORPORATE SOCIAL ACTION

Our approach has its foundation in neo-institutional theory, drawing on Scott's influential work to model how geographic communities influence organizations' social action. Institutions are properties of a collective, such as a geographic community or organizational field. Thus, our arguments describe how institutional features of communities shape the actions of decision-makers who are embedded in those communities—in particular, the corporate executives in a position to steer corporate social action. The Figure summarizes our argument, which theorizes the mechanisms (Davis & Marquis, 2005) by which cultural-cognitive, social-normative, and regulative forces in communities generate patterns in the nature and level of corporate social

action. We expand on each of the institutional factors, advancing propositions that describe how features of communities affect corporate social engagement.

Insert Figure about here

Cultural-Cognitive Community Forces

Cultural-cognitive institutional forces are those that arise from the shared frameworks or mental models that actors draw upon to create common definitions of a situation. Within a given frame of reference, sensible courses of action often follow from a shared set of underlying logics that arise from these cognitive templates shaped by cultural influences (Scott, 2001). Our focus in this section is on how corporate communities come to share a frame of reference around the nature of corporate social action. These frames of reference provide templates or models characteristic of a set of actors which ease adoption of similar practices by other members of the given group.

Early institutional work documented the importance of geographic communities for understanding organizational behavior. For instance, Selznick's (1949) study of the Tennessee Valley Authority and Zald's (1970) research on the Chicago YMCA testify to the strong influence of local environments on organizations. More recent work addresses the force of locally shared frames of reference on a variety of organizational behaviors, ranging from patterns of philanthropy (Galaskiewicz, 1997) to styles of doing business in high-tech industrial districts (Saxenian, 1994). Molotch, Freudenberg and Paulsen (2000) contrast the divergent trajectories of Santa Barbara, California and Ventura, California, arguing that different "city traditions" perpetuated by community organizations shaped patterns and levels of economic development in

these two communities. Marquis (2003) analyzed how different community-level frames on corporate governance influence board of director networks in 51 US cities; he found that prominent local firms serve as templates for appropriate board behavior for community newcomers.

In his work on social capital in the US, Robert Putnam (2000) analyzes the distinct patterns of social engagement among the American states. His “social capital index” focuses on individual differences in items such as propensity to volunteer, inviting others over to dinner, and similar actions that generally express the social engagement of community members. Extending his reasoning, it becomes evident that if different localities have different standards of appropriateness, it is likely that this would affect corporate social action in the community, since key organizational constituents, such as senior managers and employees, also populate the local environment, and an important group of stakeholders is the local community (Freeman, 1994).

Taken together, these studies indicate that different localities have different cognitive templates about what constitutes appropriate, credible or legitimate organizational social practices. The degree of isomorphism or community consensus about the nature of appropriate corporate social practices will pressure corporations to align their activities in ways that are sanctioned by the community. Moreover, common and accepted ways of acting serve as models which existing or new actors within a community can use as reference points to pattern their actions.

We contrast the MSAs of Minneapolis-St. Paul and Atlanta to illustrate how community-based templates drive the nature of corporate social action within locales. Minneapolis has long been lauded by Galaskiewicz and others for having a vibrant civic sector, and, in particular, a generous level of philanthropic giving. A lesser known fact, however, is that a primary focus of

giving is arts and cultural activities; this focus seems to reflect the institutionalized sentiments of the community. For example, the 2003 Minnesota State Survey demonstrated that Minneapolis-St. Paul residents highly value the arts. When asked, “Do you believe that arts and cultural activities help to make Minnesota an attractive place to live and work?,” over 94% answered in the affirmative. A local newspaper cited figures showing higher per capita theatre-going among residents of the Twin Cities (82%) than comparable cities such as Chicago (45%), St. Louis (24%) and Boston (18%) (Minneapolis Star Tribune, 2001). According to the Urban Institute’s data on non-profit giving, Minneapolis/St. Paul is among the top five cities in per capita giving to the arts (much of which comes from business), but is ranked 30th overall for non-arts related non-profits. Government officials support this pattern. Former Governor Elmer L. Anderson said “Except for its educational opportunities, nothing strikes me as more important to Minnesota’s quality of life than its art programs. Theater, music, dance, visual arts are all important parts of a good society” (Minnesota Citizens for the Arts, <http://www.mtn.org/mca/>).

By contrast, Atlanta follows a different path. Atlanta businesses contribute a mere \$8 per capita to the arts, compared to \$63 for Minneapolis. Rather, its corporate social action is oriented toward local boosterism. The “Atlanta spirit,” which is focused on image-building through visible public works, receives extensive comment in academic literature and the press. Burbank, Andranovich and Heying (2001: 82), in a book on the Atlanta Olympics, note that boosterism is a “pervasive ethos of the city’s business elites” which influenced corporations’ intense focus on the Olympic Games. Furthermore, an article in the local paper, the Atlanta Journal-Constitution, described how “even a hundred years ago, Atlanta was the city of big horn-tooters,” and that the same pride in promotion of the city that led to the Olympics in 1996 also led to the Cotton States Exposition in 1895 (Chambers, 1998). Historian Bradley Rice, author of

Georgia: Empire State of the South, observes a continuing “tradition of Atlanta boosterism” (quoted in Holley, 1996). And, finally, Atlanta’s boosterism may be nowhere better evidenced than in its hosting the 1996 Olympic Games. Thus, in Atlanta, the *focus* of a corporation’s social action tends to center on community events that offer civic and public benefit, as well as the development of an infrastructure that showcases the city. Complementing this focus is an equally clear form of corporate social action in Atlanta, documented by Guthrie (2003), as in-kind donations.

The examples of Minneapolis-St. Paul and Atlanta may seem like extreme cases, but such an alignment between community ideology and the nature of corporate social action parallels that found in industry-level analyses. For example, local electric utility representatives described to us how their philanthropy typically focused on technology education; in contrast, conversations with bankers revealed that their firms focused on housing. Further examples of corporate giving reflecting community *focus* are found in several cities. For instance, Seattle’s legacy of music innovation aligns well with its new arts institution, Experience Music Project Museum. Corporations in the entertainment center of Los Angeles recently focused on funding a new \$300 million concert hall. In San Francisco, renowned as a technology center, companies scored the highest on the innovative giving index of KLD. These are just anecdotal examples, but suggest that different communities have different styles of giving and that this is reflected in the nature of corporate social action.

The preceding examples speak to the influence of shared cognitive typifications at the community level on corporate social action. Such typifications are governed by constitutive rules that define institutional fields of meaning as well as the actors’ capacity for action within those fields. The degree of isomorphism, or the prevalence of a particular form, focus, or level

of corporate social action, is an index of consensus about such cognitive boundaries (Glynn & Abzug, 2002). As Zucker found (1991:103), the “greater the degree of institutionalization, the greater the ... uniformity of cultural understandings, the greater the maintenance ... and the greater the resistance to change.” The degree of isomorphism or community consensus about the nature of corporate social action, in terms of both focus and form, shapes corporations’ practices. These shared ways of acting serve as templates which can then be easily adopted by existing or new organizations to the communities. More generally, in their quest for legitimacy, corporations align their practices with those sanctioned by the community. Thus, we propose:

Proposition 1: Community-level cultural-cognitive factors will affect the nature of corporate social action, shaping both its focus and form, leading to isomorphism within communities.

Social-Normative Community Factors

Different social and normative systems develop in different cities that set standards for, and enforce conformity to, accepted levels of giving. For example, Guthrie (2003) found that 91% of companies reported strong to moderate local norms for philanthropic activities. Following this logic, we propose that social and normative systems have a strong effect on the *level* of social action. We think this distinction is important and stems from the fact that the level of corporate giving is closely tied to annual profits (Kirchberg, 1995; McElroy & Siegfried, 1986). As a result, corporations must consciously revisit and manage the level of their corporate social activity each year, making it likely that normative systems and standards in place in each community have a large influence on these decisions.

Normative influences are distinct from cultural-cognitive in that they have an underlying evaluative tone. The cultural-cognitive gives a shared frame of reference, of “how things are done around here.” The normative arises from a moral base—what is *right* to do around here. Normative influences shape how executives evaluate their peers, and conversely how the evaluative expectations of peers shape executives’ choices in their social actions. This evaluative nature becomes more salient when considering levels of corporate social action that are typically revisited each year. Those in dense social systems which value high levels of giving—such as business executives in the tight-knit community of Minneapolis—face regular scrutiny from their colleagues, which can enforce norms around appropriate levels of contribution.

Galaskiewicz’s work (1985, 1991, 1997) documents these dynamics in Minneapolis, with its institutionalized “Ethic of Enlightened Self Interest.” This includes the famous “5-Percent Club,” where local companies pledge to give 5% of after-tax profits to charity. This club was established in the 1940s and today has over 250 members who donate either 2% or 5% of their profits to the community. Galaskiewicz describes how early business leaders tried to create a pattern of social influence that would result in enhanced corporate service by local companies; much of this was accomplished through the creation of a social infrastructure that connected local companies and non-profits, helping to further enforce the normative level of corporate giving.

Normative factors vary by cities, as evidenced in several previous studies on the geographic basis of corporate behavior (e.g. Kono, Palmer, Friedland & Zafonte, 1998; Marquis, 2003; Palmer & Barber, 2001). Earlier investigators also documented how institutions and linkages developed among diverse organizations located within the same community (e.g.,

Lincoln, 1979; Litwack & Hylton, 1962; Turk, 1977; Warren, 1967). Interestingly, much of this early work sought to demonstrate that the American community was undergoing great change, which involved the increasing orientation of local community units toward extra-community relations. However, more recent investigations, such as those by Galaskiewicz (1997) and Marquis (2003), illustrate that even in very recent times, local social-normative systems continue to be an important consideration in understanding corporate behavior.

A number of studies have indicated that local evaluative criteria and systems are important for understanding the level of firm giving within the community. For instance, extending Galaskiewicz's work on local tithing clubs, Navarro (1988) found that having such clubs was a significant predictor of firm level contributions across a sample of 249 large national firms. Furthermore, based on interviews of corporate philanthropy personnel in 14 US cities, McElroy and Siegfried (1986) suggest that a significant amount of giving was influenced by other firms within the local community.

While local tithing clubs may have an obvious effect on level of corporate social action, social networks more generally are important forces for conformity to local norms because they provide a context for transmitting and enforcing local standards of behavior. The boundaries of the "local community" can be extremely local: in Festinger, Schachter, and Back's (1950) famous study of MIT student housing, social networks formed around clusters of apartments tended to generate their own local standards around issues such as whether there should be a tenant association. The authors concluded that "There are not usually compelling facts which can unequivocally settle the question of which attitude is wrong and which is right in connection with social opinions and attitudes as there are in the case of what might be called 'facts'The 'reality' which settles the question...is the degree to which others with whom one is in

communication are believed to share these same attitudes and opinions,” which “tends to produce uniformity in the behavior of members.” Thus, when annually revisiting questions like “What is the right amount to donate to local non-profits,” the “right” answer hinges on the opinions of peers to whom an actor is socially connected.

This process has an edge to it: dense social networks create multiple opportunities where one has to explain oneself to one’s peers for failing to uphold “community standards.” In his memoirs, Harold Geneen, who built the conglomerate ITT during the 1960s and early 1970s, argued that peer pressure was the most effective way to influence corporate directors:

What can spur them to action? One thing: the fear of looking foolish. Most didn’t join the board to make money or to prove themselves; they joined for the prestige. To see that prestige threatened is their worst nightmare. The dread of humiliation is their one great motivating force. Thus, if a board member’s golf partners start making wisecracks about the company that he is supposedly guiding, watch out. He’ll get into fighting trim, fast. (Geneen & Bower, 1997: 86).

To the extent that executives face such encounters routinely due to the social organization of the local elite, they are likely to be susceptible to normative pressures on their firms’ social actions.

This prior research suggests that local network connectedness is important. Recent empirical work (Galaskiewicz, 1997; Guthrie, 2003; Ostrower, 2002) and our discussions with civic leaders further reveal that the *types* of connections and local institutions are important elements of local social systems which lead to greater levels of giving. While Minneapolis and Silicon Valley both have dense local corporate networks, they stand nearly at opposite ends of the spectrum of corporate social action. Our discussions identified two key elements of local

social-normative systems that create an environment promoting high levels of local corporate social action. First, dense connections between local non-profits and corporations encourage higher levels of corporate involvement. Second, the development of a local institutional infrastructure, and in particular, two important types of local institutions that connect corporations to their communities—community foundations and elite civic involvement groups—play an essential role in promoting high levels of engagement. Local institutions serve to put corporations directly in touch with social needs, channeling the capacity for coordinated action created by dense networks.

Connections between non-profits and local corporations tend to lead to a greater level of corporate social involvement; more connections between corporations and non-profits leads to a better spread of information and therefore greater likelihood that companies will give (Galaskiewicz, 1997). It is clear that localities see connections between corporations and non-profits as important. In one of the cities where we conducted interviews, the local chamber of commerce ran a non-profit board member development program for corporate executives with the explicit goal of placing executives on non-profit boards. Furthermore, many non-profit boards have standard giving amounts for board members; the arts museum in one local community has an implicit standard of a \$10,000 annual gift from all board members. Similarly, Ostrower (1995) found a strong connection between board memberships and giving, summarized in an oft quoted maxim among arts non-profit board members “give, get, or get off” (Ostrower, 2002: 66). This suggests that the greater the density of connections between non-profits and corporations, the greater the level of corporate giving, both because individual board members will influence their corporations’ giving and because the closer connections they have to others will also raise overall giving levels.

The presence of an active institutional infrastructure, including entities such as community foundations and elite civic involvement groups in local environments, also fosters corporate social action. In our interviews, the existence of local institutions that connect corporations and non-profits was seen as essential to generating corporate social action that benefited the community. In particular, a frequently cited influence on the level of corporate giving was community foundations, organizations which are designed explicitly to support local philanthropic projects. The president of a local community foundation described how the primary role of his/her organization was connecting local corporations to local non-profits, stating that the board of the foundation served as a mechanism to put executives in touch with places to donate funds and become involved. As Guthrie (2003) reported, 89% of corporations indicated that they received funding requests from local non-profits and so institutional mechanisms to connect corporations and social welfare groups would likely generate higher levels of funding. The president of the largest community foundation in this area estimated that 80% of the allocations by corporate representatives on the board were to other board members' organizations.

In addition to community foundations, elite business groups, which network the leadership of local corporations, are another important type of institution for disseminating both information and norms regarding corporate social action. Although these exist in many cities, two of the best-known are Detroit Renaissance and Cleveland Tomorrow. These organizations promote high levels of corporate engagement in two ways. First, they have an explicit objective of economic development, which is often carried out through corporate donations and other involvement. Second, the CEOs of the organizations themselves have to attend approximately 12 meetings per year, which further orients them to community social engagement. For

example, Detroit Renaissance has funneled corporate funds of the largest companies in Southeastern Michigan into countless social programs including housing, economic development, minority businesses, cultural arts, and the local public schools (see www.detroitrenaissance.com). Guthrie and McQuarrie (2004) and others credit Cleveland Tomorrow with helping drive the revitalization of Cleveland: “without question, Cleveland Tomorrow has been a driving force behind Cleveland’s comeback and an originator of many of Cleveland’s most successful partnerships” (Adams 1998, p. 7, quoted in Guthrie and McQuarrie, 2004). Guthrie and McQuarrie further note that neither Atlanta nor Seattle have these groups, a structural disadvantage for those communities. Although Guthrie and McQuarrie (2004), as well as our interviewees, noted the importance of these CEO groups specifically, other elite business groups such as chambers of commerce and local United Way chapters may serve similar roles as well.

Starting with Galaskiewicz’s ground breaking work on the development of local institutions which fostered giving in Minneapolis, we have attempted to illuminate a more general theory of how local social systems can foster greater levels of corporate social action. We have focused on three important mechanisms of connection that enable the spreading of information about community needs and expectations to companies. First, we argue that greater connectivity among corporations and non-profits will lead to greater levels of corporate involvement. We also focus on the existence of an active institutional infrastructure within communities, particularly community foundations and elite involvement groups. Here, we theorize that the greater the presence of these organizations, the greater the level of corporate involvement. More formally, we propose:

Proposition 2: Community-level social and normative institutional forces will affect the level of corporate social action: Greater connectivity between corporations and local non-profits as well as the presence of local institutions increase the level of corporate action.

Regulative Community Factors

In Scott's formulation (2001: 35), "...regulative processes involve the capacity to establish rules, inspect or review others' conformity to them, and as necessary, manipulate sanctions--rewards or punishments--in an attempt to influence future behavior." In translating this to the community level, we focus on how local politics and government mandates can temper or promote both the nature and level of corporate social action.

Regulatory forces are important to understanding corporate social action. For example, King and Lenox (2000) studied the efficacy of both self-regulation and governmental sanctions on environmental action by the chemical industry. They found that without governmental intervention there is a large potential for opportunism by chemical organizations. Similarly, in a review of the "green business" literature, Newton and Harte (1997) highlight the limits of voluntary action and advocate a stronger role for regulations in creating organizations that are committed to organizational change. These studies indicate that coercive regulations are an important guide for corporations in how and where to focus their social action.

While these regulatory effects on organizations may seem straightforward, recent work in organizational sociology complicates the relationship between laws and organizations, noting how mandates regarding corporate actions and structures are quite ambiguous. For example, the Civil Rights acts of the 1960s, designed to avoid workplace discrimination, did not initially lead

to a uniform and consistent set of practices by US corporations. As Edelman (1992) has documented, firms implemented equal employment policies and affirmative action offices with varying degrees of compliance; she notes that organizational variations seemed to be governed by variations in the institutional environments firms confronted. And, as Hoffman's (1999) work suggests, in many ways, regulative forces serve only as a starting point.

Although the existence of regulation clearly shapes corporate action, its implementation within institutional fields allows for considerable variation. Guthrie and McQuarrie's (2004) work on the influence of the Low Income Tax Credit (see Guthrie, 2004 for a summary of this law) on housing spending shows how responses to legislation can vary by community. As they describe it, for corporations to successfully implement these acts requires the development of a local organizational field to serve as an intermediary. Guthrie documents that this field coalesced in Cleveland and, to a lesser extent, in Atlanta, but not in Seattle. This has led to considerable variation in the success of corporations in these three cities in utilizing Low Income Tax Credits. Thus, the existence of legislation is in some ways only an impetus for action, and the eventual practices that result come more from dynamics in firms' institutional environments (Edelman, 1992).

Local governments play an important role in focusing corporate investment in communities. Bielefeld and Corbin (1996) study how the underlying political culture of metropolitan areas influences the types of non-profits that governments and the private sector will fund. In discussing the successful use of Low Income Housing Credits in Cleveland, Guthrie and McQuarrie (2004) credit former Mayor George Voinivich for focusing on public/private partnerships. The changing relations between Detroit's city government and the local corporate community over the past 35 years provide a further example of how local

governments can focus business involvement in a community. In the wake of the Detroit riots in the late 1960s, large companies abandoned the city in droves. Coleman Young, mayor from 1974 to 1993, was perceived as openly hostile to local corporations, prompting even more business exits. The process of encouraging business involvement in community began with Dennis Archer, mayor from 1994 to 2001, who promised a “180-degree shift” (Jacoby, 1998:534). Archer led Detroit’s establishment of the Empowerment Zone program (www.detex.com), a new approach to urban revitalization where businesses, residents and non-profits come together to revitalize an economically depressed area. This program attracted investments of over one billion dollars from the Detroit business community and involved over ninety economic development and human services programs focused on safety and beautification of the area, educational and health needs of the residents, and transportation and employment needs. These examples suggest that political actors and governmental regulations vary considerably by state and even community, and that these regulative factors have an influence on where and how corporations engage in social action. To summarize, we propose:

Proposition 3a: Regulative factors within communities will affect the nature of corporate social action such that legal and political concerns will either temper or promote the focus and form of corporate social action.

The relation between tax breaks and the level of corporate social action has received substantial research attention. Burt (1983) documents that giving declines with tax rates, a finding replicated by Bakija and colleagues (Bakija & Gale, 2003; Bakija, Gale & Slemrod, 2003), among others. Governmentally-defined incentives are also important for in-kind giving. Useem (1987) described how the Tax Act of 1981 allowed manufacturers liberal valuations of

goods donated to a range of charitable causes, including education, health, and human services. Useem notes that pharmaceutical and food companies benefited most from this benefit; Greene and Williams (2002) document similar deductions available to computer firms.

Guthrie's (Guthrie et al., 2004) work on giving to local schools makes an important connection between tax policies and community-based giving patterns, finding that higher taxation at the state level leads to higher local school giving. This work shows how the regulative effects of tax incentives are being shaped and felt at the level of local communities. He argues that this is an outgrowth of Federal policy since the 1980s that has shifted financial responsibilities to state and local governments. This well-established relationship between tax rates and giving is clearly an important influence on the level of corporate social action. To summarize, we propose:

Proposition 3b: Regulative factors within communities will affect the level of corporate social engagement such that the existence of legal and political incentives will either temper or promote the level of corporate social action.

Relating the Nature of Corporate Social Action to the Level of Corporate Social Action

We have outlined a theoretical framework that focuses on how the institutional infrastructure of communities impacts the nature *or* level of corporate social action; we now connect these two outcomes. We theorize that isomorphism (or community consensus) on the appropriate forms and foci of corporate involvement will lead to higher levels of overall giving, as greater numbers of corporations engage in the sanctioned activity and often engage more generously.

Prior work supports the existence of this relationship. Useem (1991), for example, found that higher overall agreement of local businesses to support the arts resulted in greater levels of corporate funding. More generally, corporate social action benefits from mobilization around a focal concept, much like collective action in a social movement or the diffusion of a particular innovation. At early stages in mobilization processes, there is often considerable uncertainty about the value of an innovation or a particular action; thus the earliest participants engage for idiosyncratic reasons. But as more organizations adopt a practice, the character of adopters shifts from those at the periphery to central actors whose adoption helps legitimate the innovation (e.g., banks and utilities); as a consequence, the rate of participation accelerates as the innovation diffuses more rapidly (Rogers, 1995). Thus, institutionalization of the form or focus of corporate social action can create band-wagon effects that increase the overall level of activity.

Research on the processes of institutionalization demonstrates how greater cognitive agreement on a particular practice leads to a greater prevalence of that practice. In a study of organizational names and name changes, Glynn and Abzug (2002) documented significant differences in corporate naming patterns in different historical periods; moreover, they found that the greater the presence of particular naming types, the more likely companies are to adopt names consistent with the pattern (Glynn & Abzug, 1998). Implicated in their findings is a snow ball effect: As a form become legitimate, more and more companies adopt it until it eventually emerges as a dominant practice. Consistent with this argument, Fligstein (1985) found that mimetic isomorphism follows the period of early adoption of innovations in corporate form. And Davis and Greve (1997) connect this argument to the community level by theorizing how corporate governance practices vary in their degree of legitimacy by geographic areas. In all of

these cases, corporate forms and practices begin as more idiosyncratic activities; however, with increased prevalence, social consensus about the legitimacy of a practice emerges.

Building on this argument, we expect that homogeneity in the focus and form of corporate social engagement within communities will yield increased overall levels of corporate social action. To return to our illustration from Columbus, Ohio (see Table 1), we can see how children's needs created a thematic focus for corporation social practices in the civic, educational, and health domains. Dave Thomas, perhaps for reasons stemming from his own childhood spent in an orphanage, committed Wendy's philanthropic resources to children's concerns. His personal commitment, supported by Wendy's, offered other Columbus firms a ready-made institutional template for social action for civic and public benefit. Other companies in the Columbus community followed Wendy's lead, but also infused it with their own interests and expertise. For instance, Cardinal Health focused on children's health through grants, while The Limited focused on children's education through volunteer tutoring programs for kindergartners. Likewise, in the Cleveland community (see Table 2), the Eaton organization began supporting employee volunteer efforts as early as 1933, sending a signal that legitimated employee volunteering programs as an appropriate form for corporate social action. Thus, the process of institutionalization of particular forms and foci of corporate social engagement legitimated models that coalesced community activity, easing the participation of more companies and at higher levels of giving.

Our general argument is that community convergence around a particular form or focus of corporate social action will lead to higher levels of overall giving because corporations will be more likely to enact and support programs that fit the community norms. Essentially, the cognitive load is lessened for later adopters, who can emulate the focus and form of social

engagement of their predecessors. In turn, we expect to see higher levels of corporate social action; thus, we propose:

Proposition 4: The greater the level of agreement among local corporations within a community on the appropriate focus and form of social action, the greater the overall level of social action by local corporations.

DISCUSSION AND IMPLICATIONS

We advanced a model to explain how the community in which firms are embedded affects the nature and level of corporate social actions. We theorized that corporate social action follows from the institutionalized cognitive templates, social-normative systems, and regulative environment of the local geographic communities in which companies are located or headquartered. More formally, we proposed that community-level cognitive-cultural forces affect the nature of corporate social action (P1), through the development of a cognitive guidance system that legitimates the foci and form for social action. We also propose that community-level normative forces affect corporations' levels of social activity (P2) and that regulatory forces influence both the nature (P3a) and level of corporate social action (P3b). We also propose that the greater the consensus on the nature of corporate social action, the greater the overall level of activity by local corporations in a particular community (P4).

Our theoretical model suggests a view of corporate social action as an outgrowth of institutionalization processes at the level of the local community in which firms are headquartered. We believe our framework contributes to the literatures on corporations as social change agents and on institutional theory.

Implications for Modeling Corporations as Social Change Agents

Because we model corporate social action as arising from, and responding to, local communities, we redirect attention from the dominant atomistic perspective to one that is fundamentally social in nature. As Margolis and Walsh (2003) document, over 100 studies attempted to link an individual firm's social stance to its financial outcomes. We examine corporate social action not as an independent variable but a dependent variable, located within the institutional and social structure of the local community. We explicitly recognize what Granovetter (1985) terms "embeddedness," i.e., that corporate practices for social change are anchored in networks of relations, both personal and structural, in the communities to which they are tied. The content and structure of ties among businesses, non-profits, local governments, and elite civic organizations, all help orient firms to particular kinds and levels of social action. We feel that this orientation helps reconnect "organizations and social systems" (Stern & Barley, 1996), a topic that has repeatedly been the subject of calls for more research (Hinings & Greenwood, 2002). Such a view opens up the study of corporate social activities to several alternative perspectives that Margolis and Walsh (2003) advocate.

The tension that Margolis and Walsh (2003) describe in the 127 studies they review, of course, comes from the prevalence of forces against corporate social action. Economic theorists and some social commentators see social engagement as a diversion of business resources from their proper use (Friedman, 1970) whose financial returns are highly doubtful. The daily pressures of business, and simple inertia, militate in favor of pulling back. Corporate social action is thus an ongoing accomplishment: the real question is not why don't businesses do more for their community out of enlightened self-interest, but why would they ever do anything? (See Margolis & Walsh, 2003 for a similar argument.) Yet, the ongoing vibrancy of business-civic

connections in some communities, year after year, begs for an explanation. Based on Scott's (2001) institutional perspective, we have provided some theoretical insights as to why some communities may be more fertile soil for corporate engagement than others.

More generally, our framework may generalize beyond corporate social action, as we have portrayed it. The concept of community isomorphism may apply to other forms of corporate actions, even those that may be unintended, or even socially undesirable. Community pressures that encourage corporate conformity to cultural-cognitive templates and normative guidelines suggests that corporate social action may benefit some aspects of the community to the detriment of others. Non-profit scholars have pointed to potential elite biases and the use of charitable contributions as disproportionately benefiting the local upper class (DiMaggio & Anheier, 1990). For instance, under pressure to contribute to the city arts' programs, corporations with a fixed contribution budget may neglect even more pressing human needs like housing or health care. Locally defined standards of behavior and norms imply that corporate contributions flow to some sectors of the community and not to others. There may be implications for public policy, at the local level, to align corporate social action with needed social concerns; our framework suggests that institutional levers may be a way of enabling such alignment.

Implications for Institutional Theory

Beyond explaining corporate social action, our framework extends the reach of institutional theory. Although institutionalists have acknowledged that organizational practices are contextualized within institutional environments (Scott, 2001), most research has overlooked the geographic community as an influential level of analysis. Institutional theory's neglect of

community-level influences is particularly ironic given its underlying premise that action and choice cannot be understood outside of the cultural and historical frameworks in which organizations are located. While early institutional research showed how organizations were heavily influenced by local sources of power (e.g., Selznick, 1949; Zald, 1970), the move from an underlying logic of cooptation to one of social construction has led neo-institutional theory to focus on geography-independent organizational sectors, or fields. DiMaggio and Powell (1991:13) further suggest “Environments in this view are more subtle in their influence, rather than being co-opted they penetrate the organization, creating lenses through which actors view the world and the very structures of action, and thoughts.” Thus, as institutional theory migrated from a power and political orientation to more of a normative and cognitive one, it also abandoned the study of local influences.

As we described, however, the cultural, normative and regulative logics of institutional theory are quite apt for understanding how communities influence organizations. In this way, we hope to highlight and expand upon the limited number of previous studies which have focused on the importance of communities. For example, Galaskiewicz (1997) described how the local giving patterns of Minneapolis-St. Paul based companies continued to be influenced by network effects despite the retirement of most network members. Furthermore, Saxenian (1994) describes how the lingering characteristics of two technology communities, Boston and Silicon Valley, continue to influence innovation and production within these regions. Thus, as Molotch, et al. (2000) describe, there may be different “city traditions” that are reflected in denser connections between local organizations and community social patterns that are perpetuated through time, indicating a potential mechanism for why community based isomorphism may exist.

Building on this limited number of studies, and the illustrations we offer, we hope to reignite the study of community in institutional theory. Meyer and Rowan (1977) suggest that social connections among actors, like the kind that may be present in a community, create an institutionalized context and is the processes through which rationalized myths arise. Thus, as our theory and illustrations suggest, it is likely that co-location within communities would lead to an isomorphism of corporate social action.

Future Research Directions

Our focus on corporate social change at the community level can serve to reveal how institutional processes operate *within* more immediate organizational fields, a needed perspective in institutional research (Glynn & Abzug, 2002). How convergence occurs at more micro levels and how these aggregate as institutionalized patterns to more macro levels, such as the state, region, or nation-state, offers a needed window on institutionalization across levels of analysis. It is surely surprising that multinational corporations that produce and sell in dozens of nations around the globe evidently continue to reflect the traditions of social engagement of their hometowns. This indicates an eminently researchable topic: How does social action change as firms' scopes expand from local, to national, to global?

Institutional theory may also benefit from a closer scrutiny of corporate social change efforts, which can introduce agency into the process of institutionalization, potentially revealing how social action at the firm level produces and reproduces patterns at the community level. Researchers investigating corporate social performance may take a page from institutionalists' accounts and trace historically one particular aspect of corporate social action, such as volunteerism, arts patronage or civic boosterism, through broad and immediate environments.

Alternatively, institutionalists might focus on the level of community, suggested by our model, and conduct comparative, cross-community studies to detect the relative influences of different institutionalized forces, e.g., cognitive, normative, and regulative. Publicly available, archival data sources such as KLD's Socrates database, the Urban Institute's data on non-profits, census information, and Putnam's "Bowling Alone" and Social Capital Community Benchmark Survey websites (www.bowlingalone.com; http://www.ropercenter.uconn.edu/dataacq/scc_bench.html.) would prove useful in such research endeavors. It would also be illuminating to examine how these externally focused socially actions might correlate with internally-focused social behaviors such as flexible work scheduling or maternity leave.

We have moored our explanation of corporate social activities at the community level of analysis, but future researchers might investigate how the influence of community may be amplified or muted when other levels of analysis are included. For instance, scholars investigating corporate social change might investigate interactive or nested effects of community that embrace more macro or more micro-levels of analysis. We can speculate that factors at the organizational level may interact with those at the community level to produce more or less active and engaged corporate citizens. Perhaps organizations like The Body Shop, Tom's of Maine or Merck, which are routinely lauded for their social responsibility, may be more active social change agents in communities that encourage such ideals, even shaping the particular community norms and beliefs that emerge. Alternatively, the influence of local environments might be increased or tempered by other geographic communities in which they are nested. Institutionalized aspects of cities, regions, nation-states or global arenas may have cognitive, normative, or regulative features that work in concert or conflict with each other.

Such studies would begin to offer a more nuanced view of corporate social action, and, with it, the promise of corporations' impact as agents of change.

Institutional forces may also interact with other sources of heterogeneity across communities. Exploring the institutional dynamics of community influence under different boundary conditions, demarcated by industry, socio-economic or firm-level characteristics, is a promising strategy. The idea that there are size and industry differences in corporate funding patterns is accepted wisdom (Kirchberg, 1995; Useem, 1988) and consistent with institutionalists' notions of variations in organizational fields (DiMaggio & Powell, 1983). Future investigators might try to tease out how community-level institutional effects vary given other socio-economic and demographic differences within local populations.

Finally, we note that the model we advance may have a recursive dimension, such that corporate social action is likely to feed back to affect the institutional character of the community. While the lack of attention to dynamism is frequently noted as a critique of institutional theory (Hirsch, 1997), we suggest that this might represent an enticing direction for future research because, although institutionalists have demonstrated that environmental factors (Oliver, 1991; Scott, 1998) and institutional logics drive action (Scott, Reuf, Mendel & Corona, 2000; Thornton & Ocasio, 1999), they have been negligent in mapping the full cycle of "institutional building, maintenance, and destruction" (Haveman & Rao, 1997: 1607). Barley and Tolbert (1997) observed that corporations are "...suspended in a web of values, norms, rules, beliefs, and taken-for-granted assumptions" but also alert us to the fact that institutional factors "are at least partially of their own making" (Barley & Tolbert, 1997: 93), suggesting the dynamism inherent in institutional processes. One research project suggested by a feedback loop is examining the institutional effects of cities' hosting major sporting or political events. As

noted in the case of Atlanta, there are cognitive and normative influences at the local level that help urban centers host public spectacles like the Olympic Games; it would be interesting to examine the impact of such major events on the cities that stage them. Given that such events tend to be economically lucrative (Barney, Wenn & Martyn, 2002), they likely affect the institutional infrastructure of the community. Future researchers might usefully explore this recursive dimension more explicitly.

CONCLUSION

Focusing on geographic communities as the institutional fields in which patterns of corporate social action take shape promises to open up an important new area of research. Our model highlights the role of the institutional environment on the emergence of social action by corporations, theorizing that isomorphic forces exist within local communities. An institutional lens suggests that there is an interplay between corporations and their communities that focuses, forms, and directs social change efforts. This perspective has the potential to enrich theories on corporate social change and to serve as a counter to economists' arguments against such corporate activism.

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Table 1
The Nature of Corporate Social Action by Community:
Illustrations of Focus and Form for the 7 Major Corporations¹ in Columbus, OH

Company	Focus	Arts/Culture	Civic and Public Benefit	Education	Health and Human Welfare
American Electric Power Company, Inc.			<ul style="list-style-type: none"> • Donates \$100 to organizations where employees volunteer 		
Bob Evans Farms				<ul style="list-style-type: none"> • United Negro College Fund • 4-H, Boy & Girl Scouts, Children's Defense Fund 	<ul style="list-style-type: none"> • Children's Hospitals • In-kind donations to Second Harvest Food Banks
Cardinal Health, Inc.			<ul style="list-style-type: none"> • Grants to support employee volunteer efforts 		<ul style="list-style-type: none"> • Two major grants of \$100,000 each for leaders in children's health care
Huntington Bancshares Limited, Inc. (The)	<ul style="list-style-type: none"> • 20% of FY 2002 donations 		<ul style="list-style-type: none"> • 20% of FY 2002 donations • Targets loans in low-to moderate-income areas. 	<ul style="list-style-type: none"> • 25% of FY 2002 donations 	<ul style="list-style-type: none"> • 35% of FY 2002 donations
Wendy's International			<ul style="list-style-type: none"> • The Children's Defense Fund • Action for Children • Columbus Foundation 	<ul style="list-style-type: none"> • Adoption of classes or schools • "Reads Program" tutoring for kindergarten 	<ul style="list-style-type: none"> • Pediatric AIDS • Ohio Hunger Task Force
Worthington Industries, Inc.			<ul style="list-style-type: none"> • Dave Thomas Foundation for Adoption • Tim Horton Children's Foundation 	<ul style="list-style-type: none"> • Scholarships to students for college 	
			<ul style="list-style-type: none"> • Community Shelter Board for homeless men 	<ul style="list-style-type: none"> • YMCA Future of America award for children's leadership skills 	

¹ All Columbus Headquartered firms that were on the S&P 500 Index or Domini 400 Social Index as of 2000.

Table 2
The Nature of Corporate Social Action by Community:
Illustrations of Focus and Form for the 9 Major Corporations² in Cleveland, OH

Company	Focus	Arts/Culture	Civic and Public Benefit	Education	Health and Human Welfare
American Greetings Corporation				<ul style="list-style-type: none"> • Scholarships 	
Charter One Financial, Inc.			<ul style="list-style-type: none"> • Coalition for Homelessness • Affordable housing 	<ul style="list-style-type: none"> • Renovations of School 	
Eaton Corporation			<ul style="list-style-type: none"> • Award for employee volunteers (since 1933) • Habitat for Humanity • Supports affordable housing 	<ul style="list-style-type: none"> • Science Education, Junior Achievement 	
Key Corp			<ul style="list-style-type: none"> • Paid volunteer time • Enterprise Foundation for affordable housing • Best minority loan provider in N. Ohio 	<ul style="list-style-type: none"> • United Negro College Fund • Scholarship Program 	
National City Corporation	<ul style="list-style-type: none"> • 12% of donations 		<ul style="list-style-type: none"> • Paid volunteer time • Better than peers in low income loans 		
Nordson Corporation			<ul style="list-style-type: none"> • “Talent and Time” volunteer program • Habitat for Humanity 	<ul style="list-style-type: none"> • 43% to education • Teacher development programs 	
Parker-Hannifin Corporation				<ul style="list-style-type: none"> • United Negro College Fund • HBCU engineering focus 	
Progressive Corporation	<ul style="list-style-type: none"> • Maintains substantial contemporary art collection 				<ul style="list-style-type: none"> • Works to reduce cost and trauma of auto accidents
Sherwin-Williams Company			<ul style="list-style-type: none"> • In-kind donations for neighborhood clean-up 		

² All Cleveland headquartered firms that were on the S&P 500 Index or Domini 400 Social Index as of 2000 with the exception of TRW which subsequently became a private company.

Figure
Model of Corporate Social Action at the Community Level

