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Table of Contents

List of Tables	iii
List of Figures	iv
Acknowledgement	v
Abstract	viii
Introduction	1
Chapter 1. Grassroots-Oriented Corporate Philanthropy as Extension of Core Business Activities in China	12
Chapter 2. Nonprofit Status Hierarchies and Grassroots-Firm Collaborations	62
Chapter 3. The Breadth of Corporate Support for the Nonprofit Sector	114
Conclusion	155
References	164
Appendix I: Methodological Notes on Identifying Corporate Donation Trends in China	182
Appendix II: Additional Robustness Checks for Chapter 3	185

List of Tables

Table 1. Changes in Share of Corporate Donations Received by Red Cross Society and Other State-Led Organizations, 2010–2012	30
Table 2. Chinese Coastal Cities Selected for Cross-Regional Study	69
Table 3. Corporate Philanthropy Processes across Three Analytical Levels	72
Table 4. Comparison of Nonprofit Performance Ratings across Three Chinese Cities	90
Table 5. Descriptive and Correlational Table for Analysis in Chapter 3	140
Table 6. Regressions of Number of Large Donors on Institutional Origins, Former State Affiliation, and Environmental Stability	142
Table 7. Regressions of Number of Industries of Large Donors on Institutional Origins, Former State Affiliation, and Environmental Stability	145
Table 8. Regressions of Dependent Variables on Institutional Origins, Former State Affiliations, and State Interventions in Human Resource Management of Nonprofits	148
Table 9. Additional Robustness Checks for Chapter 3	185

List of Figures

Figure 1. Key Organizational Actors in State-Led and Grassroots Nonprofit Sectors	7
Figure 2. Total Value of Corporate Donations Received by State-Led and Grassroots Nonprofits, 2008–2018	24
Figure 3. Grassroots Nonprofits Extending Core Business Activities of Firm Donors	58
Figure 4. Total philanthropic donations in China and philanthropic donations to Chinese charitable foundations, 2007–2018	129
Figure 5. Extraction of Organizational and Board Information from Annual Work Reports of Charitable Foundations	131
Figure 6. Distribution of National Charitable Foundations by Number of Large Donors and Number of Industries of Large Donors	133
Figure 7. Number of Chinese National Charitable Foundations of Different Origins, 2019-2021	138
Figure 8. Provinces and Municipalities Where Local Charitable Regulations Were In Effect	148

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Abstract

This dissertation explores why and how firms partner with grassroots nonprofits—politically disadvantaged charitable foundations, social services organizations, and advocacy groups that are prone to government surveillance, predation, and repression. In the first chapter, I demonstrate that low political status of nonprofits helps turn corporate philanthropic initiatives into core business activities for the interest of corporate donors, in particular market risk mitigation, business networking, and product marketing. In the second chapter, I show that structural characteristics of locality-specific performance ratings—namely, evaluation frequency and ambiguity—condition capacity building and issue versatility of politically disadvantaged nonprofits, which have implications for their attractiveness in the eyes of potential corporate donors. In the third chapter, I document that breadth of corporate support that a nonprofit can possibly garner—which reflects resource mobilization base for social impact—varies according to the organization’s political status. Through an empirical investigation of grassroots nonprofits in contemporary China, on the basis of a mixed-methods design, this dissertation advances a nonprofit-centered political perspective on corporate social responsibility and points to the significance of political contestation and commerciality in firm-society collaborations.

Introduction

This dissertation addresses a crucial yet underexplored puzzle across the fields of organization theory, political sociology, and economic sociology: Why and how do firms collaborate with politically disadvantaged nonprofit organizations, namely the nonprofits prone to government surveillance, predation, and repression? Scholarship on corporate social responsibility has recognized that firms often work with economically and socially disadvantaged groups impacted by ever-deepening inequalities or disasters (Ballesteros and Gagnon 2019; Durand and Huysentruyt 2022; Tilcsik and Marquis 2013). In addition, research in political sociology and social movement has shown that social services organizations and advocacy groups are plagued by political uncertainty, particularly in repressive regimes where activities of nonstate entities are closely monitored and restricted (Lai and Spires 2021; Spires 2011). This dissertation project further extends these two strands of literature by creating a critical linkage between corporate social responsibility initiatives and politically disadvantaged nonprofits. If companies commonly seek to buffer their core businesses from unwanted political interferences (Holburn and Zelner 2010; Mellahi et al. 2016; Zhang, Marquis, and Qiao 2016), when do they collaborate with nonprofits that potentially invite political risk?

I situate this inquiry in the context of authoritarianism where the private sector has emerged and gained momentum. Authoritarian states engage in political decision-making processes without institutionalized negotiation with civil society groups, and these states are able to penetrate civil society and implement their decisions extensively (Mann 1987; Tarrow 2018). The focus of my empirical inquiry excludes those authoritarian states where planned economy has yet to be replaced by market transactions, such as North Korea and Maoist China. Although firms—in this case, state-owned enterprises—may fund or perform tasks pertinent to social

service provision (Walder 1988), they are not independent business actors who make decision by themselves on corporate social initiatives.

Further, I study firm-nonprofit interactions in an authoritarian context where corporate social responsibility initiatives are not solely driven by political patronage and coercion. In authoritarian countries like post-socialist China prior to the 2010s and current Vietnam, state officials often have unparalleled power over allocating land and granting business permits, and their engagement in corruption and bribery as well as extraction of other informal payments from the broader society is not heavily sanctioned (Hoang 2018; Wang 2022). As a result, to secure favorable treatment in policymaking, firms often send corporate social responsibility funds to government agencies and quasi-government groups or financially supported social initiatives led by them. From government officials' perspective, corporate social responsibility also constitutes an opportunity to expropriate firms' resources, sometimes forcefully, in the name of goodwill. If collaborating with the state became the straightforward or even the only option for corporate social responsibility initiatives, nonstate nonprofits—especially the politically disadvantaged ones—would be automatically disregarded by firms.

More specifically, this dissertation narrows its focus on corporate philanthropy in contemporary China, where state appropriation is largely curbed by waves of political recentralization whereas politically disadvantaged nonprofits are experiencing unprecedented growth. Ever since the beginning of the 2010s, the central government of China has launched political campaigns to tighten control of local officials' predatory behaviors, making it difficult for businesses to secure political favors directly via charitable donations. Meanwhile, grassroots nonprofit sector—a collection of bottom-up charitable and advocacy groups that are not formally connected with the government—has grown sharply, potentially becoming a competing recipient

of firms' charitable donations. Do grassroots nonprofits appeal to corporate donors and, if so, how are they able to do so despite the longstanding collaborations between firms and state organizations? In exploring the key decision-making processes that direct corporate donations to nascent grassroots nonprofits vis-à-vis government affiliates, this dissertation sheds new light on the navigation and contestation of social provision among the state, market, and civil society. Below, I first describe the major political and social changes that set the stage for the collaborations between firms and grassroots nonprofits in contemporary China. Afterwards, I provide a roadmap of this dissertation by previewing research questions, key results, and theoretical contributions of each chapter.

Political Recentralization, Civic Growth, and Corporate Philanthropy in China

In contemporary China, incentives for firms to engage in corporate philanthropy was initially structured by dynamics of political decentralization and recentralization. No behavior of the contemporary Chinese state could be isolated from the ramifications of the Tax-Sharing Reform in 1994. Following the end of the Cultural Revolution in 1978, China gradually abandoned the planned economic system and embraced political decentralization in economic sphere. When it came to public finance, local governments began to acquire independent budgeting rights and significant financial autonomy. Prior to the Tax-Sharing Reform in 1994, each provincial government negotiated with the central state, determined a fixed absolute amount of fiscal tax paid to their superior, and kept the rest of the revenue to themselves. For the central government, however, it was a financially challenge to perform many of its core functions, including defense projects and large-scale infrastructure building. Accordingly, the Tax-Sharing Reform was formulated to alleviate the budget deficit of the central government. Thanks to this

new reform, the central government gained access to consumption tax, income tax of national-level state-owned enterprises, tariff, tonnage tax, and tax on buying vehicles. In addition, the central government was able to increase its share in individual income tax, value-added tax, and income tax of local-level state-owned enterprises and private firms. The reform brought unprecedented public wealth to the central state: within the national fiscal revenue, the proportion flowing to local government agencies dropped from 80 percent in 1993 to 45 percent in 1994 (Zhou 2006). The effect of this political innovation was by no means transient, as 47 percent of the total government fiscal revenue went to the central state in 2018 (Central Government of China 2019a).

The 1994 Tax-Sharing Reform transformed the landscape of corporate philanthropy in the 1990s and 2000s, because it altered the political incentives for local state officials vis-à-vis the private sector. As attempts to increase local revenues could be easily thwarted by the new tax sharing scheme, provincial leaders and other lower-level government officials instead turned to private firms as additional sources of funds. To fill gaps in social service delivery, the local state tended to solicit charitable donations from businesses as informal payments and, in return, granted access to bank loans, government grants, investment opportunities, and informal networks of political elites. Such resource exchanges for political patronage were more prevalent when firm executives lacked work experiences in the government (Zhang, Marquis, and Qiao 2016) or alternative means of tackling political uncertainties (Dai, Pan, and Feng 2014).

Yet, starting from the early 2010s, the central government of China has launched multiple political initiatives to recentralize political power and constrain predatory behaviors of their local agents. In particular, it has become difficult for officials from lower levels to impose informal payments in the name of corporate donations, given that the central state and most provincial

governments have specified a limited number of categories of fees that lower-level agencies can ever charge. Officials would also be penalized if they solicited funds that do not fit in the predetermined categories. Moreover, even if lower-level bureaucrats charged firms for informal fees under categories being permitted, such covert expropriation would be curbed once their superiors became aware of it. Increasing top-down political control has not only impacted the management of government fees. In fact, when issuing licenses for business entry, approving infrastructure building projects, and granting tax breaks and subsidies, local officials have been also subject to their superiors' closer scrutiny; likewise, bureaucrats are penalized when they are found to distort public resources for private interest. This has been particularly the case since Xi Jinping, China's current president, took office and initiated large-scale anti-corruption campaigns (Wang 2022).

Therefore, both the 1994 Tax Reform and the subsequent political recentralization have profoundly informed the strategies for corporate philanthropy. While donations directed to the state used to directly bring policy favors to private firms, such clientelistic exchanges have become less prevalent as the interactions among businesses and local bureaucrats are increasingly held accountable by the central government. To be sure, firms are still able to donate to state institutions, such as charitable foundations established by the government. However, outright preferential treatment by state bureaucrats in policymaking is now harder to obtain via sending charitable gifts.

The ongoing detachment of political patronage from corporate philanthropy also coincides with the rapid growth of the grassroots nonprofit sector in China. The once-Leninist state embraced market economy and softened social control in the early 1980s, providing political space for social organizations unaffiliated with the government (Unger and Chan 1995;

White 1993). Among all 816,000 registered nonprofit organizations in 2018, more than 440,000 of them are grassroots organizations (Huang et al. 2019), working in the fields such as HIV/AIDS (Long 2018), environmental sustainability (Sun and Zhao 2008), and education (He 2006). In recent years, grassroots nonprofits have not only addressed the social needs that the state is unable or unwilling to meet, but also devised a variety of advocacy strategies to impact on government policymaking (Dai and Spires 2018). Although potential of grassroots nonprofits to mobilize large-scale social movements is limited by the authoritarian state seeking to perpetrate ruling power, these independent organizations resemble many civic associations in advanced democracies that press for incremental social change (Foley and Edwards 1996; Marquis and Bird 2018).

It is thus particularly puzzling whether and how corporate philanthropic efforts target the rising grassroots nonprofit organizations, alongside the long-existing practice of state-business collaborations in philanthropy. Although the stake of financially contributing to the state's social initiatives may not be as large as before in the eyes of many corporate donors, supporting grassroots nonprofits as a corporate philanthropy strategy cannot be taken for granted. To further the inquiry into corporate social responsibility and, more broadly, social provision in contemporary China, a more comprehensive understanding of the interrelationships among private firms, grassroots nonprofits, and state affiliates is necessary.

Overview of Dissertation Chapters

Before a brief overview of each dissertation chapter, it is important to lay out the key actors from the nonprofit sphere that may receive corporate donations. Figure 1 shows various actors involved in both state-led and grassroots nonprofit sectors. In the former arena, charity

federations and Red Cross organizations are state-established organizations that directly provide social services for populations in need. Moreover, while the primary tasks of many state bureaus and charitable foundations are to navigate the policymaking process and to financially support on-the-ground work of other charitable organizations, respectively, other organizations in these two categories also deliver social services to beneficiaries.

Within the grassroots nonprofit sectors, likewise, social services organizations and a large portion of charitable foundations directly engage in social service delivery. Meanwhile, other grassroots foundations choose to financially support these on-site service delivery initiatives. To be sure, while some grassroots charitable foundations are established by groups of independent citizens, others are founded by business entities. Finally, in the grassroots nonprofit sector there are independent advocacy groups that propose social and political changes as well as unaffiliated religious groups that operate in line with common religious beliefs. Some other advocacy groups also deliver social services to communities or individuals in need, in addition to their advocacy work.

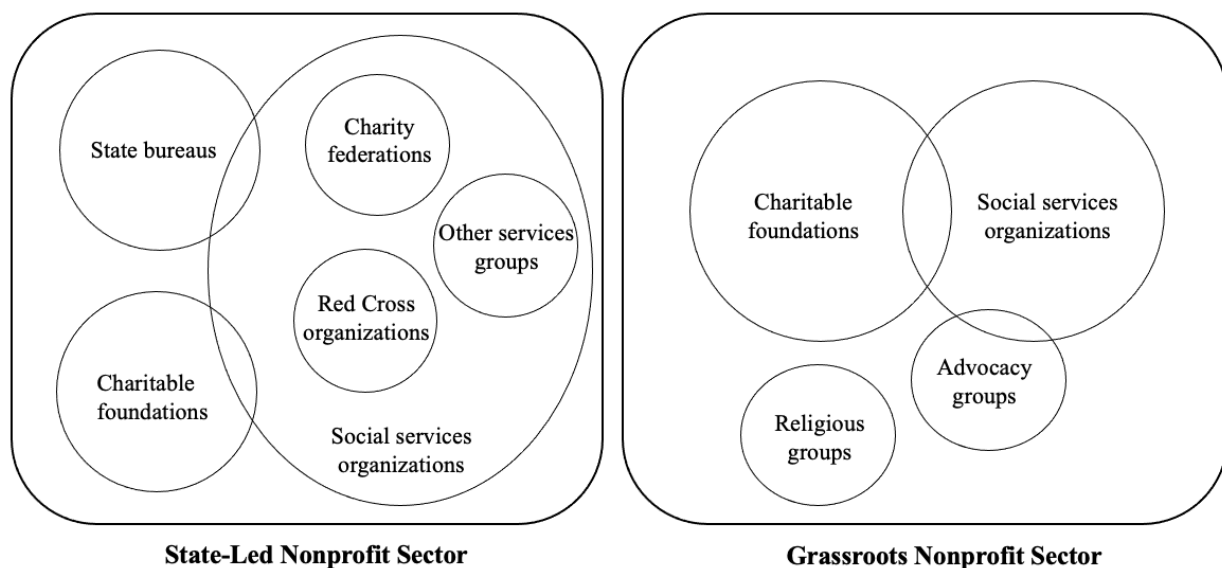


Figure 1. Key Organizational Actors in State-Led and Grassroots Nonprofit Sectors

In the first chapter, I demonstrate that low political status of grassroots nonprofits facilitates corporate philanthropy by extending firms' core business activities to social initiatives. Unlike state bureaus and the organizations that they directly control, grassroots nonprofits generally lack access to coercive means and fail to legitimize work as a political necessity. Yet precisely because of these political vulnerabilities, grassroots nonprofits often meet corporate donors' requests to secure control of donation allocation and leverage such control to buffer against market volatility. In addition, due to their political disadvantages, grassroots nonprofits also become politically expedient vehicles for firms seeking to turn philanthropic events into cost-saving opportunities of business networking and product marketing. These two inter-organizational processes are nevertheless unfamiliar to state-led nonprofits, which use advantageous political resources to defend against penetration of firms' commercialization attempts. Consequently, for collaborations between firms and grassroots nonprofits, the distinction between social initiatives and core business activities becomes blurred: rather than opting for corporate philanthropy in the hope that these endeavors help firms obtain political favors and foster political connections, as research on firm-society relations in politically repressive environments often suggests, corporate leaders in China readily collaborate with grassroots nonprofits for a critical yet still underexplored benefit: a financially viable opportunity to combine business and social activities in a manageable fashion.

This chapter challenges and extends the understanding of market-society relations in the sociology and management literature. While prior nonmarket strategy research has established that corporate philanthropic donations in emerging markets and authoritarian states are predominantly received by the government and its affiliates, this chapter documents how the *lack of* advantageous political resources can be favorably viewed by firms seeking partners in social

endeavors. In addition, through showing how business and social organizations fight for control in corporate philanthropy, this study extends the research on hybridity to the inter-organizational level. Empirical findings from this paper come from 69 interviews, 20 months of participant observation, and extensive archival sources from three major cities of China, where I studied how and why corporate outreach of otherwise similar nonprofits diverged because of different political statuses.

In the second chapter, I examine why the grassroots-oriented corporate philanthropy prevails in some localities of China but not others. Although the first chapter indicates that firms tend to approach grassroots nonprofits for business purposes, such preferences do not necessarily guarantee that *all* grassroots nonprofits would win corporate support. This paper argues that the prevalence of collaborations between firms and grassroots nonprofits in corporate philanthropy is conditioned by structural configurations of local nonprofit status hierarchies, usually in the form of performance ratings. In regions where frequent exposure to performance ratings systems induces intense inter-organizational competition for higher standings, grassroots nonprofits are more likely to invest in improvement of technological and organizational capabilities that in turn provided means for firms to implement philanthropic programs on the ground. Additionally, when local performance contests were characterized by ambiguous criteria, grassroots nonprofits tend to develop slack for social issues other than those falling in their core expertise, so that they are not penalized by ever-changing referee preferences. This slack is also rewarded with corporate donations, as focus of donating firms often shifts to accommodate new social issues too because of evolving business needs. Therefore, instead of pointing to the influences of social positions within a status hierarchy on organizations, this study explores the structural variation

across status hierarchies and its implications for organizational performance (Sauder, Lynn, and Podolny 2012).

This chapter makes contributions to corporate social responsibility literature as well as the research on status and status competition. By demonstrating that locality-specific competition among nonprofits underlies their capacity building and issue versatility and conditions their attractiveness to potential corporate donors, this chapter is among the first to address how firms' resources directed towards corporate social responsibility varies across fields of nonprofit organizations. Besides, this chapter also offers a rare account of how frequency and ambiguity of evaluation—two structural features of a ratings system—may have implications for individual organizations and their relations with stakeholders. In addition to the extensive qualitative data used for the first chapter, interviews with referees for performance ratings across the three major Chinese cities were also drawn upon.

For the third chapter, I shift the focus from firm-nonprofit pairs to another critical yet underexplored analytical dimension of corporate philanthropy: the breadth of corporate support that one nonprofit organization can possibly garner. With regard to corporate philanthropy for social objectives, nonprofits and corporate donors are embedded in a field-wide network: while some nonprofits primarily work with one major corporate funder, others are able to secure wide support from a diversity of firms. On the basis of the theory of the state in political sociology, I hypothesize that nonprofits established by the state will enjoy advantage in securing a broader range of corporate funders, as the state is the predominant rule-maker in the society that governs the allocation of social and political resources that firms seek through corporate philanthropy. On the contrary, because companies generally lack incentives to launch wide changes in the socio-political environment beyond their own, firm-established nonprofits will fall short when it comes

to attracting a broad corporate support. Finally, I propose that the disadvantage for firm-established nonprofits will be further conditioned by the presence of former government officials on board and the level of certainties in local institutional and legislative environments.

Therefore, as the first dissertation chapter indicates that grassroots nonprofits are subject to commercialization, this study points to another limit of the rising grassroots-oriented corporate philanthropy in China: difficulty in connecting with a diversity of corporate actors.

To test these hypotheses, I relied on a unique database that covers all large donors to 211 Chinese charitable foundations registered at the national level from 2019 to 2021. Aided by web scrapping algorithms, I was able to obtain information about all large corporate donors to these foundations, from foundation annual work reports. Theoretically, findings from this chapter informs a breadth-centered perspective on firm-nonprofit relations as well as nonmarket strategy broadly defined.

More generally, this dissertation proposes a political contestation theory of firm-society collaboration, an inter-organizational framework of commerciality, and an organizational ecology of social provision. First, my findings demonstrate how inter-organizational conflicts and compromises shape firm-nonprofit partnerships for social initiatives. Second, drawing on cases of corporate philanthropic projects, the dissertation highlights two mechanisms—political vulnerability and capacity building—which influence the degree of commerciality in social initiatives. Third, the current dissertation advances a demand-side theory of corporate social responsibility by showing that incentives and avenues for firms to pursue social goods may differ according to the types of nonprofits organizations that they cooperate with.

Chapter 1. Grassroots-Oriented Corporate Philanthropy as Extension of Core Business Activities in China

In the repressive states where fast-paced economic growth in future is anticipated but the rule of law is still contested, success of economic actors is largely dependent on their proximity to the government (Hoang 2018; Marquis and Raynard 2015). Connections with state officials first help mitigate risks that are associated with government expropriation. When state agencies engage in rent-seeking activities due to lack of property rights, private enterprises deter these political actors by securing positions in state bureaucracies and leveraging institutionalized power brought about by formal institutions (Hou 2019). Additionally, since government institutions in this context can issue permit for firm entry, grant access to infrastructure, and formulate favorable tax policies, cultivating durable relationships with the government becomes an imminent task for the private sector seeking key business resources (Dieleman and Boddewyn 2012; Evans 1995; Mironov and Zhuravskaya 2016; Nee and Oppen 2012; Shi, Markóczy, and Stan 2014). Given that both political uncertainties and private demand for resources is likely to persist as market development proceeds, private enterprises from emerging economies increasingly rely on the relationships with the state to improve performance, in contrast to their counterparts in more developed economies (Haveman et al. 2017; Peng and Luo 2000; Wu et al. 2012).

To strengthen political ties, firms in a politically repressive context often participate in philanthropic initiatives established by state agencies and state-controlled nonprofit organizations¹ (Lu 2017; Zheng, Ni, and Crilly 2019). In particular, firms' charitable donations

¹ Throughout this article, government-led, state-led, government-controlled, and state-controlled nonprofit organizations all refer to those directly established and supervised by the Chinese state.

to government-led welfare initiatives serve as informal payments for seats in local legislatures and other political institutions, and such office holding facilitates building of trust between business actors and the government and prevents bureaucrats from further expropriation (Ma and Parish 2006). In other cases, the government and its affiliates call on private enterprises to provide monetary resources for state-led social welfare projects such as entrenched poverty alleviation, educational equity promotion, and natural disaster relief (He 2006; Teets 2009; Zhang and Luo 2013). In return, the firms are able to gain political recognition and access to critical business resources controlled by the state (Marquis and Qian 2014).

Largely missing, though, is the focus on corporate donations directed to grassroots nonprofits—bottom-up charitable foundations, social services organizations, and advocacy groups that are not spin-offs of any government agency. At first glance, such grassroots-oriented corporate philanthropy seems improbable in a repressive regime. On the supply side, allocating resources to grassroots nonprofit organizations may not only dilute firms' efforts to cement political ties but expose firms to reputational damage, as collaborations with government-led nonprofits may be seen as more legitimate by stakeholders (Ni and Zhan 2017). On the demand side, because grassroots nonprofits are politically disadvantaged organizations prone to the repressive government's surveillance and interferences, regardless of the social initiatives being pursued, their fundraising targeted at firms can be regularly disrupted (Spires 2011). Yet, even within the authoritarian countries where the ruling state imposes lasting social control, grassroots nonprofits often constitute a major organizational force that addresses neglected social needs, together with business actors (Dai and Spires 2018; Fan 2004; Howell 2012; Kim 2004). The insufficient attention to interactions between firms and the grassroots nonprofit organizations is understandable, as the presence of both sets of actors can be overshadowed by a powerful

government (Kang and Han 2005;). But it is exactly this gap that makes it necessary to explore how an alternative form of corporate philanthropy arises in an apparently unfavorable setting.

More broadly, even beyond politically repressive contexts, why and how private firms support politically disadvantaged nonprofit organizations has also been an under-examined puzzle. Existing literature indicates that firms partner with nonprofits that boast advantageous political resources, such as connections with key government officials in charge of making business policies (Schuler, Rehbein, and Cramer 2002) or broad support from peer advocacy groups working for common social issues (Odziemkowska 2022). Working with these politically advantaged nonprofits helps firms obtain approval from the government and show commitment to causes advocated by social movements, yet grassroots nonprofits may fall short in these respects because of limited interactions with state officials and curtailed potential to cooperate with peer social groups extensively or mobilize social movements openly under repressive regimes. Thus, the relationship between firms and grassroots nonprofits raises questions beyond securing political recognition and attenuating activism.

I examine how the engagement with grassroots nonprofits creates a unique opportunity for firms in politically repressive environments: extension of core business activities. Because of their dual political disadvantage—lack of access to coercive political means as well as failure to legitimize organizational practices as a political necessity—grassroots organizations easily become targets of corporate actors seeking to restructure allocation of corporate gifts to unload financial burdens from the market. Furthermore, political disadvantage of grassroots organizations is also readily converted into adaptability of their work agendas, when donating firms exercise considerable control over corporate philanthropic initiatives and turn grassroots nonprofits' activities into financially viable options for networking with business partners and

marketing of commercial products. I term these two processes “resource reconfiguration” and “agenda co-optation.” While state-led nonprofits tend to impede firms’ effort to inject core business interests into corporate philanthropic programs, I show that grassroots organizations yield to corporate donors working to align charitable gifts with needs of core business strategy.

I probe the grassroots-oriented corporate philanthropy in China, where more than 40 percent of the total corporate donation amount has been secured by grassroots nonprofits recently (China Charity Information Center 2019). On the basis of an identification of national donation trends using an original philanthropic activity report dataset, I conducted a multi-regional study and drew upon 69 semi-structured interviews, 20 months of participant observation, and extensive archival documents. In three major cities being studied, I identified pairs of comparable state-controlled and grassroots nonprofits, traced corporate gifts back to donating companies, and shed light on how corporate philanthropy-related activities unfolded in various interconnected microsettings where social, business, and political actors are situated.

Below, I begin by reviewing literature on corporate philanthropy in politically repressive contexts and interrelationships between social and business activities and identifying the gap that is addressed by my study of grassroots-oriented corporate philanthropy. Next, I elaborate on the research setting, case selection, and strategies for data collection for this study, followed by a discussion on how broad trends of social sector internationalization and formalization might be associated with the grassroots-oriented corporate philanthropy in China. Afterwards, I draw on specific cases of flows of corporate donations to specify the processes through which political disadvantage of grassroots nonprofits under authoritarianism enables firms to reconfigure resources and co-opt agendas for corporate philanthropy and combine social initiatives with core business activities. I conclude this chapter by exploring the broader implications of an analytical

framework centered on political standings of nonprofit organizations and inter-organizational dynamics of business-society relations.

Corporate Philanthropy, Politically Vulnerable Nonprofits, and Core Business Interests

Politically Disadvantaged Nonprofits in Corporate Philanthropy

As alternatives to social provision arranged by the government, the nonprofit sector mobilizes resources from the broader society to foster civic actions in response to social challenges (Clemens 2020; Dutta 2017). Corporate philanthropy lies in the interface between the market and the nonprofit sector, when for-profit firms make cash or in-kind contributions to charitable groups to demonstrate goodwill and seek broader impacts beyond the corporate world (Galaskiewicz 1985; McDonnell, King, and Soule 2015; Mellahi et al. 2016). Ideas, norms, and templates of corporate philanthropy may be transferred from one context to another, but it is established structures, relationships, and routines specific to one institutional environment that determine how local donation practices are actually implemented (Guthrie and McQuarrie 2008, Luo, Chen, and Chen 2021). In repressive regimes more specifically, studies have shown that participation in corporate philanthropy results from corporate actors' needs to grapple with political constraints and manage social reputation.

Research on political constraints emphasizes how the state in repressive settings solicits philanthropic donations from firms through exploitation and clientelistic exchanges. First, when the state in these contexts encounters fiscal difficulties or gaps in social welfare provision, it often uses coercive or quasi-coercive measures to impel companies to financially support government agencies and state-controlled nonprofit organizations (Zhang, Marquis, and Qiao 2016). In this case, corporate philanthropic donations are often made under the banner of goodwill, but they are in fact initiated to pacify the ruling institution and improve long-term

survival of businesses (Blecher and Shue 1996; Hoang 2018; Lu 2017). Corporate actors may secure positions in local legislatures and other formal political institutions to deter the government from further expropriation, but, in the first place, such political appointments are usually the rewards for prior corporate donations to the state offices (Hou 2019; Ma and Parish 2006). Second, evolution of market orders does not necessarily coincide with disintegration of existing political institutions favoring clientelistic exchanges (Walder, Isaacson, and Lu 2015). As many states in repressive states still issue permits for business entry, grant access to infrastructure, and allocate key business resources even after waves of market reform, firms are attuned to cultivating political connections and earning favors from government officials in exchange for property rights, market opportunities, and economic profit (Evans 1995; Nee and Oppen 2012; Peng and Luo 2000). In the digital era, moreover, because the government becomes the collector of large-scale administrative and scientific data, information technology firms—such as those working on artificial intelligence and machine learning—exploit their political ties to increase critical data input and promote product innovation (Beraja, Yang, and Yuchtman 2022). Within these settings characterized by such strong government influence, one way for firms to build political connections and mobilize key resources is once again to make charitable contributions to state-led entities (Ni and Zhan 2017; Puffer, McCarthy, and Peng 2013).

Corporate philanthropy in repressive states has also informed a reputation management perspective, which highlights the role of legitimacy seeking in firms' pursuit of social objectives. In general, companies as strategic actors are intent on maintaining social positions and preserving public images (Fligstein 2001; Ingram, Yue, and Rao 2010; McDonnell and King 2013), and their impression management is characterized by two major tactics: pacifying social activism and synchronizing with major events. First, when firms are targeted by consumer

boycotts or other types of social movements, they often adopt socially responsible practices, including philanthropic initiatives, to dilute negative public attention attracted by the activism (Briscoe and Safford 2008; Vasi and King 2019). In this regard, firm responsiveness to movements' challenges hinges on disruptiveness of protest repertoires (Walker, Martin, and McCarthy 2008). Within repressive countries, as rapid economic growth is often accompanied by rising social inequalities, protests emerge when some social groups are disproportionately exposed to risks associated with firm actions and market logics (Lei 2021; Yue, Wang, and Yang 2019). Yet, when preserving public image by addressing grievance of these social groups, firms are also vulnerable to pressure from public officials that seek to blame business actors for government incompetence (Marquis and Bird 2018). Second, firms are urged to engage in philanthropy and unlock additional reputational gains, if local communities as recipients of the donations are experiencing natural disasters or mega-events such as the Olympics and national political conventions (Tilcsik and Marquis 2013). During these major events, the media spotlight needs of the focal communities being affected, and local civic groups solicit event-related contributions actively due to heightened community solidarity (Dutta 2017; Glynn 2008; Guthrie 2010). When the state in repressive contexts suppresses offline coordination of civic efforts, firms can be urged by online communities to respond to catastrophic disasters such as major earthquakes (Luo, Zhang, and Marquis 2016; Teets 2009).

Despite abundant research documenting how corporate actors in repressive states interact with key external stakeholders via pursuing corporate philanthropy, much less attention has been paid to the involvement of the grassroots nonprofit sector with no formal affiliations or informal personal ties with the government—another central pillar of the contemporary society (Salamon and Anheier 1997). Focusing predominantly on business-state ties, political constraint scholars

have yet to address why firms donate to grassroots nonprofits in spite of the coercive pressure from the state and the lure of clientelism. Reputation management scholars do manage to show how corporate philanthropy is embedded in firms' connection with the broader society beyond government institutions, yet research in this vein has predominantly focused on the role of societal influences in determining amount of corporate donations being initiated (e.g., Luo, Chen, and Chen 2021; Tilcsik and Marquis 2013). In other words, political orientation of corporate philanthropy—or under what circumstances corporate donations are flowing to nonprofits originating from the independent civil society rather than organizations led by the government—still remains to be studied.

When zooming out from the repressive contexts, scholars of market-society relations have suggested that nonprofit organizations are also likely to be approached by corporate donors when such collaborations strengthen firms' control of their corporate social initiatives. In response to resource scarcity, nonprofit organizations often adopt donor preferences by allowing donors to attach strings to their contributions (Barman 2008). Similarly, business actors may financially support programs of nonprofits, only to transform these organizations into “resource-chasing machines” dependent on corporate funds and corporate agendas (Baur and Schmitz 2012; Lai and Spire 2021: 74; Yu and Chen 2018). Therefore, one critical task is to understand whether and how political disadvantage of grassroots nonprofit organizations can be converted into susceptibility to donors' preferences pertinent to business interests. Research on entanglement of commercial and social endeavors helps unpack the preferences of corporate donors, suggesting that firms' control over their corporate philanthropic initiative can originate from concerns about core business activities.

Core Business Activities and Firm Control of Corporate Philanthropy

How business and social activities of firms are interrelated has been a perennial puzzle for management research. Social initiatives intended to promote social welfare and business activities revolving around profit maximization often coexist within one organization, if not a firm. From an intra-organizational perspective, this tension between social and business activities can be resolved by individual commitment, group meaning-making processes, and a flexibility-oriented approach to hybridity. To balance commercial activities with responsibilities to address growing social inequalities, for instance, commercial microfinance startups either recruit professionals who are already familiar with social work or the loan business, or foster socialization and a sense of community in employee training sessions after hiring individuals with no immersion in either field (Battilana and Dorado 2010). When maternal care organizations plan to commercialize their services in support of intimate relations yet still market themselves as safe havens for women, frontline healthcare workers can use this benevolence-oriented discourse to justify their objections to the business practices, creating difficulties for the juxtaposition of contrasting missions (Turco 2012). Finally, to maintain efforts to legitimize and implement dual goals, social enterprises count on leaders' openness to new organizational forms as well as formal structures amenable to combinations of different work practices (Smith and Besharov 2017; Soderstrom and Weber 2020). If a social enterprise originally comes from a commercial background, it may also incorporate more social welfare-oriented practices to satisfy external constituents at an unfamiliar field (Pache and Santos 2013).

The pursuit of social good and the reproduction of market logics are not merely intertwined within the boundaries of a single organization: they often intersect at the field level or higher. Apart from market exchange leveraging price mechanism and hierarchical order

governed by authority, private firms across industries are increasingly organized around a community form where self-interest concedes to mutual trust based on the predictability of each other's behavior and "goodwill 'give-and-take'" that accrues benefits to all partners involved (Adler 2001; Dore 1983: 459). Yet, advancement of free-market systems and commercialization of the social world seem unstoppable: even monetary evaluation of once-sacred objects, such as human life, was made possible in the late 19th century by life insurance companies which highlighted the religious nature of their products and linked the marketing of death with the continuation of economic responsibility for the family (Zelizer 1978). Furthermore, as recent growth of the capitalist economy has been driven by financialization to a large extent (Goldstein 2018; Krippner 2005), some novel solutions to social and environmental sustainability—including socially responsible investing—would not emerge if financial institutions of a country did not foster a regulatory environment in favor of liquidity and borrowing (Yan, Almandoz, and Ferraro 2019).

Existing research on tension and reconciliation of social and business endeavors has an implication for corporate philanthropy at the inter-organizational level: firms' effort to advance business activities can exist within seemingly benevolent business-nonprofit collaborations as well. When channeling corporate aids to final beneficiaries, firms have to determine whether control over donation allocation is primarily assumed by themselves or delegated to nonprofits with expertise and capabilities related to delivery of social goods (Ballesteros and Gatignon 2019; Kaul and Luo 2018). Additionally, in constructing concrete agendas for social provision, firms need to specify what the objective is and how the aids are to be used for the benefits of final beneficiaries (Galaskiewicz 1985). In spite of a growing literature that documents these processes of resource allocation and agenda setting and highlights corporate effort to gear them

towards firm interests and market operations (e.g., Howell 2012; Lai and Spires 2021), it is unclear within *what kinds* of corporate philanthropic initiatives donating firms' core business activities are more pronounced.

To account for such varying embeddedness of firms' core business activities in business-nonprofit collaborations, this study centers on the role of political disadvantage. Lack of political connections not only conditions performance of a nonstate organization, but also molds the power dynamics between itself and other nonstate actors (Zhao 2001; Zheng, Ni and Crilly 2019). I study such spillover of political disadvantage and document how political disadvantage of nonprofit organizations leads to penetration of three common core business activities of their business donors—mitigation of market risks, networking with business partners, and product marketing targeted at consumers—into corporate philanthropic initiatives.

Method

China as the Key Research Setting

I focused on givers, recipients, and their engagement in corporate philanthropic initiatives of China, where firms have been increasingly giving to nonprofit organizations with no formal connections with the government. Corporate charitable donations have played a significant role in China's social good provision since May 2008, when an unprecedentedly catastrophic earthquake struck Wenchuan in Southwest China and left a death toll of more than 80,000. In response to the disastrous impacts of this major earthquake on local communities, Chinese firms readily joined in coordinated efforts to provide blankets, canned food, and monetary relief (Teets 2009). These corporate actors did not choose to engage in this philanthropic initiative in a vacuum. In the mid-2000s, the Chinese government streamlined domestic charitable foundations'

donating and fundraising practices, which logistically facilitated corporate giving (Ni and Zhan 2018). In addition, targeted by the rising internet activism that demanded disaster relief efforts from the business sector, firms donated to defend their public images following the 2008 Earthquake (Luo, Zhang, and Marquis 2016). Despite being triggered by a natural disaster, corporate philanthropic practices have been increasingly institutionalized, partly due to the efforts of business elites who acquire knowledge of successful corporate-nonprofit overseas and then transfer them to Chinese firms (Luo, Chen, and Chen 2021). In 2018, the amount of corporate donations in China exceeded RMB 100 billion, or 15.2 billion in US dollars, which was a roughly 400 percent increase from the total donation amount in 2007 (China Charity Information Center 2019).

With regard to where corporate donations flow, government-controlled nonprofits used to be the sole collaborators in firm's philanthropic activities. Returning to the Wenchuan Earthquake in 2008, State-established Red Cross organizations, charity federations, and charitable foundations played a pivotal role in mobilizing corporate resources: they distributed in-kind contributions of firms to populations in most need, used corporate monetary resources to build up temporary emergency shelters in a timely fashion, and formulated long-term recovery plans together with donors and local government officials. On the other hand, bottom-up nonprofit groups with no formal connections with the authoritarian regime were largely bypassed by the corporate donors: their post-disaster resource mobilization capacities were being thrown into question, and, in many cases, even their existence had not been extensively recognized.

However, together with the growth of both corporate philanthropy and the grassroots nonprofit sector, donating to grassroots nonprofit organizations has emerged as a captivating alternative for corporate donors. My analysis of official donation trend reports prepared by the

China Charity Information Center affiliated with the Ministry of Civil Affairs suggests that, within China’s total corporate giving, the percentage of donation amount received by government-controlled nonprofit organizations has decreased from 90.8 percent in 2008 to only 59.3 percent in 2018; meanwhile, the proportion of donations directed to the grassroots nonprofit organizations had sharply arisen from 9.2 percent to 40.7 percent in the same period and continued to soar thereafter. This 31.5-percent growth was by no means trivial in absolute amount: in 2018 US dollars, it was an increase from roughly \$1.2 billion in 2008 to \$6.2 billion in 2018. Figure 2 tracks the change in the total amount of corporate donations as well as in the share of contributions received by government-controlled and grassroots nonprofit groups, respectively. Appendix I of this dissertation presents further details about the data sources for documenting these donation trends.

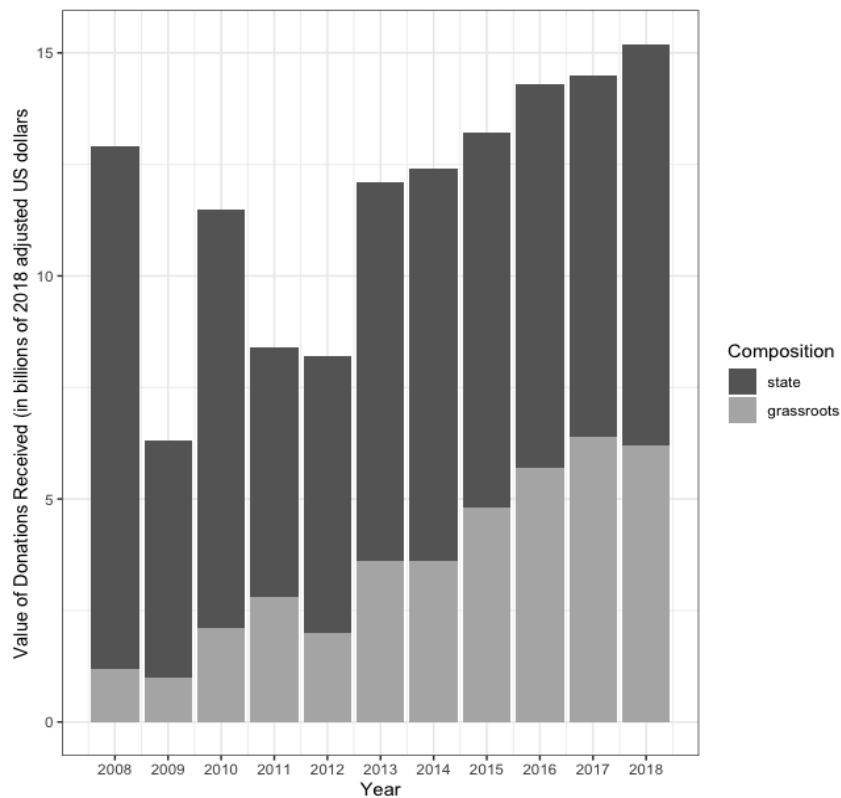


Figure 2. Total Value of Corporate Donations Received by State-Led and Grassroots Nonprofits, 2008–2018

Note: the calculation relies on the China Philanthropic Donations Report, the Research Infrastructure of Chinese Foundations (RICF), and annual work reports submitted by registered charitable foundations.

Case Selection and Data

To gain an on-the-ground understanding of how grassroots nonprofits and corporate donors interact with one another, I developed a multi-site, comparative approach for case selection and pinpointed processes that lead to key decision making in corporate philanthropic initiatives. I focused on the flows of firms' gifts to Shanghai, Hangzhou, and Beijing—three major Chinese cities which altogether attracted approximately 40 percent of the total corporate donation amount nationwide.² The “universalizing” comparative strategy was adopted so that I could zoom in on common processes resulting in the success or failure of firm-grassroots collaborations across different geographic areas (Tilly 1984).

Next, within each of these three cities, I began with charitable foundations and other social services nonprofits and traced the corporate donations back to companies. I referred to the Research Infrastructure of Chinese Foundations (Ma et al. 2017), a comprehensive dataset on programs and financial performance of registered charitable foundations in China, and assembled a list of pairs of grassroots and state-controlled foundations that were comparable in terms of founding year, field of work, and amount of capital used to finalize the registration. I then made contact with these foundations in the three cities and explored their relationships with corporate funders, state officials, and nonprofit peers. As donation-related activities evolved in the organizations being studied, I reached out to additional foundations until I had a comprehensive,

² To approximate the share of amount of corporate donations received by government agencies and nonprofit organizations in Shanghai, Hangzhou, and Beijing, I used locality-specific charitable foundation donation data available at the Research Infrastructure of Chinese Foundations. See Appendix I of this dissertation for more information about the data source.

up-to-date understanding of the situation at hand (Small 2009). To complement the study of charitable foundations, I also gathered information about other social services organizations via the Chinese Social Organizational Credit Information Platform,³ a repository maintained by the Ministry of Civil Affairs, which collects organizational information of all registered nonprofits in China.

The investigation of corporate-grassroots ties relies on evidence of various kinds. I first drew on semi-structured interviews of corporate managers, nonprofit leaders, and state officials as well as ethnographic observation of firm and nonprofit practices relevant to corporate giving. In addition, assorted organizational and official documents were examined not only to triangulate sources of information, but complement other sources for a more contextualized understanding of the collaborations between firms and the social sector (Brewer and Hunter 1989). Data collection also followed the extended place method (Duneier 1999), which urges researchers to explore how events, behaviors, and interactions at one physical place are connected with those from surrounding and interrelated spaces. Accordingly, as is shown below, I did not merely shed light on face-to-face communication between nonprofit workers and company employees, but attended to the microsettings where corporate social initiatives were planned, executed, monitored, and described by actors across political, business, and social domains.

Data collection for this study lasted for 20 months and took place in Shanghai, Hangzhou, and Beijing between 2018 and 2021. I primarily studied corporate donations being received by grassroots nonprofits in Shanghai between 2018 and 2019, and the research was subsequently extended to grassroots nonprofits in Hangzhou and Beijing between 2020 and 2021. In line with the extended place method, my interviews focused on how respondents recollected their

³ See: <https://xxgs.chinanpo.mca.gov.cn/gsxt/newList>

experience in various microsettings that were related to a given donation case. For instance, as a public relations manager of a firm described a conversation with the leader of a local grassroots foundation during a fundraising initiative, this exact activity could also be noted by an official at a street-level state bureau who regularly checked on day-to-day work of this grassroots foundation. In sum, I conducted 37 interviews with diverse stakeholders of corporate philanthropy including employees at government-controlled charities, leaders of grassroots nonprofits, and state officials at the city and street levels. These respondents were encouraged to elaborate how a corporate-nonprofit partnership fitted in pre-existing arrangements of corporate philanthropy and how changes in regulations and rules and other critical events prompted donors and recipients to take on a new approach to corporate philanthropy. Meanwhile, I also interviewed 32 firm executives and managers in charge of corporate social responsibility and obtained data on how firms viewed potential nonprofit partners of different political statuses. During these interviews, the corporate respondents were asked about the concrete rationales that informed their selection of corporate donation recipients and determination of agendas and amount of resource for the social initiatives. The interviews typically lasted one to two hours. Background information was also collected at the beginning of each interview, when the respondents described their role in corporate philanthropic practices and prior experiences pertinent to the current position.

Participant observation and archival sources were used to supplement interview data. During the 20-month data collection process I participated in 40 key activities of state-led and grassroots nonprofit groups, including but not limited to their service delivery and advocacy activities, performance review sessions, and internal meetings. Moreover, I attended 63 philanthropic events held by nonprofits and their corporate donors, such as donation ceremonies,

community-level roadshows, collaborative workshops, and other fundraising activities. I conducted participant observation to the extent that the last events I attended provided little new or surprising information (Small 2009). The data show how one particular nonprofit-firm collaboration was experienced, witnessed, and discussed by individuals from different settings and places. Finally, more than 1,000 paper and electronic archival documents from the organizations involved—such as annual reports, performance evaluation sheets, media coverage, meeting minutes—were also used to obtain details on corporate and nonprofit strategies.

Pinpointing the Grassroots-Oriented Philanthropy in China

Before an in-depth investigation of the relationship between political vulnerability of grassroots nonprofits and extension of corporate donors' core business activities, it is important to first situate grassroots-oriented corporate donations in the context of salient political and social events, such as major government scandals and legal changes. Specifically, the 2011 Red Cross Society Scandal as well as other incidents of government misuse of donations may have turned Chinese business firms from away from giving to state-affiliated nonprofits. In addition, both the New Charity Law enacted in 2016 and the Law on the Administration of Activities of Overseas Non-Governmental Organizations promulgated in 2017 appeared to increase the grassroots nonprofit sector's ability and incentive to reach out to potential business sponsors. Nevertheless, these momentums themselves might not necessarily lead to significant corporate funds targeted at rising grassroots nonprofits.

Political Scandals and Evolution of State-Business Ties

As a national humanitarian organization directly supervised by the Communist Party, the Red Cross Society of China came under public scrutiny in June 2011 when Meimei Guo, a 20-

year-old who claimed to be the general manager of a company called Red Cross Commerce, was boasting her luxurious lifestyle through online platforms. This led to extensive public speculation that massive corporate and individual donations sent to the Red Cross Society were instead diverted to the personal benefits of the Red Cross senior officials via Guo's firm. Although the Red Cross Society denied any connection with Guo or her company, continuous media coverage of inside stories and public disputes over this incident flooded the Internet. Eventually, the Red Cross Society of China was plunged into an unprecedented, widespread accountability crisis.⁴ According to the management literature, legitimacy damage of an organization may have spillover effect on peers that are deemed similar (Jonsson, Greve, and Fujiwara-Greve 2009; Yu, Sengul, and Lester 2008), and incidents of malfeasance of one particular government agency are likely to erode the credibility of the state as a whole (Huang 2017; Jiang and Yang 2016). Therefore, one may anticipate that corporate donations of less value would be sent to many state-led organizations following the notorious misconduct of a few government officials or agencies. Following this logic, firms might be expected to contribute more to nonprofits unaffiliated to the state, which were less exposed to this particular legitimacy crisis.

Yet, the theory of the spillover of legitimacy loss is inconsistent with the national donation data. Although within total corporate donations the percentage of gifts targeted at the Red Cross Society organizations did drop from 6.5 percent in 2010 to 3.4 percent in 2011 and only 2.7 percent in 2012, the proportion of gifts received by government agencies other than the Red Cross Society surprisingly increased from 52.7 percent in 2010 to 63.7 percent in 2011 and 72.8 percent in 2012. Shown in Table 1, these donation trends imply that the public disillusionment with the Red Cross Society did not immediately escalate into a widespread

⁴ "An Online Scandal Underscores Chinese Distrust of State Charities." *New York Times*, July 3, 2011.

mistrust of the entire Chinese government; instead, more corporate funds flowed to other government organizations when the Red Cross Society was under legitimacy crisis. It is true that misappropriation incidents like this might alter firms' donation choices, but it has been unclear whether firms became reluctant to engage with the state-led nonprofit sector as a whole and how corporate-grassroots collaborations picked up momentum.

Table 1. Changes in Share of Corporate Donations Received by Red Cross Society and Other State-Led Organizations, 2010–2012

Donation Recipients	2010	2011	2012
Red Cross Society (%)	6.52%	3.39%	2.68%
Non-Red Cross State Organizations (%)	52.65%	63.72%	72.76%

Note: This calculation relies on the data available in the China Philanthropic Donation Report prepared by the China Charity Information Center.

Legal Changes and Grassroots Organizations' Fundraising Needs

Another contributing factor to the changing firm-nonprofit relationships in China is the recent implementation of the New Charity Law. Promulgated nationwide in 2016, the New Charity Law is meant to formalize operation of the social sector and facilitate making of philanthropic donations. This law has established a novel organizational category termed “charitable organizations” (*cishan zuzhi*) and specified manifold benefits for nonprofit organizations falling in this category. In particular, nonprofits identified as charitable organizations by civil affairs bureaus are now permitted to solicit funds publicly, which was once a privilege reserved for large, renowned charitable foundations often led by senior government officials. Additionally, for grassroots nonprofit seeking this charitable organization status,

registration procedures are also logistically simple: applicants only need the approval from local civil affairs bureaus. In the past, in order to be officially registered, a grassroots nonprofit has to obtain approval from a local civil affair bureau and another “supervisory” government agency. This dual registration process created immense challenges for many grassroots organizations, because opportunities to cultivate robust relationships with multiple government agencies could be extremely limited. Furthermore, the New Charity Law has financially incentivized firms’ participation in philanthropic endeavors. A new tax credit is offered to businesses that provide charitable donations to registered nonprofits, waiving corporate income tax on donations accounting for up to 12 percent of the total profit. If the donation amount in a given year exceeds 12 percent of the profit, the nondeductible proportion of that year’s donation can still be categorized as tax deductible in the next three years.

But the effect of the New Charity Law on the grassroots-oriented philanthropy is not straightforward. Regarding the incentives for corporate giving, it is expected that firms have made philanthropic contributions of greater value in years following the enactment of the law, because of the favorable tax credit. This proposition is supported by the national donation trend, as the value of total corporate donations in China did increase from 13.2 billion in 2015 to 14.3 billion in 2016 and 15.2 billion in 2018, all in 2018 US dollars. Meanwhile, on the demand side, despite the widened scope of fundraising for those grassroots nonprofits designated as charitable organizations, whether their attractiveness in the eyes of corporate donors has increased is still largely unknown. If those newly certified grassroots organizations have just secured an advantage in fundraising that many state-controlled foundations enjoy for an extended period of time, an additional explanation for why corporate gifts would be diverted from incumbent organizations to newcomers is needed. Moreover, when it comes to the acquisition of the

charitable organization status in the first place, it remains to be empirically understood what grassroots nonprofits are more likely to be granted this new status, as the New Charity Law has yet to detail the rationales for the certification process.

Finally, the restrictions on the activities of foreign nonprofits may have reorganized the funds available to grassroots social organizations in China since the implementation of the Law on the Administration of Activities of Overseas Non-Governmental Organizations in 2017. In comparison with previous regulations on foreign NGOs, the 2017 Law specifies two additional requirements. First, foreign NGOs are mandated to register with the Ministry of Public Security or its provincial-level equivalents before establishing an office within mainland China. In the past, most foreign NGOs only registered as commercial organizations and generally operated in a legal grey area. Second, foreign NGOs are merely permitted to work in the fields of economics, education, science, culture, health, sports, environmental protection, poverty, and disaster relief, and they must not endanger China's national unity, security, or ethnic unity. Given the immense challenges in working with the public security agencies and the limitations on the fields of activity, number of legal foreign NGOs in China has dropped dramatically. Out of the 7,000 foreign NGOs that had operated in China prior to the enactment of this law, only 250 were permitted to establish local branches in 2017 (China Philanthropy Research Institute 2019; Hsu et al. 2016).

It is likely that the law on activities of overseas NGOs has increased the incentive of the grassroots nonprofits to solicit funds from corporate donors. Prior to 2017, many domestic grassroots advocacy groups, formally registered or unregistered, relied on international organizations' funds to work on politically sensitive issues that were not endorsed by the government, such as human and labor rights (Long 2018). Under the new overseas NGO Law, as

many foreign sponsors left China, these grassroots groups can be expected to increasingly rely on companies instead and use their donations to continue their operation. But whether and how firms would be interested in supporting nonprofits in politically sensitive fields remains to be an open question, given that business actors in general tend to avoid political risks that may disrupt commercial activities (Holburn and Zelner 2010).

Firm-Grassroot Collaborations for Resource Reconfiguration

For business firms in China, charitable donations channeled to state-led and grassroots nonprofit organizations did not translate into the same benefits. Financial support for social initiatives established by the state and state-led nonprofits served two political goals. First, these gifts pacified government officials seeking to expropriate private funds for public projects. Although curbed by the central state through waves of anti-corruption campaigns and installation of intricate top-down monitoring mechanisms since Xi Jinping took office in the early 2010s, local officials' predation was not uncommon: in 2019, for instance, more than 80 percent of Chinese citizens reported that they had been forced by the government to donate, according to a national survey.⁵ Second, despite the central state's mandate to prohibit local bureaucrats from granting policy favors directly to their large donors, cultivation of patronage could be long-run and implicit. Many municipal- and district-level officials across the cities said they were impressed with generous corporate contributions and that these gifts would be acknowledged if the donors in future applied for government contracts and subsidies. As nonprofits unaffiliated with the state rarely yielded these political benefits, what made firm contribute to them?

Political Coercion and Ease of Modifying and Tracking Firm Donations

⁵ "More Than 80 Percent of Netizens Said They Have Forced Donation Experiences." *China Philanthropy Times*, April 16, 2019. <http://www.gongyishibao.com/html/gongyizixun/16366.html>.

Donating to grassroots nonprofits created a distinct set of opportunities for business operation of firms. Thanks to the coercive political power to intervene in work of nonstate organizations, the state and its affiliates could (1) forcibly obtain discretion over allocation of donation gifts and (2) withhold detailed information on donation use. In the absence of such coercive power, on the contrary, grassroots nonprofits enabled corporate sponsors to expediently re-adjust their philanthropic resources in light of business risks, particularly the uncertainty environments to which core businesses were exposed.

First, for corporate donors, negotiations with state-led nonprofits to alter amount of donations often failed, since government institutions wielded power to forcefully halt the firms' attempts. Particularly when the donating firm intended to decrease donations, such efforts might result in state officials' intimidation and, if it did not work, penalties imposed by officials such as excessive workplace safety inspections and ad hoc fines and sanctions. Despite the central government's initiatives to reduce expropriations at lower levels throughout the 2010s, local officials could meticulously set penalties for firms so that they appeared to conform to administrative law and the Communist Party's rules. Specializing in building digital public surveillance systems, an information technology (IT) firm in Hangzhou determined to discontinue its fund for a social assistance charitable foundation led by a district-level state bureau. As services of this firm had been expanded to many districts in the city, corporate executives planned to reallocate charitable fund to government-led homelessness programs in districts where new customers were located. Yet, such move frustrated state officials from the district the IT firm had long worked with. To forestall the firm, district officials picked up on the company's violation of patent law two years ago and announced a fine close to 50,000 U.S.

dollar. Fearing that there would be more upcoming penalties, the IT firm eventually resumed its charitable contribution to the foundation from the original district.

Furthermore, requesting detailed information about allocation of donations from state-led organizations was often not an option for corporate sponsors either, because doing so jeopardized the trust between officials and firms. Though state-established Red Cross organizations, charity federations, and foundations were required by law to make public sources of their major funds, details on final recipients in need and use of these funds were often missing. Sometimes such absence of information was not caused by misappropriation of funds or other government malfeasance—it simply took time to upload and publicize bureaucratic documents. Yet in the eyes of officials from many state-led organizations, corporate donors' frequent solicitations of donation information signaled skepticism about government accountability. When the CEO of a construction machinery equipment firm in Shanghai intended to constantly keep tracking who were exact beneficiaries of its donation to a rural poverty alleviation program, the nonprofit collaborator—a career training and support charitable foundation established by district state officials—noted that the organization had its “own way” of paperwork disclosure and the construction firm's constant inquiry was “a bit inappropriate.”

Consequently, the lack of mutual trust easily triggered hardline responses of state-controlled nonprofits as well. Many corporate sponsors in my study recalled that leaders of state nonprofits refused to offer further information of donation recipients, citing government information disclosure regulations. For instance, a state-established charity federation in Hangzhou turned down a logistics and shipping company's query about exact operating costs of a senior care outreach program. While acknowledging that such information could help corporate managers assess effectiveness of their corporate social responsibility programs, the charity

federation noted that releasing information on precise costs was against its internal administrative procedures and that the logistics firm's constantly requesting information disclosure could be penalized. An employee from the logistics company pointed to the firm's inability to challenge the government decision: "There's no way to subject the state to the regulations they made themselves!"

Besides using coercive power to thwart firms' effort to modify donations, state-led nonprofits might obtain preemptive corporate compliance. Realizing that change in donations could be negatively perceived by leaders of state nonprofits, many companies were hesitant to ask for it in the first place. Across the three cities, firms in my study engaged in preemptive compliance by projecting possible consequences of this action in two ways (Emirbayer and Mische 1998). First, based on past experiences of peer companies struggling with their philanthropic collaboration with the state, firms evaluated the comparability of themselves with these precedents and then decided not to reassert control of donations. Second, many corporate sponsors reasoned that they could already access sufficient information about state nonprofits' social initiatives, even without requesting from them details on disbursement of donation funds. In their mandatory annual work reports, most nonprofits in China—whether state-led or grassroots—had specified date, location, content, and funding sources for each philanthropic activity they organized. Though often not extremely detailed, these reports could be satisfactory, as indicated by a worker at a state foundation in Beijing focusing on urban poverty.

Finally, another preemptive response of firms was to shift focus from nonprofits' social initiatives to the political gains they would secure from contributing to state organizations. Primarily aiming to use philanthropic contributions to cultivate political ties for business advantages, many Chinese firms actually directed little attention to where corporate donations

ended up. The CEO of the construction machinery equipment firm admitted that the company donated to the state-led career training and support foundation mainly in attempt to connect with district officials and prevent them from demanding additional informal fees and payments. But how their donation money for the poverty alleviation program was actually distributed—for instance, how recipient townships were selected, how long they were staying in this support program, and what amount was given to each recipient—was of less importance to him:

When we first became a member of a local construction industries association, we were charged by the district government through this association more often than we had anticipated. Some firms were being charged more than other firms... You made donations in this circumstance partly to let the officials know you wanted to maintain good relationship with them in the long run. The [donation] money was mainly for poverty alleviation. The key in this case was that you showed social commitment wholeheartedly [to the officials and the state-led charitable foundation] ... The money must have been properly spent on philanthropic causes.

In comparison, making change to amount or use of donation spending was a relatively easy task for companies working with grassroots nonprofits, largely because these politically disadvantaged organizations did not have access to coercive means that could be used to force firms' compliance. Without negative political consequences tied to the collaborations with the state entities, firm executives and managers were often able to adjust the use of their donations received by grassroots nonprofits.

The case of a coffeehouse project led by a job training NGO demonstrates the ease of making changes in donations. At one of the most affluent neighborhoods of Shanghai, a grassroots NGO was building a coffeehouse to provide job training for elderly people with dementia and later accommodate them as food services staff. Both endowment and job training experience of this grassroots NGO were at the same level of the aforementioned state-led career

training and support foundation. When employees of the grassroots NGO went over different design options for building the coffeehouse, the executive director of a nearby computer animation company expressed interest to financially support this project. Apart from being an avid coffee drinker herself and appreciating this NGO's effort to fight dementia, this executive director also highlighted that the cross-organizational communication for this collaboration was "egalitarian"—the NGO was willing to embrace the companies' changing donation preferences and project improvement ideas for different segments of the building work:

The NGO knew that every donor had difference preferences... and it turned out that they hosted a small workshop and asked different stakeholders to come and discuss. There were also smaller logistical issues concerning wallpaper colors, worker rotations, and barista hiring... and they were curious to know our interest in donating to these categories too. Throughout the time, we've focused more [funds] on the hiring of certified trainers [for dementia people]. The NGO later agreed and distributed some of their other funds to this critical issue... Discussions [between the NGO and us] are more like two friends sharing the vision and working toward this common goal, without reservation.

Similarly, exchange of donation information was also smoother between firms and grassroots nonprofits, as neither party could arbitrarily hold back such communication. Even when detailed information on recipients was not readily available, grassroots nonprofits often obtained it by consulting their frontline workers, as the organizations hardly had excuse to conceal such facts. In Beijing, the founder of a gender equity grassroots nonprofit observed that the long-standing disclosure practices of his organization had been to accommodate donors' needs and offer as much relevant philanthropic information as possible: "If firms want [the updates on donation use], we don't have reason to keep firms in limbo."

Because of the lack of coercive means to dominate allocation of corporate gifts and flow of donation-related information, grassroots nonprofits became vulnerable to firms that sought to mitigate uncertainties in their core business activities by reconfiguring donations. These

uncertainties first stemmed from firms' internal business practices, such as board of director meetings that informed future market strategies of firms. Months after the coffeehouse in Shanghai was put into service, the computer animation firm found itself struggling to fund this endeavor, though the donation agreement signed earlier indicated that monetary contributions were required for at least three years. This problem actually arose from the computer animation firms' board meetings: because of some board members' objections to the overall company budget, no large cash transactions, including the one involving coffeehouse's maintenance costs, were permitted to be initiated by individual executives until they were approved by a subsequent board meeting. But thanks to the equal relationship with the grassroots job training NGO, the computer animation company got around this crisis through negotiation and instead distributed much smaller grants to the nonprofits' other programs related to dementia and training. Lacking the ability to force continuous financial contributions from firms, the job training NGO simply offered "a convenient opportunity" for major donors to cut philanthropic spending without violating the initial agreement, as commented by the executive director from the company.

Another source of core business uncertainties for firms was underperformance under market volatility, and financial burdens were then reconfigured and transferred to grassroots nonprofit partners. In Hangzhou, a capacity building charitable platform received financial supports from local private entrepreneurs and then distributed them as seed grants to community services programs of nascent bottom-up social enterprises nationwide. As this privately-supported capacity building platform visited its grantees and checked their program progress following the receipt of the seed money, it became clear that a few other corporate sponsors of these grassroots grantees delayed or decreased monetary supports and cited revenue loss and economic downturn as main reasons. Eventually, all four (100%) grassroots grantees I visited

that were linked to this platform chose to acquiesce to the altered payment schedules. When asked about the rationales underlying this decision, leaders of these grassroots social enterprises emphasized that the firms' underperformance in market was largely unexpected and that the donors themselves would not be comfortable with losses in revenue as well. The founder of a social enterprise working on promoting Chinese calligraphy art even noted that he did not have a reliable method to verify whether its donor, a local e-commerce company, had indeed experienced revenue loss or not.

State Legitimacy and Identification of Necessity of Corporate Gifts

Political disadvantage of grassroots nonprofits in China was not one-dimensional: distinct from unaffiliated organizations, state and quasi-state institutions also enjoyed advantage in political legitimacy—that is, the capacity to generate consensual belief in the broader society that the incumbent government's rule is most appropriate and that the tasks of the state reflect political necessity (Lipset 1981; Zhao 2009). Accordingly, as politically legitimate actors in the philanthropic field, state-led nonprofits often detached their work from donors' ever-changing demands by (1) elevating political significance of their social missions and (2) referring to higher-level political authorities as impartial decision-makers. For grassroots nonprofits, nevertheless, the failure to claim a politically legitimate status constituted another vulnerability to corporate donors' shifting donation needs related to their core businesses, as they did not possess cultural tools to draw a clear line between benevolence and profit maximization.

Because the government's obligation to provide public services had been widely acknowledged, state charities took advantage of this opportunity to persuade firms to continue their resource investments. When firms planned to decrease donations, state nonprofits pointed to the significance of these gifts by highlighting long-lasting commitment of the government to

public goods provision and downplaying the role of private actors in such endeavors. The fundraising director from a state-established environmental foundation in Shanghai showed me the tips on how to successfully retain corporate support for its sustainability education programs targeted at youth. If the firms were unmoved by youth program progress or concerned about the state's misappropriation of donations, a tactic proved to be useful was to remind these donors that the state's involvement in social welfare provision was particularly enduring. The nudge usually proceeded as follows: "[Politically] unaffiliated nonprofits may do our foundation's job but they don't consider how to advance public welfare in the long run like we do. After all they are predominantly driven by short-term, personal goals... Sometimes we have problem [of misusing donations], but the starting point of their social programs is already privately driven."

To sustain corporate contributions, state nonprofits also asked high-ranking government officials to vouch for the public goods nature of the social initiatives. In case firms insisted on suspending their donations, state-led organizations linked the focal philanthropic programs with more powerful higher-level government agencies. In doing so, leaders of state nonprofits were not leveraging their superior organizations' power to forcefully reverse firms' decision; instead, as higher-level state bureaus were more likely to be perceived as impartial political actors considering citizens' appeals for social justice and limiting misconduct by lower-level officials (O'Brien and Li 2006; Spires 2011), they added credibility to state nonprofits' social endeavors.

The importance of involving officials at higher levels is illustrated by the case of a neighborhood kitchen run by a district government in Hangzhou. This state-led neighborhood kitchen was located in the same neighborhood as the capacity building platform mentioned earlier, also performing community-oriented services and receiving almost identical amount of corporate donations. Yet, this neighborhood kitchen did not yield to corporate funders. When one

of its major funders, a local online advertisement company, sought to slow down its charitable donation and gradually redirect it to other local nonprofits, the kitchen manager requested a meeting with the firm and stated that the neighborhood kitchen and its free food program were signature products jointly supervised by the district and municipal civil affairs bureaus. If sponsors involved in this initiative changed their mind, as this kitchen manager suggested, political leaders in the municipal government would review the matter meticulously with the involved companies. The advertisement firm subsequently decided that it would reconsider its earlier decision, as partnership with the municipal government could be a reputational boost to its social responsibility initiatives. “The kitchen is trying to raise the stake of its donations, and now donating [to it] looks like a very honorable political mission to be fulfilled... because the ties to much more legit players,” said a public relations professional of the company.

However, in collaboration with grassroots nonprofit organizations, which did not boast the public service obligations that had long been associated with the state, corporate donors readily engaged in resource reconfiguration by emphasizing the role of their own needs—often commercial ones—in gift giving. According to fundraising meeting minutes kept by ten grassroots nonprofits I studied across the cities, eight of them (80%) had encountered corporate funders who implied that nonprofit recipients should show considerateness to firms’ overall conditions, in exchange for the donation gifts being received. A common extension of this exchange logic was that a cut in donation amount was natural when the companies’ profitability was eroding. Absent a politically legitimate status or connections with key government bureaucrats that helped defy such commercial logic, grassroots organizations were observed to make concessions such as accepting payments of lower value or even installments from the donors that were struck by revenue loss or other financial challenges.

Without capability to legitimize and defend their dedication to public goods as successfully as state organizations did, grassroots nonprofits were even labeled as scapegoats and denied access to corporate resources in case donating firms struggled in their core businesses. Such scapegoating strategy exploited the inability of grassroots nonprofits to refer to higher-level political authorities and resist firms' accusations of pursuing private interest. Moreover, scapegoating was also made possible by the broader society's perception of grassroots nonprofits as organizations at least partly motivated by private interest.

Notably, because of the lack of the endorsement from high-ranking government officials, grassroots nonprofits might take the blame for their firm donors' wrongdoing in core business activities and subsequently experience donation loss. Further, it was demanding for grassroots organizations to promptly take legal actions against firms in this case, because they had not built robust ties with powerful state actors yet. In Shanghai, an urban planning firm was a contractor for the district-level city appearance bureaus on a large-scale project to set up environmentally-friendly exteriors for street buildings in suburban communities. To minimize the local community residents' suspicion about effectiveness of its building insulation technology, this firm opted to contribute a grassroots environmental nonprofit, which was asked to develop an on-site monitoring system to convince local residents and small businesses that the insulation materials being used were energy-saving. Prior to the beginning of the nonprofit's work, however, the urban planning firm stipulated that half of the corporate gift would be retrieved if the completion of the entire building insulation project was delayed. This put the environmental nonprofit at risk, as project progress was largely under the control of the planning firm itself. Founder of the grassroots environmental organization was initially frustrated with this clause, yet he was unable to make a modification. Although the environmental nonprofit could also resort to

the national contract law or inform district- or municipal-level government bureaus, these alternatives could be extremely time-consuming.

In short, political disadvantages of Chinese grassroots nonprofits ended up facilitating firms' efforts to gain control of corporate donations and, when business environments became volatile, used philanthropy to unload financial burdens stemming from core businesses. This process of resource reconfiguration further suggests that while firms once mitigated market uncertainties through channeling charitable contributions to the state-controlled organizations, grassroots nonprofits created new opportunities for firms to conveniently modify their corporate resources for both core business and social activities.

Grassroots-Oriented Firm Donations for Agenda Co-Optation

Besides losing control over monitoring and allocating corporate donations, many firms had minimal opportunities to restructure organizational agendas of the collaborations with government-controlled nonprofits in China, including both objectives of their philanthropic programs as well as course of action leading to fulfillment of these objectives. However, shifting agendas of corporate philanthropic initiatives was more feasible when grassroots nonprofits were the partners of firms. Research has noted that involvement in social responsibility acts allows firms to boost performance in core businesses (e.g., see McWilliams and Siegel 2011), and my findings show that working with grassroots nonprofits provided an additional benefit for firms: a financially viable opportunity to combine business and social activities in a manageable manner.

Firms' Challenges in Changing Agendas of State-Led Nonprofits

Because of state and state-led institutions' threats of implementing political coercion and association of their initiatives with political legitimacy, firms had little chance to (1) steer

agendas of corporate philanthropy to business needs or (2) claim credit for beneficial outcomes of social initiatives. Consequently, the flexibility for firms to make changes to content of corporate philanthropy was restrained.

For corporate donors in China, direct involvement in state-led nonprofits' service programs could be risky, first because such unsolicited engagement might again bring about retaliation from the government. In Beijing, a transnational cosmetic manufacturer set aside a significant proportion of their yearly environmental, social, and governance (ESG) spending for a local Red Cross organization, directed by current and retired district-level government officials. This Red Cross group worked on senior care services and disability assistance generally, yet its onsite services programs were not disclosed to the general public or this transnational company. When elaborating why the company targeted donations to this renowned quasi-state organization, a corporate social responsibility manager stressed that her firm needed to appear "very politically correct" in front of the government and that hopefully some local state bureaus would impose less severe environmental fines and penalties in case of a future violation. Making further suggestions on on-site services might irk state officials because such involvement was not anticipated and might be frowned upon, this manager pointed out. As to how the corporate funds were actually transformed into this Red Cross group's social initiatives, this social responsibility manager simply stressed that the firm was confident about the quality of Red Cross's work despite lack of influence on its programs:

Undoubtedly many communities have benefited from the [Red Cross organization's] programs. There were immense [political] risks in this field [of environmental governance], and philanthropy would help in this situation... The Red Cross used to embezzle donations, but it was quite a long time ago.

I also find that adherence to public welfare was referred to as main obligations of the government by state-controlled charities, as these organizations worked to take credit for their philanthropic projects while reducing corporate influence on them. Returning to the case of the Red Cross organization in Beijing, one of its fundraising managers once scheduled a meeting with the foreign cosmetic manufacturing firm to discuss future directions of the collaboration. During this session, the cosmetic firms' social responsibility department recommended that its executive directors join the Red Cross's senior care program by setting up an on-site donation ceremony and publicizing the donation. The fundraising manager did not directly comment on this proposal, but she told everyone in the room that the current Red Cross organization was "100 percent for the people" and deserved "the good reputation it has now." She also mentioned that the business world's engagement in its work should be decreased to a proper level. After the meeting, an executive director from the cosmetic company was still somehow confused about the distinction between public and private actors being made by this fundraising manager: "aren't business firms working to make the people's life better too?"

Moreover, firms' requests to participate in state organizations' philanthropic activities could even be stigmatized as immoral. Just like Beijing's foreign cosmetic firm, the construction machinery equipment firm in Shanghai also had moments of uneasiness, as the state-led career training foundation they worked with once turned down corporate donors' plans for deeper involvement in the rural poverty alleviation program. When setting up a new corporate volunteer program for its own employees, the construction equipment company contacted the career training foundation and asked whether firm employees could serve as short-term volunteers for any service programs in rural regions. Yet, it turned out that the foundation instead blamed the construction equipment firm for attempting to send off "business-minded" individuals, "hijack"

an altruistic rural outreach program, and disrupt this project that was supposed to be “fair, transparent, and neutral.”

Grassroots-Oriented Philanthropy as a Platform for Business Networking

In the absence of coercive means to reject requests of firms, grassroots nonprofits often embraced companies’ suggestions for modifying content of social initiatives. The flexibility of grassroots nonprofits was then leveraged by firm donors seeking to lubricate their relationships with potential business partners. In the eyes of these donors, such philanthropy was a cost-saving option to obtain social recognition from business partners while simultaneously exploring new markets together with them. This finding concerning agenda co-optation aligns with an emerging scholarship exploring how quality of social provision is intertwined with donating firms’ capabilities and imperatives in business world (Ballesteros, Useem, and Wry 2017; Nardi and Huysentruyt 2022).

Thanks to grassroots nonprofit partners, corporate donors were able to conveniently combine philanthropic events with business networking events and avoid addition costs of performing two activities separately. A Shanghai-based grassroots rural education nonprofit designed corporate community involvement programs to help 500 elementary schools in underdeveloped provinces build their own computer labs. Many of the desktop computers for this program came from a global telecommunication solutions company, which often invited their potential business partners—mostly major Chinese wireless communications carriers—to the computer labs at the elementary schools being supported. When the telecommunication solutions firm’s employees and managers from three local carriers met face-to-face in the computer labs, they not only presented the desktops to students but also used the space to connect with each other, sharing updates in local communication infrastructure work and

discussing the possibility for the telecommunication firm to offer its appliance testing services locally. Through inserting business networking activities into the technology-based educational initiatives, this donor could explore the opportunity to expand its business services and fulfill social responsibility requirements “without making double efforts and paying double,” an executive of the telecommunication firm said. When reflecting on this project, a corporate relation director from the rural education nonprofit emphasized his organization successfully attracted corporate funds because it was “flexible to different philanthropic arrangements.”

Also, in business networking events moderated by grassroots nonprofits, firms could impress partnering companies by earning full credit for their social achievements. If a philanthropic project was funded by firms yet implemented by state nonprofits, business partners would still consider the latter as the major contributor to social goods, as the state was widely regarded as the predominant actors to advance public interest. On the contrary, since grassroots organizations were not automatically tied to the public service obligations, firms could more easily broadcast their social commitments and manipulate their impression on business partners. A project manager for a grassroots agricultural technology NGO in Beijing complained that its accomplishments were often “stolen” by corporate funders. Similar to the Beijing’s Red Cross organization, this agricultural technology NGO served senior population by providing them with information sessions on food safety and pesticide use. This NGO discovered that these information sessions were used by some of its corporate sponsors—a few biotechnology companies—to showcase their environment sustainability strategy in front of supplier firms. At these information sessions, however, the biotechnology firms claimed that they were major actors directing the program targeted at rural senior people and that the agricultural NGO was

merely playing a supporting role. “The reason [for the firms’ false claims] is that we’re not seen as a qualified player in this area yet,” as commented by the NGO’s project manager.

From the donating firms’ perspective, capability of integrating business networking events into philanthropic initiatives gradually became a crucial criterion for choosing grassroots nonprofit partners. In their description of the fundraising process, many grassroots organization leaders recalled their discussions with potential firm donors on the possibilities to set up meetings and consortiums that engaged the interest of industry peers, suppliers, and regulators. A grassroots cultural facility organization in Hangzhou, for example, noted that a newspaper group company was not willing to contribute charitable fund until the nonprofit made clear that it had prior experience of hosting networking events for firm donors’ industry associations. The founder of this cultural facility organization indicated that firms nowadays were not only counting on nonprofits’ social provision capacity but expecting them to “bridge the gap between benevolence and commercial collaborations.” Likewise, when a corporate social responsibility consultant from the telecommunication solutions firm was listing key takeaways from its relationship with the grassroots rural education nonprofit in Shanghai, he concluded that ideal nonprofit collaborators did not have to be extremely well-resourced but they needed to begin from their fields of expertise and stay open-minded about new business networking possibilities:

During the race between a tortoise and a hare, the slow-moving tortoise wins because of it believes it’ll do it despite all the weaknesses. The [rural education] nonprofit is just like the tortoise... We had many excellent [state-led] charities as candidates before, but they didn’t really see the value of working together with our important business partners. This [rural education] nonprofit could see this broad picture and we did give them a chance... Fortunately, everything turns out really well.

Grassroots-Oriented Philanthropy as an Avenue of Product Marketing

Besides business networking, activities about firms’ core product marketing were also built in initiatives of grassroots nonprofits. This again offered a manageable and financially

attractive option to improve corporate image in front of another stakeholder group: end consumers.

Firms in China worked to connect product marketing with corporate philanthropy to impress individual consumers with socially responsible commitments in a cost-efficient manner. To bring environmental issues to the fore and publicize its own home sale business, a real estate company in Hangzhou decided to launch a waste management program and asked its corporate volunteers to host weekly lectures for local neighborhoods. But the content of this real estate firm's neighborhood program on the ground was not solely centered on waste sorting. In the weekend lectures targeted at neighborhood residents, real estate representatives first covered the necessity of the new garbage sorting program and then pointed to the decade-long involvement of their firm in community building and preservation. Subsequently, these lectures were turned into marketing events where an online apartment sale and rental app being developed by the real estate company was introduced in detail. To extend this initiative to local libraries, parks, and kindergartens, the real estate company eventually donated to a grassroots nonprofit that helped optimize training of corporate volunteers. The company wanted to raise public awareness of its home sale services and future-oriented sustainable living —“two equally important goals”—economically through one program, as noted by a senior manager in charge of media relations.

For corporate philanthropic projects where participating firms had already specified the ultimate goal and its corresponding course of actions, grassroots nonprofits were recruited into the process of agenda co-optation due to their lack of means to overturn firms' decisions. When the real estate firm in Hangzhou was looking for nonprofit partners to co-host the garbage management program, a renowned, government-led sustainability association declined the invitation because it did not allow for promotional activities linked with firms' core businesses.

The grassroots volunteer training nonprofit was then chosen because of its extensive knowledge of corporate volunteer engagement and performance monitoring. Additionally, the real estate firm saw this volunteer training nonprofit as politically submissive. According to the media relations manager of the firm, grassroots nonprofits simply could not “cease a philanthropic project” or “talk firms into their ways of doing stuff” as state organizations might do.

Still another benefit for firms to pursue product marketing activities with grassroots nonprofits was easiness of blame shifting and credit claiming. As government agencies in China were assuming public service obligations, they could shield their public image by attributing mistakes in public policy-making process to government contractors. As a response to such risk of having the government as customer, private firms learned to pass on the blame to grassroots nonprofits while showing good work to the state. In an ever-deepening collaboration with the city government on building of digital social surveillance systems, an artificial intelligence technology (AI) firm in Hangzhou conducted product testing for its technological advancements—including large cloud-based database management and interactive user interface design in mobile apps—with the grassroots nonprofit sector. At a cross-sector workshop, founders of several renowned grassroots nonprofits in China were invited to envision new tasks that could be aided by the AI firm’s cutting-edge technology: a medical services NGO was planning how patients in remote countryside could be connected virtually with experienced doctors in large cities, and a social worker nonprofit and a rural redevelopment foundation were considering designing new apps not only for fundraising and donation tracking but also for direct, continuous involvement of donors in volunteer programs. An executive from the AI firm admitted that grassroots nonprofits were invited primarily because such experimentation would be a “risk-sharing mechanism.” Consequently, according to this executive, the company could

not only improve final product for the state by analyzing app traffic data and constantly gauging applicability of their digital tools to varied real-world situations, but attribute potential negative consequences of these technology applications—such as malpractices in medical services or conflicts between donors and donees in fundraising—to the grassroots nonprofit implementers.

Interestingly, private firms also meticulously planned these product marketing and testing events so that negative impact of these commercial activities on their state nonprofit partners was minimized. In its testing of database management technologies and cutting-edge mobile apps, Hangzhou's AI technology firm hardly reached out to a local Red Cross foundation and a municipal charity federation, with which the company had maintained decade-long relationships. By doing so, the AI firm sought to minimize the possibility that the government would “pick up on the firm because of a small technical glitch,” its executive said. In a similar vein, when touching upon recent technological developments and their relevance to the nonprofit sector, a high-ranking civil affairs official in Beijing noted that government charities would love to adopt the final digital products for more effective fundraising but it was the providers of these technologies that ought to “take on corporate social responsibility and be held fully accountable for the technological public goods being contributed.”

In short, with no advantageous political status that helped build up coercive measures or consolidate commitment to public welfare rather than private interest, grassroots nonprofits easily yielded to preferences of corporate donors when planning details of philanthropic initiatives. As a result of such agenda co-optation, the boundaries between core business events and social initiatives became porous, as firms readily exploited grassroots nonprofits' work for business networking and product marketing. While previous research in nonmarket strategy and firm-society relations has demonstrated that companies engage in social initiatives in order to

acquire social license for superior business performance (e.g., Barnett 2007; Hornstein and Zhao 2018), I argue that core businesses events themselves can be integrated into grassroots nonprofits' social programs, when corporate donors find that such combination is able to both pacify diverse stakeholders—particularly business partners and end consumers—and serve commercial ends without involving excessive costs.

Resource and Agenda Vulnerability of Grassroots Nonprofits Supported by Firms

While extending core business activities of firms, the processes of resource reconfiguration and agenda co-optation fundamentally altered the work of grassroots nonprofit organizations. Due to uncertainties about future changes in corporate gifts, resource support for grassroots nonprofits' social initiatives was often put at risk. Furthermore, implementation of business networking and product marketing activities introduced long-lasting changes to grassroots nonprofits' program execution and evaluation.

Resource Disruption in Social Initiatives of Grassroots Nonprofits

Although the negative impact of market uncertainties could be evaded by firms resorting to the grassroots-oriented philanthropy, eventually their grassroots nonprofit partners were struck by market risks in the process of resource reconfiguration. I find that grassroots nonprofit leaders were first unclear *when* the shortage of incoming funds would occur due to the market volatility experienced by their corporate donors. While corporate executives and managers might be able to forecast future financial performance of their firms and develop precautionary measures accordingly, their grassroots partners were often unaware of the timing of firms' underperformance as well as their subsequent reduction of charitable contributions. For grassroots nonprofits, lack of such information often led to inopportune disruptions of their

social initiatives. Returning to the case of Hangzhou's capacity building charitable platform, one of its grantees, a grassroots startup focused on anime and Japanese cultural performance, was hit by an unanticipated pause in corporate gifts. The founder attributed this halt to the revenue decline that the donating firm encountered, but he was also disappointed by the fact that the donor had not promptly notified the grassroots startup of the decision to discontinue financial support for an already ongoing exhibition project: "The top concern has been timing... We've made a lot progress already for our [anime] convention. But without the money being promised by the company, it's just like announcing very randomly that the show is doomed!"

Moreover, grassroots nonprofits were also found to struggle with *what* corporate donations would be most affected by firm sponsors' market volatility. If a donating firm abruptly cut off its contributions to a grassroots organization's signature program, the negative influence would be even larger in comparison to a comparable shock on its other initiatives. In particular, though the grassroots organizations working on dementia was still able to receive grants from the computer animation firm, a middle manager from the nonprofit complained that the magnitude of this corporate support was much less than expected and that the insufficient resources for their coffeehouse project might have engendered other potential funders' suspicion of the overall capability and credibility of the organization. In other words, this manager was worrying that the uncertainties stemming from the computer animation company's board of directors could propel a vicious circle: inadequate funds from the firm might undermine nonprofit performance for the signature coffeehouse program, and this underperformance could further reduce the attractiveness of the nonprofit to other funders and result in even less external support in future.

Agenda Incoherence of Grassroots Nonprofits' Programs

The imposition of firms' core business activities on corporate philanthropic initiatives had also profoundly altered the agenda setting of grassroots nonprofits. Unlike state-led organizations that were able to draw on punitive measures and political legitimacy to prevent business networking and product sales events, susceptibility to these core business activities might prompt many grassroots nonprofits in my study to modify the composition of the disadvantaged groups that ultimately benefited from their social initiatives. Realizing the waste management program with the real estate company had achieved great success, the grassroots volunteer training nonprofit in Hangzhou decided to shift its focus from offering support for community building programs targeted at the elderly and the homeless to setting up corporate volunteering projects primarily to train firm employees. When asked how the nonprofit made sense of the change of its social service recipients from underprivileged community members to more privileged corporate employees that were seen as appropriate by the real estate firm, the leader indicated that this switch was a cost that needed to be paid for "the strategic move to a higher platform."

More fundamentally, the combination of social and business endeavors was likely to create conflicts between existing mode of work practices and the new, core business-related agendas being introduced. Contrary to social enterprises that proactively combine social and business endeavors for their organizational goals (Pache and Santos 2013; Smith and Besharov 2017), many Chinese grassroots nonprofits reluctantly witnessed the displacement of their social initiatives by business logics and practices brought about by corporate sponsors. The founder of Beijing's gender equity grassroots nonprofit observed that the corporate funders had not only juxtaposed business pursuits with social endeavors, but gradually encroached on the social nature of their services. In particular, one sponsor, a major management consulting firm, set up metrics

that identified some domestic violence victims as more “effective customers” of the grassroots nonprofit’s services, based on the extent to which their physical and mental conditions could be improved once awarded the corporate grants. The consulting firm constructed these metrics in order to demonstrate the generalizability of their consulting methods to their potential client firms in an upcoming networking event, yet the leader of the gender equity group noted that the continuous use of such business tool would constrain the resources available to the most underprivileged individuals: “Situation of many recipients is so bad that the company money may not have instant effect, but they are inevitably left behind if grants only go to those who improve immediately... [The underlying issue is that] our revenue hinges on the consulting firm’s fund and adoption of its evaluation methods; it looks like we’ll be even further from the people who need the care most.”

Discussion

The rise of the grassroots nonprofit sector appears to be paradoxical in countries where principles of market exchange have yet to be fully settled whereas the power of state bureaucrats over the economy and the broader society has culminated. Grassroots nonprofits are faced with a dual challenge. Soliciting corporate gifts can be a highly onerous task, as privately owned businesses often opt for government agencies or government-led charities in corporate philanthropic initiatives due to the need to evade state expropriation and build long-term clientelistic ties. Moreover, though extricated from social services obligations imposed by state agencies, grassroots nonprofits are prone to regular government surveillance and interventions (Kang and Han 2005; Riley and Fernandez 2014; Spires 2011). When these nonprofits engage in advocacy work, they are subject to even harsher political repression so that any potential

mobilization against the ruling political elites can be promptly detected and eliminated by the state.

On the other hand, however, grassroots organizations play an increasingly important role in advancement of social good despite the adverse environment: they continue to achieve success in collaborating with corporate sponsors, and the social services they provide constitute an essential complement to the state's social welfare obligations. In short, grassroots nonprofit organizations constitute an autonomous, organizationally strong collectivity pushing for social change even in countries where social control mechanisms are highly developed (Alagappa 2004; Dai and Spires 2018; Kim 2004; Fan 2004). The paradox of grassroots development therefore calls for a more sophisticated approach to the existence of nonstate social organizations in relation to both growing business involvement and intensified state repression.

To address these seeming contradictions, this chapter advances a corporate control perspective of firm-grassroots relationships and demonstrates how political vulnerability of grassroots nonprofits sets the stage for the extension of business interest and the commercialization of corporate philanthropy. In the three Chinese cities I focused on, grassroots nonprofit organizations suffer from their low political status, struggling to secure coercive means and political legitimacy to further their social initiatives. Precisely because of this political susceptibility, grassroots nonprofits are taken advantage of by corporate leaders who seek to increase business influence over social provision and develop expedient strategies to combine core business activities with philanthropic engagement. Accordingly, allocation of corporate resources and content of work agendas for corporate-grassroots collaborations are subject to firms' rather than nonprofits' discretion. Figure 3 summarizes the implications of political status

of grassroots nonprofits for corporate philanthropy and lays out specific mechanisms that lead to the firms' extension of core businesses to social initiatives.

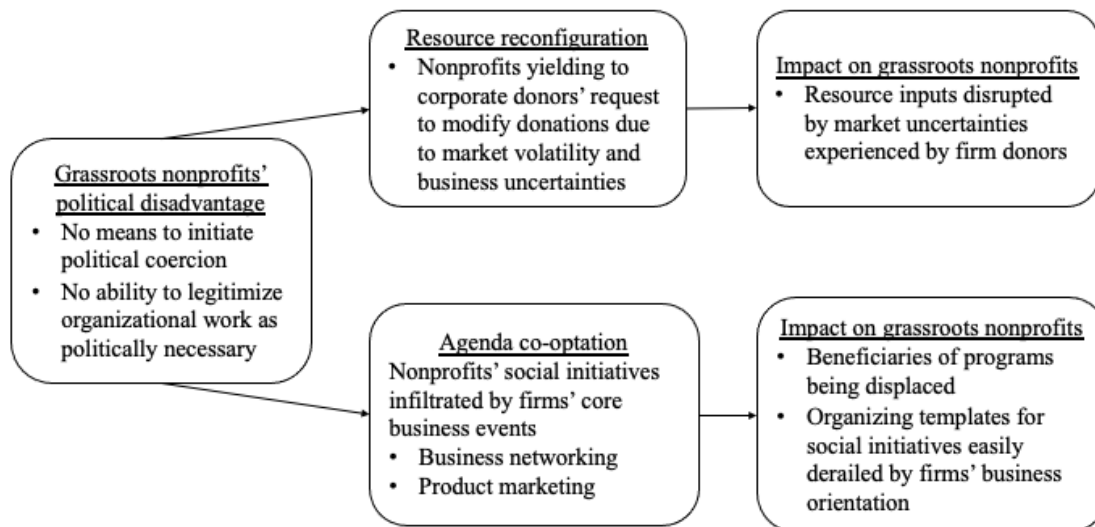


Figure 3. Grassroots Nonprofits Extending Core Business Activities of Firm Donors

Theoretical Contributions

Findings of this chapter first builds upon the literature on political connections in China and beyond. Existing research on state-business relationships in politically repressive regimes has long shown that donating to the state not only helps firms secure state endorsement and positions in political institutions, but also serves as a foolproof donation strategy that is taken for granted by various corporate stakeholders (Gallagher 2004; Ma and Parish 2006; Zheng, Ni and Crilly 2019). On the contrary, like critical media and social activism groups, grassroots nonprofit organizations with no formal affiliations with the government are prone to be prone to suspicious state officials' surveillance and interference (Lei 2016). By documenting how political disadvantage of grassroots organizations instead facilitates business interests, this paper offers a rare account of the beneficial effect of *lack of* political embeddedness for business firms.

Implications of this finding are not limited to politically repressive environments, given that many nonprofits in liberal democracies are also relatively free from the obligation to orient themselves solely towards public benefits (Pache and Santos 2013) and are subject to frequent state interferences, for instance within government procurement tasks (Clemens 2006).

Moreover, this paper contributes to the scholarship on commercialization by identifying the tension between social and business practices in firm-nonprofit collaborations. Many studies of interactions between social and commercial activities focus on either the intra-organizational level (e.g., Pache and Santos 2013) or the field or country level (e.g., Dore 1983) to analyze the co-existence of activities pertaining to social welfare improvement and profit maximization. But there is an additional payoff when this line of research is extended to firm-nonprofit partnerships at the inter-organizational level: a crucial understanding is obtained with regard to whether and how business firms push nonmarket organizations towards profit-oriented activities. Some recent studies have begun to specify relational processes underlying the promotion of commercial, self-interested pursuits vis-à-vis social goals: for example, artisans may set above-market or below-market prices depending on whether the consumers are knowledgeable about and appreciative of their products, and frequency of interactions conditions the probability of borrowers in microfinance programs taking advantage of their committed lenders through missing due payments (Doering 2018; Ranganathan 2018). Alongside this stream of research, the current paper takes the initiative to shed light on an underexplored contributing factor—disconnection of social actors with political institutions—and identify its role in market actors' commercialization of benevolent exchanges.

Finally, this chapter speaks to the literature on firm-society relations and enriches the current understanding of nonprofits' political roles in social good provision involving firms.

Organization theorists and economic sociologists have taken a firm-centered perspective on corporate social initiatives, attributing them to corporate financial performance (for a recent literature review, see, for instance, Mellahi et al. 2016), executive preferences and experiences (Chin, Hambrick, and Treviño 2013), resource dependence of businesses on key stakeholders (Ingram and Simons 1995), and pressure from peer companies (Galaskiewicz 1997; Marquis and Tilcsik 2016). Additionally, societal impacts on corporate social responsibility have also been regarded as substantial, in the form of social activism (Luo, Zhang, and Marquis 2016; McDonnell and King 2013), community solidarity and locality-specific institutional arrangements (Guthrie 2010; Husted, Jamali, and Saffar 2016), and mega events and natural disasters (Tilcsik and Marquis 2013). Nevertheless, what is largely missing is a systematic inquiry into how characteristics of nonprofit partners condition processes of goal setting and resource distribution for corporate social engagement. This gap is unfortunate, since previous research already suggests that corporate social initiatives often hinge on nonprofit capacities to navigate difficult political environments (Ballesteros and Gatignon 2019; Hornstein and Zhao 2018). Through contrasting donation-related activities of state-led nonprofits with those of grassroots nonprofits, this paper proposes a political analytical framework that tracks how business advantage could be secured by firms via the efforts of powerless nonprofit partners rather than their powerful counterparts.

Future Research

My study proposes two crucial questions for future research. First, though the current study offers extensive evidence of business influence on philanthropy in China, it remains to be determined whether such corporate influence varies across institutional contexts. Future studies can assess country-level or locality-level factors that condition the relationship between

politically disadvantaged nonprofits and their corporate funders. In addition, scholars can also examine impact of donations' final beneficiaries on different forms of firm-nonprofit collaborations, which is another underexplored puzzle. As corporate donors are obliged to more or less consider the wellbeing of citizens and communities that they ultimately support, future research can analyze whether the embeddedness of firms' core business activities in nonprofits' philanthropic initiatives is molded by redistribution preferences of these final beneficiaries. In doing so, researchers may examine whether these effects are moderated by the presence of politically advantaged nonprofits, which are corporate philanthropy's resource intermediaries that promise to prioritize interests of the general public.

In conclusion, this inquiry into the grassroots-oriented corporate philanthropy in China is by no means confined by its regional focus: it not only identifies a new corporate philanthropy strategy in a politically adverse context but more generally assesses stakes of market actors' corporate social responsibility initiatives beyond political and reputational gains. When social services organizations and advocacy groups struggle with a politically uncertain environment, they may be also prone to business firms' interventions. This article points to the intersection of politics, commercialization, and benevolence, which I hope further research on firm-society relations will continue to explore.

Chapter 2. Nonprofit Status Hierarchies and Grassroots-Firm Collaborations

Organizations from varied fields have increasingly taken collective efforts to address economic, political, and social challenges. As private firms complement capabilities of the public sector and introduce market-based mechanisms to public goods provision, government agencies often outsource responsibilities to companies, seeking to channel diverse resources to innovative statebuilding initiatives and minimize costs in day-to-day operations (Rangan, Samii, and Van Wassenhove 2006; Weiss 2014). Similarly, in the face of major natural disasters and climate change, nonprofit organizations draw on their existing repertoire of capacities, practices, and knowledge to coordinate public goods provision with businesses and the welfare state, sometimes even driving firm innovations in social initiatives (Odziemkowska and Zhu 2021; Teets 2009). Although such cross-field collaborations have the potential to generate novel solutions to emerging problems that actors from a particular sector alone might not even conceive of, organizations across field boundaries may find it difficult to commit to the joint enterprise in the first place. Without understanding what resources and competencies are associated with prospective partners, particularly those from a nascent field still prone to the liability of newness, organizations can doubt the feasibility of collaborations and the benefits they promise (Kivleniece and Quélin 2012; Stinchcombe 1965). Furthermore, when an organization gears itself towards only one specific organizational goal rather than accommodating a diversity of missions, cross-field collaborations may also collapse due to misalignment of interests (Rivera-Santos, Rufín, and Wassmer 2017). Yet, while some collaborating organizations fail to overcome these barriers, how and why do others achieve success?

This chapter explores how such inter-organizational collaborations across fields are made possible by social status competition. For organizations in the contemporary world, social status—ranking in a social system—affects desirability in the eyes of external audiences and probability of accessing external resources (Rao 1994; Zuckerman 1999). Therefore, organizations compete for high social status by responding to explicit and implicit expectations of status hierarchies, often in the form of ratings systems or other third-party evaluative criteria (e.g., Askin and Bothner 2016; Bowers and Prato 2018; Espeland and Sauder 2007; Ody-Brasier and Sharkey 2019; Phillips, Turco, and Zuckerman 2013). Building on insights from the research on social status and status hierarchy, I explore whether cross-field collaborations are conditioned by varied structural configurations of the entire performance ratings system to which local organizations from one sector are exposed.

In particular, I study the underexplored relationship between status hierarchy and cross-field collaboration in the context of the grassroots-oriented corporate philanthropy in China. As a new organizational category that is only emerging within the domestic field of social provision, grassroots nonprofits—those bottom-up groups with no formal connections with the authoritarian government—may lack institutional access to physical and human capitals critical for consolidation of problem-solving abilities. Such capacity building can nevertheless be a relatively easy task for state-controlled charities—the incumbents in the social sector—which have long developed practical resource acquisition tactics thanks to the longstanding political system (Unger 1996; Zheng, Ni, and Crilly 2019). In addition, since repressive regimes tend to eradicate social initiatives that are deemed as threats to the ruling power, survival of grassroots nonprofit organizations hinge on what social causes they advance (Kang and Han 2005; Long 2018; Spires 2011). In the past decade alone, for instance, the iron-fisted Chinese state tightened

its grip on organizations dedicated to labor movements (Franceschini and Nesossi 2018) and transnational advocacy (Plantan 2022; Sidel 2019), halting most activism and social services programs in these fields. This suggests a unique challenge to corporate philanthropy targeted at grassroots organizations: sustaining firm support despite the concern about grassroots nonprofits' competencies and survival.

In this chapter, I demonstrate that differentiated responses of Chinese grassroots nonprofits to this challenge are shaped by locality-specific ratings systems, such as social performance reviews and social innovation challenges. More specifically, I focus on two key structural features of local ratings systems—frequency of evaluation opportunities and ambiguity of evaluation criteria—and their effects on the attractiveness of grassroots nonprofits to potential corporate sponsors. In localities where frequent exposure to ratings systems induces intense inter-organizational competition for higher standings, grassroots nonprofits are more incentivized to invest in problem-solving capacities for core social endeavors being pursued, which in turn facilitate firms' intended philanthropic programs. Furthermore, when local ratings systems are characterized by ambiguous evaluation criteria, grassroots nonprofits are more inclined to develop slack resources for alternative social issues in case of shifting referee tastes. This slack ends up being positively received by corporate donors, as excessively narrow specialization poses additional risks to evolution of corporate donors' preferences and increasing diversification of corporate philanthropy projects. While in Chapter 1 I suggest that corporate donors might approach the grassroots nonprofit sector for core business interests, I further this argument in the current chapter by exploring the internal heterogeneity within the group of grassroots nonprofits and explaining why some of them were able to obtain more substantial corporate support than others.

The central argument of this paper is based on a comparative study of corporate donations flowing to three coastal cities in China, which were characterized by varying levels of grassroots-oriented corporate philanthropy yet strikingly similar economic and social development otherwise. 74 interviews, 20-month participant observations, and numerous secondary sources were drawn on to investigate locality-level, interorganizational-level, and organizational-level processes that facilitate partnerships between firm donors and grassroots nonprofits.

The chapter is organized as follows: First, I situate grassroots-firm collaborations in the broader literature on status competition and status hierarchy and identify the key theoretical puzzle to be addressed. Second, I discuss the methodological basis of this study, presenting a comprehensive multi-level analytical framework to analyze my cross-regional data. Third, I zoom in on differentiated penetration of the state in the nonprofit sector across localities and explore how structural configurations of nonprofit performance ratings were conditioned by the varying state-nonprofit interactions. Fourth, I detail how variation in evaluation frequency and ambiguity across three cities affected grassroots nonprofits' strategies of capacity building and program specializing, and how these strategies were received by potential corporate donors. Finally, as this chapter develops a status competition theory of the nonprofit sector in the eyes of corporate actors, its broader theoretical contributions to the research on corporate social responsibility and status hierarchy are highlighted.

Assorted Status Competition and Status Hierarchies

Social status scholars have long recognized that organizations in the contemporary era seek superior positions in social status hierarchies, often in the form of performance ratings or

other third-party evaluative criteria. Because the superior social status is associated with higher visibility, legitimacy, and perceived product quality (Bowers and Prato 2018; Podolny 1993; Sharkey 2014; Zuckerman 1999), organizations secure favorable status positions by responding to expectations of status hierarchies (Askin and Bothner 2016). The status management tactics are developed by organizations in various institutional fields, including business firms (Chatterji and Toffel 2010; Sharkey and Bromley 2015), government institutions (Chen, Li, and Zhou 2005) public and private universities (Sauder and Espeland 2009), and healthcare organizations (Ody-Brasier and Sharkey 2019).

However, existing scholarship have paid less attention to how such inter-organizational competition for social status varies across status hierarchies with different structural characteristics. Operating at a higher level, status hierarchies specify scope, rules, and resources for interactions among organizations striving to obtain status (Espeland and Sauder 2007). As noted by Sauder, Lynn, and Podolny (2012: 279), conceptualizing status hierarchies as the primary units of analysis is “valuable for helping us to understand how contexts affect status processes, a question that has fallen to the background of recent status debates.” Although a few prior studies have highlighted important structural features of status systems such as distribution of status rewards and degree of deference to another actor being evaluated (e.g., Bothner, Podolny, and Smith 2011; Gould 2002), it remains to be understood how status hierarchies’ formal structures influence kind and extent of status competition among organizations.

Moreover, it is not clear from the literature how structural characteristics of status hierarchies subsequently shape audiences’ perceptions of organizations being evaluated. Critics, arbiters, and other third-party evaluators offer judgements about organizations within status hierarchies, and these reviews subsequently become information cues through which the broader

society makes sense of organizations' performance (Rao 1994; Zuckerman 1999). In the face of the third-party evaluators, organizations may readily implement practices being required to signal compliance with shared norms (Chatterji and Toffel 2010; Sharkey and Bromley 2015). In other circumstances, however, organizations strategically manipulate rules of status hierarchies through taking efforts to improve ratings without improving the capabilities that raters are supposed to measure (Ody-Brasier and Sharkey 2019). Similarly, when suffering from a loss of status, business actors may employ new price-setting strategies to recover lost ground (Askin and Bothner 2016). How are these coping strategies varied across status hierarchies, and how do external audiences evaluate strategic responses of organizations to competitive pressures from different status hierarchies? Audiences provide material resources and social recognition for organizations approved by third parties (Sauder, Lynn, and Podolny 2012), yet little has been known about how audiences' processing of status cues unfold in different status hierarchy structures.

More scholarly efforts are therefore needed to analyze the relationship between status competition, status hierarchy structures, and external audiences' perceptions. When inter-organizational competition for high social status becomes fierce, actors may closely monitor and imitate one another's behaviors (Burt 1987). To keep up with peers and maintain status positions, organizations such as media and bureaucracies often seek approval from evaluators and audiences by constantly improving performance (Lei 2016; Xu and Tian 2020). Moreover, if stakes in status competition—namely what constitutes a high status—are only vaguely defined, organizations enjoy considerable latitude in mobilizing status management strategies. Accordingly, organizations are able to not only absorb logics, forms, and practices of various kinds but also rebound from errors if there are any (Pontikes and Barnett 2015; Smith and

Besharov 2019). For this study of the grassroots-oriented corporate donations in China, I extend the work on competition and ambiguity in status theory and pinpoint two key structural characteristics of a status hierarchy—frequency of evaluation opportunities and ambiguity of evaluation criteria—and explore their effects on intensity and breadth of inter-organizational status competition. I then document how organizations responded to pressures from the status hierarchies by developing capability and organizational slack, which eventually appeal to their audiences.

Data and Methods

A Cross-City Comparison of Corporate Philanthropy

To understand how grassroots-firm collaborations in philanthropic initiatives are driven by dynamics that unfold at distinct analytical levels, I implemented a two-stage case selection approach. I first strategically selected localities where firms' charitable contributions were received. Given that extent of market competition and configuration of the government's social control in China may differ across regions (Lei 2016), it is likely that locality-specific political and economic environments condition donation preferences of companies as well as resource mobilization strategies of grassroots nonprofits. To take into account the locality-specific effects on corporate philanthropy, I first focused on cities characterized by varied levels of grassroots-oriented corporate philanthropy but strikingly comparable economic and civic development. More specifically, prior research demonstrates that economic situation of a locality influences altruistic behaviors of firms, because corporate actors may donate more to fast-growing markets where prospect of long-term economic development induce companies to build enduring relationships with regional stakeholders (Hornstein and Zhao 2018; Lim and Tsutsui 2012).

Additionally, it is also likely that the grassroots-oriented corporate philanthropy is shaped by state involvement in social provision, as the grassroots social sector is particularly welcomed when social needs are inadequately addressed by Chinese government's welfare programs (Spires 2011). To control for these locality-level factors, I traced flows of corporate donations that took place in three large coastal cities in China: Shanghai, Hangzhou, and Beijing. Although levels of economic growth and government civil affairs expenditures⁶ were comparable across the three localities, Shanghai enjoyed the highest level of grassroots-oriented corporate philanthropy and Beijing fell behind in this regard. Table 2 presents further information on the three localities being selected for the multi-locality research.

Table 2. Chinese Coastal Cities Selected for Cross-Regional Study

City ⁷	Level of Regional Economic Development (GDP growth in 2018)	Government Spending on Civil Affairs (<i>government civil affairs expenditure per capita in 2018</i>)	Level of Grassroots-Oriented Corporate Philanthropy (<i>proportion of corporate donation amount received by grassroots nonprofits in 2016</i>)
Shanghai	6.68%	579.24 CNY	68.99%
Hangzhou	7.19%	546.64 CNY	50.52%
Beijing	8.23%	539.13 CNY	21.60%

⁶ Across provinces and municipalities of China, local government's civil affairs expenditure generally consists of spending on social assistance, social welfare, and welfare lotteries. Social assistance programs provide a minimum level of income support for individuals and households in poverty. Social welfare programs are targeted at the elderly, the disabled, and children without parents or caregivers. See Hangzhou Civil Affairs Bureau (2019) for more details.

⁷ For the cities of Shanghai and Beijing, data on GDP, population, and government expenditure on civil affairs comes from the China Statistical Yearbook Database. For the city of Hangzhou, the data was collected and reported by the Hangzhou Municipal Statistics Bureau (2019). Currency is shown in 2018 Chinese yuan.

Afterwards, within the three localities being specified I further compared corporate philanthropic initiatives coordinated by grassroots and government-controlled nonprofits respectively, so that organizational-level and interorganizational-level mechanisms contributing to the grassroots-oriented corporate philanthropy could be pinpointed. As elaborated in Chapter 1, I drew on annual reports of charitable foundations and online information on other registered nonprofits in each of the cities to identify pairs of nonprofits that were based in the same locality and were largely similar except their political statuses (i.e., being state-controlled versus grassroots). Nonprofit characteristics, such as categories of service provided, amount of total asset, and year of establishment, served as “control variables” for this coarsened pairwise matching exercise. Next, I attended to how corporate leaders, government officials, peer social organizations, and performance evaluators approached and engaged with these selected pairs of nonprofits. In doing so, I was able to address whether the interactions between donors, recipients, and other key stakeholders varied according to the nonprofits’ political status and what were the implications of these interactions for the rise of a successful grassroots-firm collaboration. More concretely, this study narrowed its focus to 12 pairs of nonprofits, four in each city, and another ten nonprofits who shared the corporate donors with the nonprofit pairs being identified. In addition to the data introduced in Chapter 1, I interviewed referees for social innovation challenges and nonprofit performance ratings—usually experts in nonprofit management from universities and thinktanks, journalists from mainstream media, leaders of large charitable foundations, or civil affairs bureau officials—to understand design and implementation of different social performance evaluation systems. This effort was complemented by an analysis of relevant archival sources, including but not limited to performance review forms and rubrics

along with media coverage of evaluation activities. In total, I drew on 74 interviews, 20-month observations, and more than 300 electronic and paper documents.

Analytical Strategy

When analyzing the qualitative data being collected, I made distinctions between organizational-level, interorganizational-level, and field-level processes that molded corporate philanthropic projects. This analytical approach was largely informed by the open systems perspective, which zooms in on the interactions of organizations with elements of their external environments (Scott and Davis 2007; Weber and Waeger 2017). In general, the organizational-level process pointed to data on how respondents perceived economic, political, and social characteristics of individual organizations involved in corporate philanthropy, such as industry, performance, ownership, and prior social responsibility practices of a firm as well as total assets, political standing, fields of services, and problem-solving capability of a nonprofit, among others. I used the inter-organizational level to highlight evidence on match or mismatch between characteristics of different organizations—for instance, whether an educational charity planned to solicit donations from a K-12 online learning firm because both of them worked on similar social issues, or whether a tech company turned down the opportunity to collaborate with a grassroots environmental NGO due to concerns about its political status or conflicts in agendas preferred by the two sides. Finally, the field-level dynamics were derived from interview, observational, and archival data on impacts of larger institutional environments, including local enforcement of laws and regulations pertaining to corporate social responsibility, level of social control of day-to-day nonprofit activities imposed by street, district, and city state agencies, and establishment of ratings systems that evaluated and compared philanthropic practices. Table 3 provides a detailed analytical scheme that reflected how grassroots nonprofits, state-led

nonprofits, firms, and government agencies as key actors for this study were subject to mechanisms related to corporate philanthropy at the three distinct levels.

Table 3. Corporate Philanthropy Processes across Three Analytical Levels

Organizations	Analytical Level of Corporate Philanthropy Processes		
	Organizational	Inter-organizational	Field
Grassroots Nonprofits	<p>Definition: political, social, and economic attributes of a nonprofit</p> <p>Indicators: registration status, fields of services, annual fundraising amount, capability of program management</p>	<p>Definition: characteristics of relationships between grassroots nonprofits and corporate donors</p> <p>Indicators: match of fields of competency, level of firms' engagement in philanthropic activities</p>	<p>Definition: regulatory environments, policy support, performance ratings systems</p> <p>Indicators: implications of overseas NGO law, availability of government contracts, exposure to performance ratings and other evaluation events</p>
State-led Nonprofits	<p>Definition: political, social, and economic attributes of a nonprofit</p> <p>Indicators: organizations that founded the nonprofit, number of current and former state officials on board, total assets, social problem-solving capability</p>	<p>Definition: characteristics of relationships between state-led nonprofits and corporate donors</p> <p>Indicators: purpose of donation spending, firms' control over donation allocation</p>	<p>Definition: regulatory environments, political support, social evaluation systems</p> <p>Indicators: adoption of new charity law, exposure to performance ratings and other evaluation events</p>

Table 3. Corporate Philanthropy Processes across Three Analytical Levels (continued)

Corporate Donors	<p>Definition: economic performance, ownership, and prior social performance</p> <p>Indicators: industry, profitability, being a state-owned enterprise or not, past philanthropic projects</p>	<p>Definition: characteristics of relationships between corporate donors and donation recipients</p> <p>Indicators: implications of philanthropic projects for corporate strategic planning</p>	<p>Definition: business cycles, law enforcement pertaining to CSR</p> <p>Indicators: level of economic fluctuations and growth, tax benefits of corporate giving</p>
Government Agencies	<p>Definition: position in administrative hierarchy, field of work</p> <p>Indicators: areas of jurisdiction, role played in corporate philanthropy, political status in government system (i.e., whether an agency has power to make decision for another)</p>	<p>Definition: interactions among government agencies, political control of state-led nonprofits</p> <p>Indicators: degree of compliance with superior government, influence over agendas of government-led nonprofits</p>	<p>Definition: priorities of urban governance, state interventions in market</p> <p>Indicators: styles of state governance of nonstate groups, attitudes towards private firms</p>

Using these analytical categories, I classified the qualitative data, identified consistent patterns, and travelled back and forth between empirical evidence and existing theoretical accounts. I first categorized texts from interview transcriptions, field notes, and secondary sources according to the analytical scheme presented above. Next, for each case of donation I studied, I drew on open coding to analyze the texts being categorized and pinpoint mechanisms that contributed to the success or failure of firm-nonprofit collaboration. In this process, I achieved a coherent understanding of a particular donation case by connecting and contrasting relevant experiences of actors situated in different microsettings. I then compared code across the donation cases and discovered emerging patterns that might potentially explain why grassroots

nonprofits, instead of their state-controlled counterparts, received philanthropic supports from firm donors. Once the preliminary results suggested that the variation across the donation cases could be accounted for by locality-specific status competition among nonprofits, I returned to the data on field-level dynamics and coded key features of local status hierarchies. When constructing my central argument on status competition and status hierarchy, I used the abductive approach and focused on aspects of empirical phenomenon that had been insufficiently theorized by previous research (Burawoy 1998; Tavory and Timmermans 2014; Van Maanen, Sorenson, and Mitchell 2007).

Configurations of Local Nonprofit Status Hierarchies

In China, corporate philanthropy targeted at the grassroots social sector did not emerge in a vacuum. Although some firms refrained from financially supporting state-led social programs due to the diminishing influence of lower-level government bureaus, as noted in Chapter 1, such reluctance did not necessarily push Chinese firms towards indiscriminately contributing to grassroots nonprofits. For many corporate donors, supporting NGOs other than government-affiliated ones was an unfamiliar strategy. For instance, a corporate social responsibility manager at a cosmetic manufacturing company in Beijing noted that her company would not donate to a non-state social services group until it could demonstrate its competitive advantage over state-led nonprofits. “If other alternatives were not better than the current [district-level Red Cross organization],” as this social responsibility manager said, “we wouldn’t bother.” Yet, as I demonstrate below, thanks to frequent yet ambiguous competition among grassroots nonprofits for higher social status in some localities, both capacity building and goal setting for this new philanthropic model became feasible. This inter-organizational status competition was molded

by locality-specific status hierarchies, in the form of performance ratings systems that evaluated organizations in the social sector. The design of these social status hierarchies, however, depended on how the local state had been managing its relationship with the nonprofit sector.

Varying State Penetration in Society

Compared to the cities of Hangzhou and Beijing, the politics of social services provision and, more generally, social problem solving was more inclusive in Shanghai. As China's economic and social transformation in recent decades had not eliminated inequality and poverty, disadvantaged populations were still in need of financial and institutional resources that could provide a safety net, buffering them from negative economic impacts. Rather than imposing their predetermined schemes designating what social welfare objectives to achieve and how to pursue these goals, government agencies in Shanghai readily urged social services nonprofits and charitable foundations from all issue areas, whether state-led or grassroots, to pinpoint rising social problems themselves and invent concrete solutions independently. To leverage the potential of the broader society, the city government and district-level bureaus of Shanghai first introduced social incubators to China, serving nonprofit looking to address neglected social concerns or improve existing methods of social welfare provision. Within these social incubators, the state provided subsidies and mentorship supports, typically for one or two years, aiming to help nonprofits develop work proposals and implement the projects they had conceived. In effect, whether the applicants were grassroots startups working on sustainability or well-funded state-led foundations seeking to improve childcare services, they might enter these social incubators as long as their plans promised novelty as well as practicability. In 2019 alone, almost 1,000 nonprofit organizations in the city were supported by 33 social incubators established by the state, in addition to dozens of other incubators that were partly funded by

public agencies (Shanghai Civil Affairs Bureau, 2020). In addition, the advancement of this bottom-up, open-ended social problem-solving was sustained by a mutually beneficial relationship between government bureaus and nonprofit organizations, regardless of what fields the nonprofits' work fell in. Through regular meetings, workshops, and informal conversations, government-led and grassroots nonprofit leaders informed state officials of new issue domains and oft-neglected underprivileged groups to be taken care of, and in return the officials gave helpful information about resources they could offer and policy initiatives they could introduce to help nonprofits deal with the new problems being identified. A district-level government officer in charge of a social incubator explained how she understood the general dynamics of collaborations between state and non-state actors in social endeavors:

We are [Shanghai is] always first in line, when it comes to engagement of the nonprofit sector in social governance. Other provinces and municipalities may bring up this issue and work seriously on it as well, but we know we wholeheartedly support this cause... We have to respect the fact that the social sector is an independent problem solver. Thus, besides control and supervision of local nonprofits, we elicit continuous and diverse inputs from them to make the governance structure more efficient. It's a two-way interactive process.

The state-nonprofit relationship in the field of social provision and social problem solving was rooted in the highly participatory urban governance of Shanghai. When faced with the central government's social, economic, and political initiatives that allowed for flexibility in the local state's implementation, the city government of Shanghai often actively elicited feedback from non-state actors and then integrated these bottom-up inputs into final policy plans. For instance, in urban redevelopment projects, local residents were encouraged to provide district-level and street-level bureaus with feedback on how community interests would be affected by reconstruction, renovation, or maintenance of the focal urban areas. Moreover, local architects, urban planners, and artists from research institutes and privately-owned enterprises were also

enlisted in these redevelopment initiatives so that any technical challenges arising from program execution would be addressed through multiple professional lenses. An official at a district-level planning and natural resources bureau attributed this participatory governance to enduring legacies of numerous political innovations that had ever occurred in Shanghai since the beginning of the market reform in the late 1970s: “The [central] government always tries out new stuffs in Shanghai; market transition, business entrepreneurship, political reforms, you name it. Sticking to top-down models and counting on decisions of higher-level government is an option, but Shanghai must do something different. The result is to build a more engaging model based on innovative potentials of social actors.” If such active involvement of non-state actors was deliberately curbed by the central government, urban governance of Shanghai would easily fail: in April 2022, for instance, once the central state implemented a strict COVID-19 lockdown that halted the operations of almost all businesses and social organizations in Shanghai, local government officials found themselves unable to ensure food supplies to local residential communities or meet their other basic human needs.

Government officials from Hangzhou attempted to emulate nonprofit governance system in Shanghai, yet historically this effort was limited by underdevelopment of local grassroots nonprofits and lack of bureaucratic capacities to engage with these bottom-up social organizations. Only about 120 miles apart, Hangzhou and Shanghai were often set in comparison with one other by the mass media and general public, as both were large cities located in the Yangtze Delta, a region that boasted one of the most fast-growing economies in contemporary China. Nevertheless, while a significant number of social services organizations and advocacy groups independent of the state system were established in Shanghai as early as the 1990s, they had been relatively uncommon in Hangzhou until the late 2000s. One experienced neighborhood

social services organization leader in Hangzhou emphasized how the slow development of local independent nonprofits at least partly resulted from the absence of international NGOs: “When foreign NGOs first came to China, they didn’t set up their local headquarters in Hangzhou... Many Chinese first learned that they could carry out social services programs by themselves because of these international organizations, but Hangzhou didn’t get this head start.” As the independent nonprofits had been on the Hangzhou government’s radar screen for only a relatively short period of time, local bureaucrats used to be relatively unfamiliar with this category of organizations as well as methods to mobilize capabilities of these organizations for government use. “The [city] government knows well about the operation of charitable groups affiliated with the state for a long time,” as this nonprofit leader in Hangzhou further noted, “but it hasn’t fully understood the organizational power of the [broader] society yet.”

More recently, mega events created opportunity for the city government of Hangzhou to activate potentials of the broader society to solve social problems independently, though this type of political incentive was largely confined to the field of neighborhood-based social services. To prepare for the 2016 G20 summit, a forum for international economic cooperation among 19 major countries and the European Union, Hangzhou trained approximately 3,200 volunteers to assist meeting participants. In addition, the local government saw the G20 summit as a critical event where the city ought to present a positive social image to the world, so another million volunteers from local neighborhoods were called upon to ensure public safety, reduce crime, and, when necessary, crush dissent (Liu 2016). Following the G20, with such a massive volunteer base already being organized, the government of Hangzhou sought to institutionalize it for further mobilization. Eventually, neighborhood-based volunteer efforts were urged to convert themselves to long-run, formal programs serving community residents, covering fields of work

ranging from civil dispute resolution to community facility building daycare and disability services. To motivate residents to establish nonprofit organizations capable of tackling neighborhood issues independently, the local government came up with two strategic moves. First, city and district state agencies hosted numerous information sessions where founders of renowned neighborhood services nonprofits from other cities were invited to Hangzhou to share experiences about concrete ways of identifying niches in the field of social issues and building up organizational strength accordingly. Second, exactly like the city government in Shanghai, top officials in Hangzhou established social incubators and instructed district state bureaus to financially support nonprofit startups which were able to proactively identify residents' new needs and then come up with novel plans to respond to them efficiently. Beyond the field of neighborhood services, however, the Hangzhou government hardly supported the innovative practices of nonprofits. According to a worker from a local privately funded platform specializing in capacity building of grassroots nonprofit, the local government was "working fervently to first generate breakthroughs in neighborhood social services before hopping to another field."

On the other hand, bureaucrats in the city of Beijing failed to push the local nonprofit sector towards independent problem solving: the municipal state more often than not maintained a top-down relationship with the nonprofit organizations. Like their counterparts in Shanghai, city-level and district-level officials in Beijing regularly reached out to nonprofits in their jurisdictions, but in these interactions the government mostly asked for compliance rather than promoting reciprocal information exchange. The leader of a local gender equity grassroots nonprofit recalled an encounter with some of the district-level civil affairs officials: "They hosted a meeting to discuss nonprofits' future role in digital governance. It was about how the

state and nonprofits could use digital tools to deepen existing cooperation... They read the policy documents that the city state gave to them, and at the end of the meeting, most participants simply showed their allegiance to this paperwork.” This top-down process was also observed at state-controlled grantmaking charities and social incubators, which often imposed political orders on behalf of the government. When distributing small funds to new nonprofits, local state-led grantmaking foundations usually specified which of their long-standing projects the grant recipients might contribute to. Instead of identifying social groups in need and searching for efficient solutions by themselves, goals and means to achieve these goals were almost predetermined for the tasks assigned to the nonprofits. Likewise, although social incubators were also established by many district governments to engage with bottom-up organizations, nonprofits were rarely granted flexibility in determining what they could do. Before entering these incubators, most nonprofits were already informed of the population to be targeted and categories of social services to be provided. According to a junior-level district official in charge of nonprofit affairs, the incubators were set up to “mobilize social services organizations and other societal members to take part in social initiatives of the government.”

This relatively authoritative structure in Beijing was again a reflection of the local state-society relationship. As the capital city of China, the Beijing government treated political stability as a priority so that the very heart of the authoritarian regime was safeguarded. Consequently, in designing the urban governance system, local authorities often excluded non-state actors from policymaking processes and turned a blind eye to their inputs in order to minimize potential political risks brought about by civic participation. Faced with large-scale rural-to-urban migration during the nation’s transition to a market-oriented economy, for instance, Beijing disregarded the need for social integration from the migrant communities.

When a large fire broke out in November 2017 at a suburban apartment building occupied mainly by working-class rural migrants and caused 19 deaths, the municipal government began to perceive underprivileged migrants as a threat to public safety and force hundreds of thousands of them out of the city. For city beautification projects, likewise, the authorities made one-size-fits-all policies whenever they found it necessary to do so: all small businesses on the streets were required to standardized the format of their signboards in July 2018, yet, confusingly, in November 2020 a new regulation prohibiting signboard standardization went into effect. The rather capricious state interventions were largely a product of the prevailing top-down political logics in Beijing, as suggested by the gender equity NGO leader, given that the municipal officials there “always do what they think make sense, not necessarily what the people think would be most beneficial.”

Structural Differences among Local Nonprofit Performance Ratings

Across the cities of Shanghai, Hangzhou, and Beijing, the state-nonprofit interactions shaped how local status hierarchies for social service organizations and charitable foundations—in particular third-party ratings systems evaluating nonprofit performance—were structured. Across geographic regions of China, registered state-controlled and grassroots nonprofit organizations were first subject to the Chinese Social Organization Evaluation (CSOE) and the Best Social Organization Award (BSOA), where performance of registered nonprofits was assessed through a five-point ratings system and a nomination and finalist selection process, respectively.⁸ CSOE typically evaluated performance of nonprofits of all lifecycle stages every five years, whereas BSOA did so annually and tended to focus specifically on those already

⁸ If a nonprofit organization was registered with a city-level government agency, it would be subject to the city-state’s review. Likewise, in case nonprofits obtained the registration status via district-level bureaus, they would normally be evaluated by district government officials.

mature, well-performing nonprofits. Although not required to be rated by CSOE and BSOA, nonprofit organizations were highly encouraged to do so. Both ratings systems covered a wide range of dimensions of nonprofit performance, including internal governance structure, services work performance, and public reception to the nonprofit's work, though quantitative indicators of these dimensions were far from identical across cities and districts. To be sure, local government officials were not the only evaluators for CSOE or BSOA: as specified by the regulations, leaders of large foundation and experts from universities and policy research institutes were recruited as judges too. If receiving a higher rating in CSOE or become a finalist recognized by BSOA, the nonprofit would be more likely to qualify as a charitable organization to which tax-deductible contributions could be made.⁹ Additionally, nonprofits acknowledged by CSOE and BOSA would be more likely to be selected by government agencies as collaborators in public procurement projects.

In addition to these two nationwide evaluation systems, local services nonprofits and foundations in Shanghai had opportunities to participate in numerous other performance contests throughout the year. Specifically, most of these contests were annual social innovation challenges at the city level or the district level, co-hosted by government agencies and sponsored by media outlets, research institutes, or even private firms. Some of these social innovation challenges were open to all nonprofit grassroots, registered and unregistered, while others were focused on startups or organizations led by university students or young social entrepreneurs. To apply to these contests, state-led and grassroots nonprofits typically needed to submit proposals of their future philanthropic projects, again to government officials, university experts, nonprofit leaders, and journalists for rounds of comprehensive review. If an organization made it to the

⁹ Note that unlike many democratic countries, nonprofits in China are not tax exempt by default.

finals of these competitions, it would be rewarded with monetary grants, mentorship training, and various logistics supports. To ensure extensive participation, in most cases social innovation challenges did not specify the social issues or populations that the nonprofit's project proposals should address.

The evaluation criteria of the performance ratings systems in Shanghai were not rigid after all. Whether at the city level or the district level, the local social innovation challenges usually suggested that participants address emerging social problems in a novel fashion that “breaks with tradition,” but it was rarely specified what types of innovative problem solving they valued and how they should be realized. In other words, in the eyes of the reviewers for social challenges, what constituted superior organizational performance was often left undetermined on purpose. When it comes to nationwide nonprofit ratings, many evaluation criteria for CSOE and BSOA were also made highly vague by city and district bureaus. In fact, assessment of many dimensions of social performance—uniqueness, professionalism, and social reputation of programs being executed, in particular—resisted easy quantification¹⁰ and required deliberation of local judges. When evaluating these crucial aspects of nonprofits' social performance, the judges in effect utilized a case-by-case approach and centered more generally on whether and how the philanthropic projects at hand improved from existing modes of social provision and methods of social problem solving. Again, a clear and objective rubric of social performance was absent here. As the district official in charge of a social incubator recalled, a research institution director designing the CSOE ratings for her district had emphasized on many occasions that the

¹⁰ In Shanghai's local version of CSOE, for instance, exactly 40% of the maximum raw score a nonprofit could possibly obtain was assigned to social performance indicators without clear rubrics. The other 60% of the total raw score was instead pertinent to establishment of internal control (e.g., financial reporting, human resources management, and legal compliance) and quantifiable performance in philanthropic programs (e.g., annual revenue and expenditure, growth of net assets, and fulfillment of program disclosure requirements). For a complete list of nonprofit performance indicators for CSOE in Shanghai, see Shanghai Civil Affairs Bureau (2018).

definition of a valuable philanthropy engagement was an open question and nonprofits in Shanghai should therefore figure out by themselves how to make progress and build advantages in the eyes of the performance evaluators.

The multiplicity of social challenges and the ambiguity of nonprofit evaluation criteria in Shanghai were indeed products of the political innovations orchestrated by government officials in the social sector. To endorse the city state's policy initiative to cultivate independent problem-solving capabilities of local nonprofit organizations, municipal leaders' subordinates in various lower-level bureaus were obliged to make additional effort to incentivize nonprofits on the ground. Consequently, social innovation challenges were organized by state agencies at different levels to reward well-performing nonprofits, and the rationales for nonprofit performance evaluation were left unclear to make room for development of organizational capabilities particularly in nascent or neglected fields of endeavors. A top-level fundraising director from a state-controlled educational foundation in Shanghai described how lower-level government officials signaled political loyalty in this situation:

Our foundation does receive funding from the state every year and follow the state's guidelines, but one cannot just call it a day because other [state-led] institutions are doing the same. In order to be recognized by the state and to further the development of the foundation, one need to do more to please them... Now lower-level [district] government agencies are under such competition pressure too; this may sound a bit bizarre, but they also have to prove themselves in the nonprofit affairs.

Services organizations and foundations in the city of Hangzhou were under the pressure to be evaluated by CSOE and BSOA as well, yet the recent G20 summit and the subsequent political mobilization further complicated the structure of local performance evaluation systems. As noted above, to adapt the volunteer base from the G20 summit to subsequent social welfare provision and other related social endeavors, the Hangzhou city government determined to

stimulate the growth of local nonprofits specializing in neighborhood-level programs. Accordingly, to respond to this call, local civil affairs bureaus came up with their own performance review sessions for neighborhood services nonprofits and evaluated services programs of these organization every one or two years. In these city-level and district-level performance ratings systems, neighborhood services organizations were usually evaluated by researchers, social services professionals, and government officials via a one-hundred-point scale. Also, like organizations subject to CSOE, neighborhood services nonprofits securing a high rating in the performance evaluations would be able to receive tax-deductible donations and secure more opportunities in government procurement.

The referees for performance ratings of neighborhood services nonprofits in Hangzhou also refrained from clearly defining many key characteristics that constituted good social performance. These city-level and district-level ratings systems included indicators measuring frequency of charitable events being set up in neighborhoods, innovativeness and professionalism of services programs, and public image of the focal nonprofit. Among these organizational dimensions, frequency of charitable events was readily quantifiable. As an official from a district-level civil affairs bureau commented, through quantitative performance measures “a cross-district comparison of nonprofit performance became feasible.” Yet, when assessing quality of services programs and reputation of a nonprofit, which were harder to quantify, experts only worked to get a vague sense of whether the organizations highlighted social issues and developed coping strategies in ways that somehow extended or improved the existing approaches.¹¹ In one of the district-level performance review meetings, for instance, leaders of

¹¹ See Hangzhou Civil Affairs Bureau (2020) for details about the indicators of neighborhood services nonprofits’ social performance. In this ratings system, 57% of the total raw score was relevant to the social performance measures that could not be quantified easily.

neighborhood nonprofits were repeatedly told that they ought to formulate strategies at a more abstract level and consider how to redeploy existing organizational resources creatively for an even better use, in addition to thinking more concretely about how to institutionalize internal controls and audits. Exactly like bureaucrats in Shanghai seeking their superiors' recognition, officials in Hangzhou expanded neighborhood-level social services to show compliance to the city government's initiative. To achieve this goal, the officials were aware that the evaluation criteria had to be made vague intentionally, otherwise many promising neighborhood services organizations would not be identified or supported because of misalignment with rigid performance requirements. The junior worker at the local nonprofit capacity building platform also suggested that the newly launched performance reviews "motivate neighborhood services nonprofits to tackle new social challenges [that the government envisions] ... or they wouldn't have been created in the first place."

Out of the field of district-level neighborhood services that Hangzhou's policymakers took disproportionally large effort to advance, however, judges worked to standardize nonprofit performance evaluation criteria. As the two ratings systems targeted at nonprofits in various fields of social engagement, CSOE and BSOA in Hangzhou were little affected by the city government's efforts targeted at neighborhood services nonprofits. Accordingly, compared to the Shanghai's version, CSOE and BSOA in Hangzhou included much fewer measures of social performance characteristics that were not subject to pre-existing clear rubrics and easy quantification.¹² Instead, when conducting performance appraisals, experts for CSOE and BSOA in Hangzhou relied on more conventional numeric indicators such as percentage of administrative costs in total yearly expense and number of records of government regulation

¹² More concretely, according to the CSOE system in Hangzhou, only 28% of the total raw score was counted towards performance measures that lacked clear and objective rubrics (Hangzhou Civil Affairs Bureau 2020).

violations. According to the district civil affairs bureau's official, adhering to numeric measures of social performance was a "very convenient assessment strategy," through which it was easier to "compare foundations funding virus research against NGOs promoting traditional Chinese clothing."

Government agencies in Beijing also tied local social services organizations and charitable foundations to political initiatives but there were few citywide or district-wide nonprofit performance ratings beyond CSOE and BSOA. Ever since the 1990s, civil affairs bureaus across the country had tapped nonprofit capacity in response to major disasters, such as the Wenchuan Earthquake in 2008, the Beijing Flash Flood in 2012, and the Ludian Earthquake in Yunnan Province in 2014. Beijing was not an exception: in the wake of these catastrophic events, the municipal civil affairs bureau and their district-level subordinates typically urged firms in their jurisdictions to provide monetary supports or other relief efforts for the communities being affected. In addition, state-led and grassroots nonprofits in Beijing were motivated to collect donations from local residents and solicit funds from corporate donors that had previously participated in similar initiatives. As the director of a state-controlled disability service foundation explained, "responding to emergencies and disasters is an important task that the state has assigned to all local nonprofit organizations." However, when such disaster relief initiatives came to an end, the local officials failed to turn organizational resources being mobilized into more institutional initiatives that assisted capability building of social organizations in the long run.

With regard to CSOE and BSOA, their local variants in Beijing imposed rigid evaluation criteria, which often corresponded to the requirements of political acts launched by the municipal government. As already mentioned, although CSOE and BSOA had been widely adopted across

China, methodologies specifically used to construct these ratings varied from locality to locality. For Beijing's nonprofit performance reviews, civil affairs officials and research institute experts mostly paid attention to nonprofit characteristics that could be evaluated through clear rubrics—ratio of administrative costs to spending on philanthropic program and social credit scores of leaders, for instance.¹³ Moreover, in Beijing there were additional performance measures that reflected commitment to the overarching agendas the city government was prioritizing at the time. As an example, in 2015 China's president Xi Jinping launched a massive poverty alleviation campaign, attempting to eradicate extreme poverty in the nation in five years. To take part in this massive campaign planned by the central state, the Beijing city government urged local nonprofit organizations to reach out to those experiencing economic hardship in provinces and regions of western China. Yet this campaign also affected CSOE and BSOA evaluation processes at the city level and the district level, in which the experts began to construct new performance indicators of nonprofits' participation in poverty alleviation initiatives. More specifically, if nonprofits connected the unemployed in underdeveloped regions to job opportunities or offered on-site training programs targeted at these individuals, their achievements would be acknowledged in the ratings systems. When this anti-poverty campaign came to an end in 2020, however, nonprofits' engagement in poverty alleviation projects was no longer taken into account. As an employee from a local state-controlled foundation that had long worked on poverty issues suggested, "political logics dominate the [local] nonprofit sector...but specific orientations of political logics shift all the time."

¹³ When it comes to the CSOE ratings system in Beijing, 28% of the maximum raw score one nonprofit could obtain was related to the performance measures without clear rubrics. For an introduction to Beijing's CSOE ratings, see Beijing Civil Affairs Bureau (2021).

The nonprofit performance ratings in Beijing reflected the local top-down political structure. Through their local versions of CSOE and BSOA, the government predetermined the types of philanthropic endeavors that would most likely be rewarded. As the junior-level official responsible for nonprofit affairs once described, “the state...sets the optimal trajectories for the work of social services organizations.” Eventually, capacity of nonprofit organizations and scope of social problem-solving were both constrained by the top-down political orders. “The political system is rather unyielding, and the meaning of good performance [for nonprofits] is quite straightforward,” a local grassroots environmental foundation’s director pointed out. Table 4 shows a detailed comparison of nonprofit performance ratings systems across the three Chinese cities for the study.

Evaluation Frequency and Capacity Building of Grassroots-Oriented Corporate Philanthropy

The varying structural characteristics of the locality-specific nonprofit performance ratings systems conditioned the amount of corporate donations received by grassroots nonprofit organizations across the cities of Shanghai, Hangzhou, and Beijing. When more frequent exposure to performance ratings resulted in more intense inter-organizational competition for higher standings, grassroots nonprofits were more likely to boost problem-solving capabilities for their core social initiatives. This capacity building in turn impressed corporate sponsors and provided means for firms’ discretionary philanthropic projects.

Shanghai: extensive peer competition for capacity building resulting in broad corporate support. Thanks to the opportunity to engage in numerous city-level and district-level performance evaluation ratings, local nonprofit organizations in Shanghai were often more

Table 4. Comparison of Nonprofit Performance Ratings across Three Chinese Cities

City	Ratings System	Evaluation Procedures	Frequency of Evaluation Opportunities	Ambiguity of Evaluation Criteria
Shanghai	Social innovation challenges	Application and finalist selection	All nonprofits across field; annual	Key performance indicators left undetermined
	CSOE	Five-point scale	All nonprofits across field; every five years	Numerous vague performance indicators without clear evaluation rubrics
	BSOA	Nomination and finalist selection	Mature and well-performing nonprofits; annual	Numerous vague performance indicators without clear evaluation rubrics
Hangzhou	Performance ratings for neighborhood social services organizations	One-hundred-point scale	Neighborhood social services organizations; Annual or biennial	Numerous vague performance indicators without clear evaluation rubrics
	CSOE	Five-point scale	All nonprofits across field; every five years	Most performance indicators based on clear rubrics

Table 4. Comparison of Nonprofit Performance Ratings across Three Chinese Cities (continued)

Beijing	BSOA	Nomination and finalist selection	Mature and well-performing nonprofits; annual	Most performance indicators based on clear rubrics
	CSEO	Five-point scale	All nonprofits across field; every five years	Most performance indicators based on clear rubrics; additional evaluation criteria reflecting commitment to city government's specific political initiatives
	BSOA	Nomination and finalist selection	Mature and well-performing nonprofits; annual	Most performance indicators based on clear rubrics; additional evaluation criteria reflecting commitment to city government's specific political initiatives

prompted to increase investment in their technological tools and human capital. Through frequently taking part in performance review activities where nonprofits observed peer organizations' achievements and adjusted their coping methods accordingly, NGOs obtained incentives to constantly improve their organizational capacity for making social impacts. A fundraising director from a state-established educational foundation indicated that her organization sought to gain recognition in a renowned city-level philanthropic challenge by refining its pedagogy training and early childhood intervention programs every year: "Every year the field [of educational nonprofits] is changing, and our foundation stays relevant and competitive when showing our face in these competitions [for social challenges]." Consequently, like what many other educational nonprofits in the challenge did, the educational foundation adopted new digital methods to dynamically track progress of educational programs and invited educational research scholars to brainstorming events about strategic plans for further digitalization. The impact of performance evaluation opportunities on capacity building was also touched upon by an internal affairs director at another local educational nonprofit, though this organization was a grassroots one:

Grassroots organizations here are extremely motivated and professional as well... If peers perform well in the government-led ratings or other social challenges organized by universities or media, one tries to outperform them, and that's how a benign competition starts... No one doesn't like nonprofits that are deeply motivated and highly efficient. No matter what work one does substantively, they'll be favored if their capacity grows.

For nonprofit startups and growing social enterprises in Shanghai, regular performance evaluation opportunities not only helped gain exposure to peer competition but also offered critical expert feedback for the building of competitive advantage. When a local grassroots environmental sustainability organization was founded, its leaders were not clear how to transfer

their knowledge in computer science and electrical engineering to the field of environmental protection. These leaders had been working as computer hardware engineers or electrical engineers for years, but they at first merely had rough ideas about issues pertaining to sustainability. Yet through signing up each year for multiple district and citywide social innovation challenges—some of them tailored to startup organizations while others open to all nonprofits—the founders of this environmental nonprofit attended multiple roadshows and learned how their peers in different fields of endeavor approached a social issue, made concrete plans of actions, and showcased their future programs in front of different audiences. Moreover, to prepare this environmental organization for future CSOE and BSOA ratings, judges at district-level and city-level social challenges provided constructive suggestion about how existing expertise of the founding members could be mostly efficiently used. Eventually, the nonprofit leaders settled on environmental monitoring—or assessment of sustainability risks for various stakeholders—a specialty in sustainability through which founders’ technical knowledge could be integrated with their social pursuits. “These [rating opportunities] help clarify who our reference groups are,” said one of the founders, “we hoped to gain social acknowledgement and secure high scores in the ratings, but we ended up going through a learning-by-doing process in the meantime.”

As local nonprofits continued to enhance problem-solving capacities, grassroots organizations as a subcategory might appeal to firms that worked to further streamline their corporate social responsibility programs. In providing public goods and services, Chinese firms were often pressured to prove their competence in front of community stakeholders, and nonprofit organizations could be called upon to lubricate interactions between the communities and the companies. An urban planning firm in Shanghai secured a key government contract and

began to enhance street building appearances on behalf of the local state in 2013, but later it realized that its new building insulation plan had not been welcomed by many local street businesses in a town. More precisely, this building insulation plan was intended to reduce energy consumption by applying building envelopes that prevented heat gain or loss. Although small business owners agreed that this plan would benefit local communities in terms of sustainability, they expressed concern about the disruption that this renovation project would bring to operations. Also, the small businesses were suspicious of this private urban planning firm's capability for this endeavor because such building projects had been traditionally undertaken by state-owned enterprises. Consequently, when the firms began to perform preliminary on-site work in street buildings, they often encountered noncooperation. In this case, the urban planning firm started to look for third-party actors, nonprofit organizations in particular, which could potentially convince small businesses of the competence of nonstate urban developers. "Nonprofits do not help win a government project," said one of the firm executives, "but they get the thing done on the ground."

Because grassroots nonprofits in Shanghai had access to abundant performance evaluation opportunities, local firms could easily identify candidates that could potentially accommodate their distinctive needs. Struggling to obtain support from many street businesses in the town, the urban planning firm was introduced by a mutual contact—who happened to know about local social innovation challenges—to the grassroots environmental monitoring nonprofit that led by former engineers. Receiving a donation gift from the urban planning firm, the grassroots environmental nonprofit was then requested to install an electricity usage tracking system in the town so that local business owners were able to find out how much energy would be saved by the building envelopes being applied. In this way, the firm was able to demonstrate

their work performance to community members as the building insulation project proceeded. The executive of the firm detailed this strategic move and indicated that recent grassroots environmental nonprofits were more than competent to serve as partners for this program:

One was going to thank the [government procurement] projects for what they helped us achieve, but it brought about further troubles too. We were already recognized by the state, but unfortunately the community did not recognize us... We knew we were capable of leading redevelopment of local streets... We asked this nonprofit to showcase our services and engage with the community for us. Building up some auxiliary facilities that would highlight the feasibility of our product should do the job. Before resisting our proposal, the local residents and small businesses should know who we are, what our work looks like, and how our work can be compared to the state-owned firms that they revere...

... [When we looked for a nonprofit partner] our friend once told us about many grassroots environmental NGOs that could be of assistance. They also told us to do a search online, and [when we were doing it] many grassroots NGOs looked professional; they are much more competent than what I imagined in the past... But our friend's first suggestion looked great, so we just we just followed it and picked the current one.

Hangzhou: nonprofit vying for superior capability and securing firm donations in field of neighborhood social services. As a result of the concentration of performance ratings in neighborhood social services in Hangzhou, nonprofit organizations in this particular category built up capacities for addressing social problems and mobilizing internal and external resources. As noted, the G20 summit in 2016 induced district government bureaus in Hangzhou to design performance ratings focusing predominantly on welfare provision within local residential neighborhoods. Accordingly, neighborhood services nonprofits engaged in capacity building to improve their social image or simply avoid reputational damage. In the last few years, a bottom-up neighborhood cultural nonprofit had been referring local residents to diverse cultural facilities they might utilize, and rating pressures helped boost performance of this organization. Despite being a startup organization, this cultural organization had reached out to hundreds of hobby

groups in nearby neighborhoods—music, dancing, and art clubs in particular—and encouraged local museums and theaters to provide physical space for their cultural activities. Besides, this nonprofit had also created an accessible online platform for residents to express the needs and for cultural facilities to broadcast their available resources. Because of these two programs, the ratings for the organizations rose in performance review meetings held by the district government, and this grassroots cultural nonprofit's leader stated that his organization simply did not want to be left behind in performance reviews: "Catering to entertainment needs of the residents is crucial, but survival [of our nonprofit] comes first... If one didn't do well [enough to win a good reputation], other new nonprofits could immediately surpass and replace it."

For many firms in Hangzhou, such competitive grassroots neighborhood services nonprofits gradually became recipients of corporate donations. To install its digital public surveillance system in several neighborhoods, a local information technology firm was assessing the impact of this product on day-to-day life of local residents. While this tech company had successfully collaborated with government agencies to produce most advanced technological tools which were then used to streamline public administration practices such as linking and combining different government internal databases, one remaining challenge was to expand brand awareness. To implement its project that collected biometric data on the basis of residents' facial features, the tech firm had to persuade local residents of information security of their surveillance system. Moreover, the company also saw this opportunity as the first move to the local market of smart city infrastructure building. There was a lot of work that nonprofit organizations could do to connect corporate actors to the broader society, as a senior product specialist from the tech firm elaborated:

[The problem was that] we are citizens as well—not part of the ruling state. If we had political power just as the state does, we could safely

access the local communities and tell them we build these cameras for your political safety. There would be little resistance here, I'm pretty sure. But we are not the state, but only a private enterprise.

...We wanted to succeed in this [surveillance system building] contract, but the issue was to convince the local communities that we did this purely for public interest. This was not easy, as many might still believe that private businesses were irresponsible and profit-driven. They always thought that we just pretended to be public-oriented, and that we would take advantage of the data we gathered for inappropriate use. People were concerned that their personal information would be subsequently divulged on some public websites. Well, I have to admit if I were them, I might have similar concerns as well... We work with nonprofits in many occasions, but neighborhood public relation is the field we need them most. We all have privacy concerns, and it can take time to change one's mind about privacy. To get our business done, we needed their assistance.

Like private firms in Shanghai, corporate leaders from Hangzhou approached capable grassroots nonprofits, but in most cases the grassroots collaborators being chosen were situated in the field of neighborhood social services. To address some skeptical neighborhood residents' concern as well as explore potential business opportunities at the community level, the tech firm decided to collaborate with nonprofits in a philanthropic program aimed to publicize the benefits of the public surveillance system. Subsequently, a grassroots teenager support nonprofit was requested to host roadshows to educate the local residents on the role of business firm technologies in preserving public safety. This teenager support NGO designed volunteering projects and other extra-curricular activities for students in high schools and junior high schools. As this teenager support organization and the neighborhood cultural nonprofit mentioned above were located in the same district, they were both under the pressure to perform well in the ratings organized by the district state. When asked why this grassroots teenager support nonprofit was chosen, the product specialist cited two reasons. First, as the firm might have already been conceived of negatively by some community stakeholders, this grassroots nonprofit could help

dilute the skepticism of the firm. Second, from the firm's perspective, this teenager support nonprofits were highly competent when it comes to hosting events in local neighborhoods on key social issues. "Professional work should be left to professional organizations," this specialist went on, "so we contacted the nonprofit that is most experienced in organizing neighborhood advocacy events."

However, corporate donors in Hangzhou were less inclined to give to the grassroots nonprofits out of the field of neighborhood-level services programs, partly because their insufficient exposure to performance evaluations contributed to subpar organizational performance. Because CSOE evaluations took place every five years and BSOA only focused on relatively mature organizations, many new grassroots nonprofits lacked incentives to grow to receive good ratings in a relatively short period of time, and this unpreparedness could frustrate many potential business partners. Jointly funded by renowned business leaders in the city, a nonprofit capacity building platform offered small grants to diverse social entrepreneurship initiatives, ranging from protecting source water to assisting university students in launch of new business ventures. When the platform checked on its grantees years after the grants were allocated, some social entrepreneurs were found to struggle to attract corporate gifts and other social donations. During one of such visits, a worker from the capacity building platform attributed the incompetence of a services organizations working on rural migrant issues partly to lack of opportunities to engage in regular peer competition: "[If a startup nonprofit needs to develop] it has to count on itself to launch unique, competitive initiatives... the current performance ratings are not that helpful to new nonprofits."

Beijing: lack of performance evaluation opportunities leading to unsatisfactory grassroots capacity and few firm-grassroots collaborations. Due to scarcity of chances to gain

social approval via performance evaluation, it was unlikely that a large number of grassroots nonprofits in Beijing carried out competitive philanthropic programs that appealed to potential corporate sponsors. Regardless of the types of social endeavors being pursued, nonprofit organizations in Beijing were rated by CSOE every five years. When it comes to BSOA, although the evaluation meetings were held annually to acknowledge successful nonprofits, small organizations and startups would be easily eliminated during early rounds of expert review. Eventually, many local grassroots nonprofits found it challenging to obtain social status in these major performance ratings systems, and, in anticipation of little reputational benefits in foreseeable future, they lost a strong momentum for capacity building. “Grassroots organizations are already marginalized because of the political scenario,” as argued by the leader of the grassroots nonprofits working on gender equity, “So what can we do if we aren’t spotlighted [in performance ratings]?” Unable to show their capabilities in creating an impactful social initiative, a lot of grassroots nonprofits were disregarded by the companies that intended to set up philanthropic programs. A top executive of a fabrics manufacturing company expressed his concern about donating to local grassroots nonprofits:

One needs to be very careful about the spending of funds [for philanthropy] ... The growth of grassroots civil society is just like the development of economy: it has different stages. The competition among grassroots organizations is still limited for now, and this limitation slows down the growth of the grassroots nonprofit sector as a whole. The society seem to be still at the phase of government-led philanthropy, and that would make everyone happy. Grassroots-organized philanthropy will come eventually as it emphasizes true benevolence among members of the society. That sounds good, but it will not occur right now.

Further, as earlier failure to captivate business collaborators restructured following fundraising strategies of nonprofits, grassroots-firm collaborations were trapped in a vicious cycle. One year after a grassroots startup focusing on agricultural technology innovations was

created in Beijing, the board of this NGO reached a consensus that self-reliance, rather than corporate support or other external financial aids, was crucial to the organization's future. In other words, personal contributions from the nonprofit's senior leaders would become the sole source of funding. A project employee compared this new plan with more outward-facing fundraising tactics that the nonprofit used to adopt, implying that insufficient exposure to peer competition had driven the board's decision: "Just think about a nonprofit organization that is longing for growth and resources, and everything like that. The organization is also inexperienced—it's new and ignorant of its surrounding environments... All roads seem to be blocked already, and no innovations come from a vacuum."

State-led nonprofits as exceptions. To be sure, state-led charitable organizations from these three cities may also reflect on their own performance in light of their peers, particularly in the presence of frequent evaluation opportunities. For example, before securing its building contract with the local government, the Shanghai urban planning firm had long worked with an environmental protection foundation established and managed by a few retired district officials. Although the fundraising manager of this state foundation admitted that the spending of their funds used to be non-transparent, the situation was improving because of the penalties and inconvenience associated with low ranks in performance evaluation. Specifically, as a project manager noted, if amount and specific use of one major donation were not clearly documented, the foundation could easily lose points in CSOE or BSOA ratings and fall behind most peer nonprofits in the district. Political leaders from the local civil affairs bureau and other government agencies would then visit the foundation and scrutinize its operations repeatedly, causing severe disturbance to the foundation's routine work. "Our work relies on feedback from

the outside world,” said this fundraising manager, “when it is negative and troubling, we have to listen.”

Nevertheless, for nonprofit organizations with a government background, opportunities of frequent performance evaluations were not translated into increase in amount of corporate donations being received. First, when choosing to work with state-led nonprofit partners for a social initiative, firm donors might not see capability as a decisive factor after all. When explaining why the urban planning firm in Shanghai had financially supported the state-led environmental protection foundation, a corporate executive suggested that such efforts would help sustain political connections with senior district government officials who collectively founded the environmental foundation, even though this might not be a highly tangible reward that served the company’s short-term interest. Put differently, in accordance with findings from Chapter 1, it was the high political status of the environmental foundation—rather than the quality of its services programs or other concrete achievements—that stirred up the company’s interest. Second, capability-related improvements in practices of state-led charities could be readily reversed by their organizational and political inertia. Despite the launch of new digital educational tools, the state educational foundation in Shanghai worried that its supervising agency, a local educational bureau, would still prefer old-fashioned off-line approaches. The public manager associated this possibility with rigidity of the bureaucratic system:

The relevance of our foundation to the field should always be understood and re-understood ... It’s clear that old rules and old people are perpetuating themselves in the system, and one needs to wait... There’s new progress about early childhood interventions and other pedagogical programs invented by colleagues [in other organizations], and our foundation very much looks forward to the implementation of these changes.

Evaluation Ambiguity and Goal Setting of Grassroots-Oriented Corporate Philanthropy

But evaluation systems for Chinese nonprofits were by no means single-dimensional. When the evaluation criteria for good social performance were more ambiguous, grassroots nonprofits were more inclined to embrace uncertainties in a philanthropic program by developing slack resources for social endeavors other than their core initiatives. Such breadth of organizational agendas turned out to be favorably viewed by firms interested in initiating donations in China, because it was risky for nonprofits to exploit only one issue area given that corporate social responsibility initiatives often evolved over time and touched upon various possibilities.

Shanghai: grassroots nonprofits' exploration of diverse issues favored by potential corporate donors. Leaders of Shanghai's grassroots nonprofits were sometimes willing to take up firm donors' underdeveloped corporate philanthropy proposals on entirely unfamiliar social issues, as long as these proposed activities could be marked as innovations or improvements of the nonprofits' existing social initiatives. Primarily aiming to expand its business in public opinion research, a data technology firm was exploring what philanthropic projects might work for itself. At the request of several public agencies from one local district, this data company digitalized citizens' personal information, surveyed public attitudes towards various government policies, and maintained the final databases afterwards. Hoping to extend the services to other regions of Shanghai, executives of the firm planned a one-day roadshow event to highlight the corporate agenda to become a socially responsible entity in front of officials and residents in the targeted districts. At this roadshow, which took place in a residential neighborhood and a shopping center, a grassroots NGO working on supporting urban migration was asked to give a presentation about how migrant workers and their children were marginalized in the city and

how the data technology firm's ongoing public opinion assessment work could possibly urge the policymakers to support these disadvantaged groups. Interestingly, this grassroots urban migration NGO received donation money for participating in this roadshow, only to read a presentation script prepared by the data technology firm. When explaining why the grassroots nonprofit would opt for this highly orchestrated and seemingly trivial presentation, one of its general managers suggested that this experience was nevertheless an innovative philanthropic practice as it set the stage for the organization's diversification into new fields of social endeavors. According to her, this initial collaboration with the data company opened doors for a "new big data strategy" of digital governance, which sought to combine its expertise on urban marginalization with cutting-edge opinion data collection methods and provide government agencies with evidence-based policy advice. Although this was of course not guaranteed, she was still highly optimistic:

It's hard to get corporate funds nowadays through conventional methods. Because you're an underdog, you start to find new common grounds [with new firm donors] and cater to new needs... Through the event [in collaboration with the data technology firm] you probably learn a new way to interact with companies, and this method can be used for other programs.

... Our focus is on neglected social groups and this [initiative] is really a match. The [data technology] firm told us it's only the start [of the collaboration], and tracking, assisting, and conducting policy analysis of urban marginalization all need the support of digital databases. With the firms' systematic assistance, our services can be turned into digital governance.

One of the reasons for the grassroots urban migration NGO's emphasis on exploration of new social issues was the immense uncertainties created by ambiguous performance evaluation criteria. Because neither nationwide performance ratings nor local social innovation challenges clearly pointed to what kinds of work constituted pathbreaking, unique, and high-quality social

performance, grassroots nonprofits in Shanghai were more likely to experiment with programs targeted at social problems other than their familiar ones to safeguard against changing referee preferences. At an internal meeting on setting the organizational agendas for a new calendar year, executives and managers at the migration nonprofit went through various approaches to winning more attention from potential donors and the general public. Once a senior leader suggested that the organization more actively participate in city-level social challenges, a frontline worker responded by noting that “spanning the boundaries of multiple fields” was a recipe for standing out in the performance ratings where rubrics were open-ended. In explaining why big data techniques could be part of the organization’s future strategy, this worker further suggested that it was crucial to always develop slack resources: “It was first personal health [that was a hot topic appreciated by the referees of the social challenges], afterwards it was probably poverty alleviation... It’s never easy to know if it’s right [to pursue diversification] or not but you wouldn’t miss the chance... One may have a better chance of surviving the game [of obtaining high performance scores] when they have a different story to tell about the work [from their past accounts].”

In the eyes of corporate sponsors, the slack that grassroots nonprofits created in different fields would help meet urgent new needs of an ever-evolving corporate philanthropic initiative. In the case of the data technology firm in Shanghai, its CEO was relieved to know that there was a grassroots nonprofit out there that would do the presentation script reading for the company. He also described this presentation as a win-win situation: “The firm gained prestige quickly in a new district by making a nonprofit vouch for it... and the nonprofit received a donation through only making a little effort.” When being asked specifically about the plan for the company’s future philanthropic outreach, the CEO implied there was no definite answer to this question, yet

he re-emphasized the merit of working with this grassroots partner. In his understanding, exactly because this nonprofit partner was “humble and adventurous,” anything could be done with it “with a little mutual coordination” even if their future collaborations was no longer centered on migration or public opinion assessment.

Hangzhou: lack of performance evaluation clarity in neighborhood services field leading to new modes of corporate philanthropy. In Hangzhou, as definition of superior organizational performance was nebulous as well in the field of neighborhood services, grassroots nonprofit organizations were addressing this ambiguity too, though many were crafting slightly different solutions. Instead of contributing to pre-existing grassroots organizations, some private firms set up and funded their in-house philanthropic foundations to maintain a high standing across various performance evaluations. Aside from financially supporting the teenager support nonprofit, the information technology firm in Hangzhou also engaged in social provision via its own corporate foundation. In doing so, this tech firm intended to achieve multiple objectives. One of them was that the company would save the effort of having to coordinate with external nonprofit partners, in case that social program focused on new social issues needs to be launched in a timely manner. Through calling on its own workers to organize philanthropic events at the corporate foundation and setting hours for social services as a key performance indicator of the employees, the firm could advance a more expedient, employee-based recruitment method for volunteering.

Additionally, by dynamically linking its diverse core businesses with new social initiatives, the information technology firm not only impressed performance evaluators but also ingratiate itself with key shareholders and stakeholders by maintaining high scores in local performance ratings. As another example, in order to promote its new express delivery business

in Hangzhou, the tech firm decided to initiate a shipping box recycling program in local neighborhoods and brand its eco-friendly logistics solutions. Instead of communicating with local environmental organizations or other neighborhoods services nonprofits, the company allocated additional grants to its corporate foundation and instructed it to build thousands of recycling centers through which shipping boxes could be collected and repurposed responsibly. As the tech company came up with the corporate volunteer recruitment program, the recycling center, and other neighborhood engagement projects in consecutive years, its corporate foundation constantly received a high score in the annual BSOA ratings. The tech company was then able to cite this recognition in its annual corporate social responsibility reports oriented towards prospective investors.

Yet, distinct from those organizations focused on neighborhood services programs, other grassroots nonprofits in Hangzhou failed to adapt themselves to contingencies in the partnerships with firms. Without the incentives to secure a higher performance rating through proving versatility and uniqueness in performing philanthropy, grassroots nonprofits only reproduced the longstanding social provision practices in their respective fields. According to the tech firm's CSR manager, for example, working closely upon firms' requests were perceived as dubious by local grassroots groups working on issues ranging from healthcare to assistive technologies, because these organizations worried that their rather technical work practices would be disrupted by the engagement of business actors. To be clear, these grassroots organizations were more than open to corporate donations, but they were reluctant to modify their social provision programs in accordance with firms' changing preferences over time. After all, as this manager pointed out, these nonprofits had rarely been expected by nonprofit management experts, peer groups, or the government to alter content of their programs, so they simply wanted to appear to be "unbiased."

Similarly, at the private capacity building platform that sponsored numerous local social entrepreneurship initiatives, one of its workers implied that the local performance evaluation systems incidentally functioned as cognitive inertia and kept many nonprofits from negotiating philanthropic programs with corporate donors:

Years ago, when we first established this nonprofit capacity building platform, we hoped to support a new generation of social organizations. Fortunately, we stick to this task... At the performance review sessions, the judges always said we should keep building our advantage and try to be the best in the field of nonprofit capacity building, so we kept that in mind and continued refining and expanding our programs to cover more startup groups [rather than making changes to the programs] ... Funders [for the organizations on the platform] are picked in a careful manner; and whenever funders' proposals could assist our longstanding program, that's certainly ideal to us.

Beijing: rigid evaluation rubrics and diverging preferences for social initiatives between grassroots nonprofits and firms. In Beijing, likewise, because of the relatively rigid performance evaluation criteria of CSOE and BSOA, the interactions between firm donors and grassroots nonprofit organizations were often characterized by mutual suspicion. For leaders of grassroots nonprofits, they were hesitant about receiving continuous and large corporate donations, particularly when the major corporate donors had their own preferences about what issues to tackle and what populations to attend to in corporate philanthropy projects. From many of these grassroots leaders' perspective, such corporate involvement might derail their current work by creating uncertainties for their future performance ratings, which were largely based on rigid quantitative rubrics. In other words, for these grassroots nonprofits, diversifying into a new field would not lead to a score increase in their performance evaluation systems, but it might result in a decrease in scores because of dilution of organizational efforts and resources. After being awarded a BSOA prize in a year, a grassroots environmental foundation attributed this success to "superb management of autonomy." When asked about the foundation's relationships with

external donors, an executive director emphasized that the key to win social recognition and maintain good reputation was to first set goals of philanthropic programs and develop a few signature programs before reaching out to funders for financial support. Consequently, this environmental foundation was often suspicious of firms' motives for making large donations. "Many companies are interested given that sustainability is a popular issue nowadays," as this director indicated, "some nonprofits always listen to what firms ask [them to do for a services program], but they will take even greater effort to salvage their program when the firms opt out."

From the perspectives of firm donors, moreover, donating to local grassroots nonprofits was far from ideal, partly because of the performance ratings systems in Beijing did not position local grassroots organizations at an advantageous position. As both grassroots nonprofits and state-led charities in Beijing were urged to join the city government's political initiatives such as immediate disaster relief, supporting latter organizations was often considered by local firms as a more direct and expedient way to demonstrate political compliance. Unlike the grassroots environmental organization that had not got ready for a long-term, deep relationship with companies, one of its state-affiliated peers in the environmental protection field perceived the private sector as an indispensable source of support. A donation affairs worker of a state-led environmental sustainability nonprofit recalled his interactions with several potential corporate donors:

Firm managers are always in the meeting room [with our nonprofit workers], and I can immediately predict what they will say. They see the collaborations [with us] as opportunities to actively respond to the state's political tasks, so we often start from there and reach agreements easily... Whether it is about [political initiatives in response to natural] disasters or COVID-19 relief, the [collaboration] model persists...

State-controlled nonprofits as exceptions. Across the three cities being studied, although many state-controlled nonprofit organizations also developed slack in response to

ambiguous performance evaluations, they were less willing to align these activities with corporate needs due to concern about political legitimacy. In particular, if yielding to non-state entities' philanthropic objectives, government charities might suffer from loss of dominant political status. Just like the Shanghai's grassroots urban development NGO which spoke for underprivileged social groups, a state-controlled foundation there prepared new rural migrants for entry-level jobs. While this state foundation did receive many corporate gifts and plan to extend its services to the field of first aid training and provision, it rarely tailored the missions of philanthropic programs to a particular donors' preference. According to this state foundation's leader, the image of the government as political authority might be tainted if private entities compromised the foundation's programs: "The task is to be a positive role model for the society... In doing so the work looks appropriate to superiors [in the government]."

Moreover, because China as a nominally socialist regime still eschewed for-profit goals in social provision, nonprofits with strong linkage with the state often reproduced this logic in work and rejected corporate donors' proposals that were suspected of being associated with lucrative purposes. As an example, for the manager from the large, state-led educational foundation in Shanghai with pedagogy training and early childhood intervention programs, commercially-oriented events promoted by firms would "erode the neutrality of program design and professionalism of service delivery." The reluctance of state-led nonprofits was also noted by a few corporate donors, including the executive of the urban planning firm working to implement its building insulation plan:

We did try state-led charities, but I understood they had their own considerations. After all, they are the dominant player in the social provision field... It's particularly the case for what we're doing. If the general public saw that the state-led nonprofits are doing philanthropy to accommodate our plan, they could think the state prioritizes corporate

interests. At the end of the day, one surely knows in a country like China the government would not let this happen.

DISCUSSION

This chapter demonstrates that corporate giving to the grassroots social sector—a seemingly ineffective corporate social responsibility strategy given their resource insufficiency and political disadvantage—can be possible in contemporary China. As mentioned in Chapter 1, when donating to state-controlled organizations, firms may lose control over donation resource allocation as well as agendas of corporate philanthropy. Yet, these challenges do not immediately orient corporate donors to other charitable groups, particularly grassroots nonprofit organizations. When the performance ratings systems in a locality expose nonprofits to more evaluation opportunities, grassroots nonprofits are more likely to be prompted to build up organizational capabilities in response to peer competition. Furthermore, due to unclear rubrics of performance evaluations, grassroots nonprofits in some localities are more amenable to philanthropic programs beyond their core areas of focus. Status systems reward organizations on the basis of commitment and capability (Phillips, Turco, and Zuckerman 2013) and, in the context of China more specifically, status hierarchies can reconfigure competition among grassroots nonprofits and shape donation preferences of companies. While many companies long for political gains through donating to state charities, it is the structural configurations of local nonprofit status hierarchies that set the grassroots-oriented corporate philanthropy in motion.

Theoretical Contributions

Through exploring the antecedents of grassroots corporate philanthropy in China, this chapter makes two theoretical interventions. First, this chapter extends corporate social responsibility research by understanding how firms' philanthropic endeavors vary with regard to local fields of nonprofit organizations. Existing work has shown that market actors further their

philanthropic pursuits and other socially responsible practices in response to social activism (Luo, Zhang, and Marquis 2016; McDonnell and King 2013), peer pressures (Briscoe and Safford 2008; Marquis and Tilcsik 2016), and intra-organizational political struggles (Turco 2012). Building upon the prior research, I propose an additional field-level mechanism underlying market actors' social engagement and suggest that level of corporate philanthropy can be conditioned by the structure of local status competition among nonprofit partners. Compared to the existing accounts, my approach has a unique advantage: specifically, it is able to explain variation in nonprofit organizations' attractiveness to firm donors. In addition to firm characteristics highlighted by previous scholars, such as executive preference, financial performance, and susceptibility to reputational risks and other ranking pressures, I demonstrate that capacity building and goal flexibility of nonprofits also influence companies' decisions with regard to donation making. Nonprofits' problem-solving potential stems from their local social structures (Dutta 2017; Guthrie 2010), and structure of their status hierarchies is at least one of the locality-specific factors that shape organizational performance and, consequently, corporate donations.

Furthermore, through documenting the effects of evaluation frequency and ambiguity, this study advances the current literature on the interrelationships between status hierarchy structures, status competition, and audiences' perceptions. Particularly, although prior research has shown that different status hierarchies embody inconsistent requirements, rationales, and logics (Brandtner 2017; Han and Pollock 2021) and that occupying unequal positions in different ratings systems might lead to devaluation of an actor's performance (Jensen and Wang 2018; Zhao and Zhou 2011), much less is known about the implication of the frequency of evaluation opportunities for organizations' capacity building. To address this gap, I argue that more

opportunities to be rated may incentivize organizations to observe peers' behavior and improve their own performance. In this regard, because capability of organizations depends not only on how organizations are evaluated but also on how often the evaluations take place, my findings further inform a temporal perspective for status hierarchy research. Besides, a substantial body of status research has highlighted negative organizational consequences of ambiguity. For instance, external audiences are shown to find it difficult to make sense of the status of a market actor when it spans multiple social categories or situates itself in an ill-defined category, and it is suggested that this confusion prevents favorable assessment of the actor (e.g., Leung and Sharkey 2014; McKendrick et al. 2003). Nevertheless, ambiguity does not always result in penalties for organizations: combination of different categories can help anchor cognition, and less-constraining market identities typically have more flexibility and attract high rates of firm entry (Pontikes and Barnett 2015; Wry, Lounsbury, and Jennings 2014). In line with the literature on advantages of ambiguity, the current research highlights the role of ambiguous evaluation criteria in facilitating organizational practices in new fields. As indicated by the findings, rather than exerting homogenizing influence on individual organizations, evaluative systems can also be sources of organizational changes. More generally, this project is innovative, as it is one of the few empirical studies that show how inter-organizational competition for social status differs across ratings systems with various structural characteristics.

Future Research

This study calls for future research that examines social status competition and corporate political activities in nondemocratic regimes and emerging markets. First, it is crucial to explore how competitions status-seeking organizations might be molded by other structural features of status hierarchies. In particular, would organizational performance be heightened if number of

rated peers in the same hierarchical system increases? Does historical trajectory of a particular status hierarchy leave an imprint on current status competition among organizations? Future research can tackle these questions on the basis of observational data, both quantitative and qualitative, or through experimental designs. Second, in an era when the Chinese state retreats from social welfare responsibilities but tightens political control over market and society, corporate actors invent new social strategies to navigate environmental uncertainties, such as supporting small businesses and improving labor work conditions in anti-poverty projects. Besides corporate philanthropy, what are other initiatives through which companies engage with disadvantaged social groups in China? How effective are they, and do firms pursue one strategy rather than the other due to performance evaluation pressures? Future research can further leverage Chinese firms as salient cases to shed light on the dynamic interactions between market, civil society, and authoritarian states.

Chapter 3. The Breadth of Corporate Support for the Nonprofit Sector

Why do some social initiatives appeal to a broad range of corporate donors, compared with other social initiatives? Firms are increasingly interested in tackling pressing environmental, social, and governance problems, not only in advanced economies but also in emerging markets around the globe (Marquis and Raynard 2016). The proliferation of such corporate engagement has also bred novel categories of socially-oriented projects, such as sustainability reporting (Soderstrom and Weber 2020), green investing (Yan, Almandoz, and Ferraro 2021), and social entrepreneurship (Smith and Besharov 2019). As corporate social engagement practices have diffused widely across industries (Briscoe and Safford 2008), firms are compelled to identify appropriate social initiatives—often led by government agencies and their affiliates, bottom-up grassroots nonprofits, or other companies—as intermediate vehicles for social problem solving (Ballesteros and Gatignon 2019). Yet, the breadth of corporate support that social initiatives acquire may vary significantly: many emergency food distribution programs are grappling with resource scarcity because of limited numbers of potential corporate donors, whereas the Business for Inclusive Growth, a social inclusion initiative, is able to coordinate efforts of 30 major multinational companies from a diversity of industries (Ashcroft 2022; Bouek 2018).

To secure a broad set of sponsors is a central task for corporate social initiatives. Breadth of corporate support first helps build up resilience of a social initiative under a volatile resource environment, as reliance on single source can divert a social initiative's focus away from alternative resource providers (Abdurakhmonov, Ridge, and Hill 2021). In addition, if corporate donors to a social initiative have already spanned multiple industrial categories and geographic boundaries, this social initiative may obtain even more corporate support in the future as peer firms from the same industry or geographic community tend to closely imitate philanthropic

endeavors of one another (Marquis and Tilcsik 2016). Finally, when a social initiative represents interests of diverse firms, it is more likely to organize extensive mobilization and promote fundamental social changes even under a repressive state (Kornhauser 1959). Therefore, breadth of corporate support—together with magnitude of corporate contributions (e.g., value of cash and non-cash donations)—fundamentally characterizes firm-society collaborations as well as their broader impact.

Despite scholarly efforts to pinpoint antecedents and implications of corporate social engagement, the relationship between social initiatives and breadth of corporate donors being attracted is still less understood. In management and sociology literature, driving forces on the supply side of corporate support for social causes have been well understood: for example, larger donations are made by corporate leaders with nonprofit work experiences and by firms seeking to build political and social ties in a weak institutional environment (Hornstein and Zhao 2018; Ma and Parish 2006; Werbel and Carter 2002). On the demand side, a growing literature has demonstrated that firms' philanthropic tactics prioritize politically legitimate nonprofits (Zheng, Ni, and Crilly 2019) and local communities experiencing natural disasters or forced migration tragedies (Nardi and Huysentruyt 2022; Tilcsik and Marquis 2013). What is largely missing has been an examination of how corporate donors and donation recipients are matched for social initiatives and what mechanisms contribute to attractiveness of a social initiative to a wide range of potential sponsors.

This chapter addresses this key puzzle by first exploring how different institutional origins of nonprofit organizations condition the breadth of corporate support for their philanthropic programs. Nonprofits are founded by the state and its affiliates, private individuals, or business firms, and the latter two belong to the category I term grassroots nonprofits

throughout this dissertation. On the basis of theories of the state in political sociology, I propose that nonprofits established by state and by private firms differ in capacity to shape socio-political environment that surrounds corporate donors. Specifically, given that the state has the predominant rule-making authority in a society, it can alter allocation of key political and social resources (e.g., licenses for firm operation, focus of business policy, social reputation) for firms by adopting coercive measures or institutionalizing procedures in favor of certain groups (Gaventa 1980; Mann 1986; Weber 1946). As performance of most firms hinges on utilization of these political and social resources, a wider range of corporate donors is likely to be interested in building robust relationships with nonprofits directly connected to the state, compared with nonprofits without such political linkages. On the contrary, firms usually lack incentives to initiate extensive change of the broader political and social environment beyond their own. When they do attempt to influence political and social actors, the objective is often to ensure that firms' specific private interests are buffered from unwanted political interferences and social pressures (for a literature review on this topic, see Mellahi et al. 2016). Therefore, initiatives of firm-established nonprofits may only appeal to a narrow set of corporate sponsors precisely because, for most firms, the stake of donating to such nonprofits is limited by the scant socio-political benefits being delivered. This leads to the expectation that nonprofits with a state origin will secure an advantage in soliciting donations from a wide range of corporate donors, while nonprofits with a corporate origin will be disadvantaged in this regard.

Although private firms rarely engage in authoritative rule-making, as this chapter further demonstrates, the effect of corporate origin on nonprofits' attractiveness to diverse donors is contingent on other organizational and environmental factors. First, when leaders of a firm-established nonprofit are former state officials, these former state affiliations are not perceived as

source of rule-making power but suspected of further consolidating corporate interests. Because these former officials can leverage previous political knowledge to further corporate nonprofit's narrow interests, it is even less necessary for the firm-established nonprofits to bolster influence through connecting with a diverse set of corporate donors. Second, if charitable responsibilities of nonprofit organizations in society and corresponding penalties for noncompliance are more clearly defined in a local institutional environment, social organizations with a corporate origin are more likely to be held accountable by corporate donors. As a result, this increase in nonprofit accountability can help win broader support from corporate donors and therefore form inter-firm alliances in philanthropic endeavors. In short, the negative relationship between corporate origin of a nonprofit and breadth of corporate support it obtains will be strengthened by former state affiliations, but weakened by a more certain institutional environment.

I test these hypotheses based on a unique dataset about Chinese charitable foundations registered at the national level, from 2019 to 2021. As a major subcategory of nonprofit organizations, charitable foundations have turned themselves into corporate philanthropy powerhouses in China: almost half of total corporate donations are solicited and distributed by them (China Charity Information Center 2019), and major players in this field—such as China Poverty Alleviation Foundation, established by the state, and Tencent Charity Foundation, founded by a major tech company—have not only transformed fundraising process but also participated in policymaking concerning social goods provision and advocacy (Huang 2022; Song, Lee, and Han forthcoming). Because these national foundations are established by various organizations, managed by individuals with diverse backgrounds, and located in different regions, they constitute an appropriate setting for the study of the breadth of nonprofits' corporate sponsors more generally. Pointing to the advantage of state-established nonprofits in

appealing to firms as well as the challenge of inter-firm social collaborations to evade state interventions, this chapter advances the research on government-business ties and nonmarket strategy.

Unpacking Breadth of Corporate Donors

Linking Diverse Firms to Social Initiatives of Nonprofits

Zooming out from corporate philanthropy, firms often promote social welfare and achieve intended social change in collaboration with other actors within corporate social responsibility initiatives broadly defined. When faced with community and environmental controversies, companies may repair reputational damage by hiring external public affairs consultants, whose expertise lies in both organizing and placating protesters (Walker 2014). To determine whether to adopt a socially responsible work practice, firms also tend to work with activist organizations, which often justify this decision-making process by offering evidence-based materials (Briscoe, Gupta, and Anner 2015). Participating in nonprofit organizations' programs also boosts managers' interest in their firms' social responsibility initiatives, which extend these managers' interest in social matters and constitute an opportunity to further expand the managers' personal networks in distinct sectors (Galaskiewicz 1997; Werbel and Carter 2002).

Likewise, nonprofit organizations do not carry out social initiatives alone; they often garner support from a variety of external stakeholders. To push policy outcomes towards their intended agendas, nonprofit organizations may directly convey messages to government officials or mobilize societal support through obtaining media exposure, even in authoritarian regimes where advocacy campaigns are expected to be tightly controlled (Dai and Spires 2018).

Similarly, when seeking to increase corporate acceptance of environmental initiatives, community organizations may choose to cooperate with government agencies who have developed interdependent relationships with firms. In this case, many firms become more willing to join environmental programs proposed by community groups, so that their relationships with the government are not jeopardized (Hendry 2005). Nevertheless, advocacy groups may still encounter challenges when initiating cross-sector collaborations: in particular, coordinative efforts between firms and nonprofits for common goods may face intense criticism from more radical peer groups of social organizations, especially when moderates and radicals have yet to coordinate their efforts (Odziemkowska 2022).

Although it is clear that both firms and nonprofits may consolidate social initiatives by interacting with a diversity of actors, less is known about why some social initiatives of nonprofits, compared to other initiatives, are able to win broader support from firms. Breadth of support is crucial to nonprofits' risk management, as concentration of resources in one or a few corporate donors can limit ability of nonprofits to cultivate alternative sources of supply in tumultuous times (Pfeffer and Salancik 1978). When encountering complex challenges in their interactions with donors, nonprofits with more extensive support may also have a richer set of routines and response plans for problem solving (Dutta 2017), thanks to heterogeneous fundraising experiences being accumulated. Moreover, breadth of corporate support also helps a nonprofit sustain long-run competitive advantage in resource acquisition, because the diffusion of social responsibility practices among firms (Briscoe and Safford 2008; Sharkey and Bromley 2015) can possibly help disseminate information about the focal nonprofits to even more potential corporate sponsors. If a diverse base of corporate support does shape performance of

nonprofits and outcome of their social initiatives, under what conditions such broad outreach could be obtained then becomes a pressing question.

Additionally, understanding breadth of nonprofits' corporate ties also has important political implications for the study of civic engagement and civil society growth. Connections with a multitude of firms with distinct organizational backgrounds not only accrue benefits to nonprofits; such dense inter-organizational networks also have potential to transform themselves into coalitions that collectively interpret grievances, coordinate resource exchanges, and enable formation of a coherent identity for social movements (McAdam 1982; Weber, Heinze, and DeSoucey 2008). Admittedly, actions initiated by one single actor constitute a useful social movement strategy as well (Fu 2017), but collective actions can foster social change at a much larger scale, even in countries where social mobilization is heavily censored by a repressive regime (Yue, Wang, and Yang 2019).

Institutional Origins and Corporate Engagement of Nonprofits

The state plays a decisive role in economic and social fortune of most private firms. Firms' profit-seeking activities rely on market entry, subsidies, and access to bank loans granted by public policy initiatives of the state (Grandy and Hiatt 2020; Haveman et al. 2017). Furthermore, the state can easily taint social image of a business. In particular, one leader from a grassroots nonprofit in Beijing working on gender equity confessed that their organization could not compete with government-established nonprofits in terms of fundraising outcome, because the impact of the state on firm's social reputation was immense as well. Based on his observation, government bureaus could not only formulate policies specifically for firms' economic activities, but also adjust businesses' social credits through charging administrative penalties. Firms with a social credit record of administrative penalties might be viewed

negatively by their business partners and other stakeholders. According to this nonprofit leader, although technically the government should abide by standard bureaucratic procedures when determining such penalties, state officials might in practice have leeway to select targets of punishment as well as severity of punishment. He also elaborated how and why the state's influence on performance of firms did not deteriorate over time, despite the rise of market economy:

Companies donate largely because of the state... [Foreign] companies in a more transparent environment are constrained by government regulations, not to say the companies in our current political scenario. If political force [of the authoritarian Chinese state] is preserved, companies will remain under the shadow of the government. If the market economy evolves, the government still has a say in a more transparent market environment as most Western governments do... My previous work was related to finance, and I knew this very well there.

Thanks to their extensive influence in the private sector, the state and state-established nonprofits will attract donations from diverse firms, who all seek to handle their relationship with the state and the broader society in a robust manner. Whether they are in service industry or in manufacturing industry, startup or established, companies need to acquire policy favors and maintain social reputation to keep their business going. One salient method for manipulating socio-political environment for firms is philanthropy (Luo, Zhang, and Marquis 2016; Ma and Parish 2006), and channeling donations directly to government-established nonprofits often results in the government's favorable treatment, as noted by a senior district-level civil affairs official in Shanghai:

[How the government reacts to corporate donations] is kind of a tricky question. My experience is that we do know which firms contribute more to our initiatives and which firms contribute less. This does not carry a lot of substantive meanings, but some [government] agencies may be impressed with generous corporate donations and keep them in mind for future decision-making... Yes, in my understanding, it doesn't hurt to

leave a good impression and promote a positive social atmosphere through donating.

In my district, donations [to the government] often go through registered charitable organizations [established by the district bureaus]. To be a more service-oriented and professional nonprofit, these charitable organizations need to publicize each donation they receive from firms and individuals. So not only do receiving organizations know which firms contribute; all government agencies and the general public should have this information too.

Taken together, the breadth of corporate donors to state-established nonprofits corresponds to the role of the state in structuring political and social resources of firms. This notion is also supported by my informants during interviews. According to the gender equity nonprofit's leader in Beijing, many grassroots organizations had implemented fundraising protocols and internal management practices that were adopted by large state foundations, but it was "organizational background" of nonprofits that determined how extensive the impact of their fundraising efforts could be. Thus I predict:

Hypothesis 1: nonprofit organizations with a state origin will receive donations from a broader range of firms, compared with nonprofit organizations without such an origin.

In contrast to the state as the dominant rule-making authority, firms rarely engage themselves in molding larger socio-political environment beyond themselves. As organizations primarily driven by profit, technological innovations, and economic efficiency, private firms often alter market environments of their peer firms through initiating contracts, building strategic alliances, and facilitating merger and acquisition (Powell, Koput, and Smith-Doerr 1996; Williamson 1981). However, a firm is much less likely to affect how other firms interact with key political and social actors, for two reasons. First, without the political power to dominate business policymaking or social credit systems, firms are not able to grant policy favors to a

broad range of peer firms or systematically manipulate their social reputations. Second, making broader political and social impacts may not be firms' priority after all, as they are predominantly working to ensure that their own core business is unaffected by political uncertainties and social pressures (Hillman et al. 2004; Mellahi et al. 2016). Firms' reluctance to initiate changes in broader socio-political environment was also brought up by the founder of a national grassroots nonprofit organization focused on rural development:

When I tried to brief corporate foundations on our organization's project concerning cultural preservation and community development in rural areas, they always seemed a bit reluctant. But I could understand such reluctance: the philanthropic work they do is often tied to their business—pharmaceuticals, information technology, and fast-moving consumer goods, for instance. Also, they might have preferred very specific course of actions for their philanthropic work. Those in the pharmaceutical industry hope to grow public awareness of health issues in rural areas. The feeling is that I have to acknowledge this 'whole package' of how things get done but I have no idea what I will get out of that.

Consequently, nonprofits established by firms will only appeal to a narrow set of corporate sponsors, because socio-political benefit of contributing to such nonprofits is considered to be limited for most firms. Compared with state-established nonprofits, firm-established grassroots nonprofits may not help a wide range of peer firms secure critical policy support. Further, compared with grassroots nonprofits that are not affiliated with a state agency or a company, firm-established nonprofits in general have fewer incentives to initiate larger social impact, such as pushing for fundamental policy change in the field of environmental protection for broader public interest. Moreover, even if firm-established nonprofits start to make continuous efforts to collaborate with and influence decision-making of a wide range of social and political actors, these endeavors can be easily disrupted by founding firms' financial volatility (for more discussions on this issue, see Chapter 1) or shifting focus in corporate

philanthropy. Therefore, I propose that the corporate origin puts a nonprofit at a disadvantage, in terms of attracting diverse corporate donors:

Hypothesis 2: nonprofit organizations with a corporate origin will receive donations from a narrower range of firms, compared with nonprofit organizations without such an origin.

Former State Affiliations, Environmental Certainty, and Nonprofit's Corporate Support

The state is not a monolithic entity, but an arena where political actors enter and exit, motivated by diverging and sometimes conflicting interests. For instance, local state bureaucrats may perform more than what is required by the central government in order to signal political loyalty, whereas in many other cases local officials tend to selectively implement or even defy priorities rolled out by their superiors (Choi, Jia, and Lu 2015; Xu and Tian 2020; Zhou 2008). Likewise, incumbent and former government officials do not always share obligations and preferences. Incumbent government officials are often regarded as key decision-makers behind policymaking, yet former government officials are often perceived to be less connected with such role. Besides, while incumbent officials are bounded by administrative law and motivated by public service ethics, former officials are more likely to make use of their unique public experiences to advance private and personal interests. Specifically, political routines, strategies, and skills can be drawn upon by former officials to buffer firms they control from government expropriation (Zhang, Marquis, and Qiao 2016) and to directly file complaints about economic policies with the government (Huang and Chen 2015; Tsai 2007).

Former government officials can also seek to further the interest of firm-established nonprofits, and such involvement may further reduce the involvement of potential corporate donors. Since ex-government officials are no longer formally affiliated with any state or quasi-

state entities, they are unlikely to be conceived of as part of the rule-making authority any more. Nevertheless, when former state officials sit on the board of an organization closely tied to a business, these retired officials may be interested in private benefits through the revolving door, and they may already distort allocation of public resources while in office (Li 2022). Back to the current context, former government officials may have determined what specific strategies work best for these firm-controlled nonprofits to navigate their own socio-political environments, on the basis of their unique insider political knowledge accumulated through work experiences in the government. Consequently, corporate nonprofits themselves may find it even less necessary to reach out to other firms for advancement of collective social or political endeavors. For example, when a major national corporate foundation recruited former officials from education bureaus to further its impact in education policymaking, a corporate relations director from a grassroots rural education foundation in Shanghai commented: “[This foundation] just disregards other companies when [retired] government officers are with them—this is the panacea!” I therefore develop the hypothesis as follows:

Hypothesis 3: the negative relationship between corporate origin and breadth of corporate support will be stronger for nonprofit organizations with former state affiliations.

On the other hand, if embedded in a less ambiguous institutional environment for charitable actions, firm-established nonprofits will appeal to more corporate donors. As mentioned, because of the sole attention to their immediate socio-political interest, firm-established nonprofits are unlikely to attract corporate donations from diverse donors. But when charitable responsibility of nonprofits is narrowly defined in a local environment—in particular, when nonprofits are explicitly discouraged from pursuing private interests outright—firm-established nonprofits will lay more emphasis on promoting public goods beyond their narrow

interests and therefore appeal to more potential corporate donors. For instance, as firm-established nonprofits are forbidden to pursue commercial interests explicitly, they may instead seek to influence government officials engaged in key policymaking that affects the industries of nonprofits' founding firms. Such efforts are likely to interest other firms in the focal industries. In addition, if penalties for noncompliance are also specified in local regulations, corporate donors can also hold firm-established nonprofits accountable based on legal tools. Such accountability is particularly needed when the firm-establish nonprofits begin with an initiative with a broad focus yet decide to narrow it down over time. Therefore, my last hypothesis for the chapter is:

Hypothesis 4: the negative relationship between corporate origin and breath of corporate support will be weaker for nonprofit organizations embedded in a more certain local institutional environment.

Methods

A Sample of Chinese Foundations with Large Donors

The empirical analysis of this chapter continues to focus on China, a strategic setting where the impact of market exchanges has increased meanwhile the government's political control persists (Bian and Logan 1996). Ever since the economic reform and opening orchestrated by the communist party's pro-market leaders in the late 1970s, growth of the private sector in China has gained momentum, coupled with rising interest of nascent for-profit firms in supporting assorted social and political causes. Not only do these business actors strategically time and publicize corporate social responsibility initiatives (Luo, Zhang, and Marquis 2016; Marquis and Qian 2014), but they also manage to secure key positions in state bureaucracies to forestall excessive political interferences (Hou 2019; Zhang, Marquis, and Qiao 2016).

Nevertheless, the prolonged penetration of the Chinese state into social and political spheres has not deteriorated: it continues to delimit the scope of the agendas of firms and nonprofits, direct the distribution of resources critical to their organizational performance, and mute resistance whenever needed (Lee and Zhang 2013; Long 2018; Haveman et al. 2017). The presence of both market and state influences in China therefore provides opportunities for an investigation of their varying potentials of molding the socio-political environment and garnering support from corporate actors.

Specifically, I constructed a sample of Chinese charitable foundations registered at the national level. I collected information about charitable foundations because their role in soliciting funding for the Chinese social sector has been increasingly salient: while dollar amount of donations flowing to foundations was merely 19 percent of total dollar amount of donations received by all recipient organizations¹⁴ in 2007, this percentage rose to almost 45 percent in 2018 (China Charity Information Center 2019). Figure 4 visualizes this change in of value of total philanthropic donations nationwide as well as philanthropic donations specifically channeled to Chinese foundations. To be sure, some of these charitable foundations deliver social services directly to individuals and communities in need, while others function as key resource intermediaries that distribute the funds that they receive to social services organizations and advocacy nonprofits. Parallel to the growing attractiveness to potential sponsors, charitable foundations are characterized by formalization of internal governance structure, which make it easy to capture composition of their decision-making bodies and develop a measure of former state affiliation. According to the Charitable Foundation General Regulations promulgated in

¹⁴ As noted in the introduction section of this dissertation, in addition to charitable foundations, recipients of corporate donations in China include government institutions, state-established charity federations, Red Cross Society of China and its local branches, non-foundation NGOs such as social services organizations, advocacy groups, and religious groups.

2004, all foundations have to establish a board of directors and a supervisory board and incorporate board meeting agendas in their annual work reports. Finally, I focus on foundations that completed registration process with the national government, in case regulatory environment for nonprofits differs across provinces and municipalities. In China, each nonprofit organization seeking to be registered should be able to identify a government agency that is willing to supervise its day-to-day activities. As unobservable, region-specific government interventions could mold resource mobilization strategies of social organizations (Fu 2017; Spires 2011; also, see Chapter 2), I mitigate this concern by limiting the sample to foundations that were registered with the Ministry of Civil Affairs of China and, as required by law, supervised by the central government. Philanthropic donations to these national foundations as a proportion of donations received by all foundations is also striking: in 2019, for instance, this percentage was 49.7 percent.

To shed light on nonprofits' funding sources and their diversity, I zoomed in on the engagement of large donors, each of whom contributed at least five percent of the total donation dollars received by a charitable foundation at a given year.¹⁵ Compared to other contributors, large donors typically demonstrate stronger commitment to the causes being supported and plan for larger-scale social change (China Philanthropic Research Institute 2022). By examining whether and how characteristics of large donors vary across foundations, this study unpacks the process through which nonprofits with different features attract substantive engagement of private actors. I also took two additional steps to ensure that my results are not confounded by

¹⁵ In annual work reports of charitable foundations, individuals and businesses are counted as large donors when their contributions either equal at least five million Chinese yuan or make up at least five percent of the total value of the donations received in a year. For this chapter I adopted the percentage-based criterion to pinpoint larger donors. Using the five-million threshold can be problematic as this amount may not be a large gift after all in the eyes of those national foundations receiving huge donations each year. Moreover, for 32 percent of the foundations in my sample, total value of corporate donations for a year does not exceed five million, though agendas of these nonprofits are still supported and, in many cases, swayed by their major donors.

inherent relationships both between foundations and large donors and among large donors themselves. First, a large donor that was a subsidiary or the holding company of the owner of a corporate foundation was excluded from the sample. Second, if one large donor to a foundation was formally affiliated with another large donor, only one organization was documented and subsequently considered in the analysis.

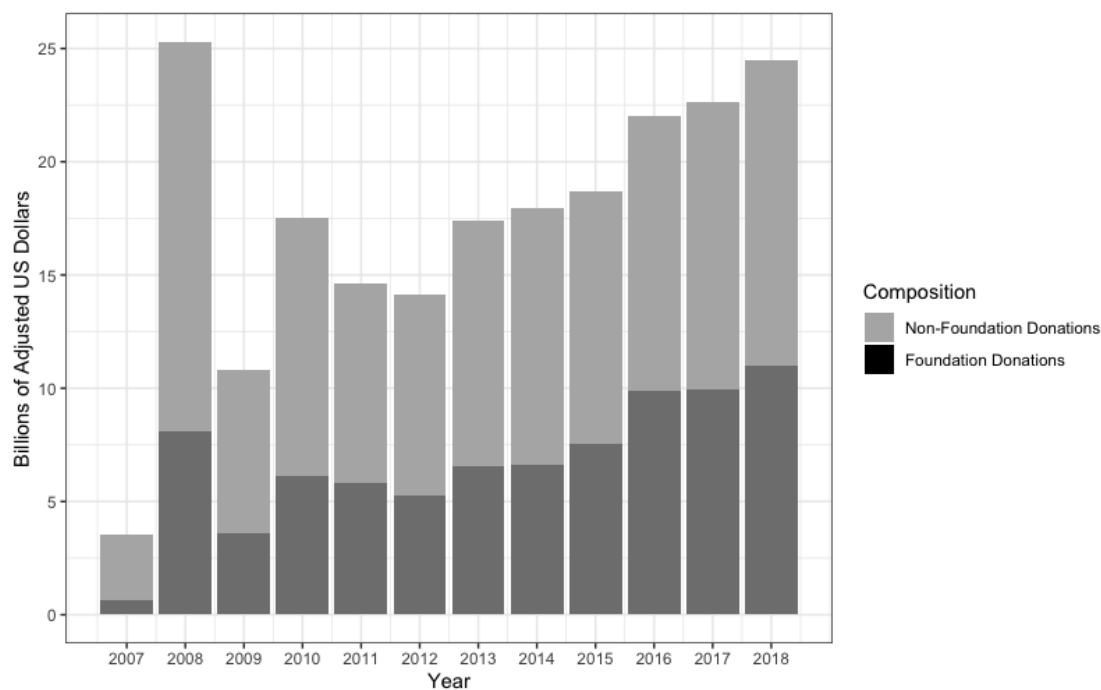


Figure 4. Total philanthropic donations in China and philanthropic donations to Chinese charitable foundations, 2007–2018

Note: Non-foundation recipients of philanthropic donations in China include government institutions, charity federations, Red Cross Society of China and its local branches, advocacy groups, religious groups, and non-foundation social services providers. Donation data originate from the China Philanthropic Donations Report (China Charity Information Center 2008–2019).

One major challenge in constructing key outcome variables for this study is that there is no ready-to-use data on charitable foundations' large donors. I compiled the data on national foundations and their large donors from an online foundation annual report repository maintained by the Ministry of Civil Affairs of China (<https://zwxt.mca.gov.cn/jmgc-charity/work-public->

report/). As stipulated in the Charitable Foundations Annual Review Regulations, registered charitable foundations in China should submit a comprehensive work report to their supervisory government agencies every year. Standardized in format, these annual work reports cover basic organizational profile, changes in board of directors and supervisory board, sources of donations, philanthropic events being held, and financial statements prepared by auditors. Aided by algorithms for web scraping, I managed to extract HTML content from these reports. Figure 5 illustrates how organizational and board information contained in work reports was extracted so that a comprehensive dataset could be built. The final data were based on annual work reports filed between 2019 and 2021 by 211 national foundations, which represented approximately 99 percent of the population.¹⁶

Measures

Dependent variables: Number and industry variety of large donors. Because the core hypotheses of this chapter focus on organizational and individual characteristics that shape the breadth of nonprofits' corporate outreach, a straightforward measure of the outcome variable is the number of large donors to a charitable foundation. This approach is premised on the assumption that the extensiveness of financial support for a nonprofit organization is at least partly captured by sheer number of donors, regardless of their ownership, geographical locations, financial performance, or other organizational traits. To be sure, most of the large donors in the sample were firms or corporate foundations controlled by them: among 1197 donors being recorded, only 43—or 3.6 percent—were non-corporate organizations such as government institutions or nonprofits without a corporate owner.

¹⁶ The National Platform for Credit Information of Social Organizations, again maintained by the Ministry of Civil Affairs of China, offers a complete list of charitable foundations registered at the national level. For details, see <https://xxgs.chinanpo.mca.gov.cn/gsxt/newList/>.

组织名称	中国下一代教育基金会			Foundation name						
统一社会信用代码	53100000500021844M									
宗旨	以马克思列宁主义、毛泽东思想、邓小平理论、三个代表重要思想科学发展观和习近平新时代中国特色社会主义思想为指导思想和行动指南，始终坚持党的领导，把党的工作融入中国下一代教育基金会运行和发展全过程。 本基金坚持中国共产党的全面领导，本基金根据中国共产党章程的规定，设立中国共产党的组织，开展党的活动，为党组织的活动提供必要条件”。 本基金遵守宪法、法律、法规和国家政策，践行社会主义核心价值观，遵守社会道德风尚。 通过社会倡导、募集资金、教育培训、救助资助、开发服务等方式，支持我国的学前教育、校外教育和家庭教育，配合政府推动我国下一代教育事业的科学发展，为构建终身教育体系，构建学习型社会做出应有的贡献。			Supervisory government agency						
业务范围	(一) 支持并开展以学前教育、校外教育、家庭教育为主的下一代教育培训事业； (二) 开展以学前教育、校外教育、家庭教育为主的交流合作、宣传推广、理论研究、项目开发及相关公益活动； (三) 开展学龄前儿童、特殊儿童、特殊家庭及灾害背景下儿童的学前教育、校外教育、家庭教育等公益事业； (四) 支持与下一代教育相关的公益事业； (五) 按照国家评比达标表彰活动管理有关规定，经政府有关部门批准，奖励在下一代教育事业发展中做出突出贡献的组织和个人。									
业务主管单位	中华人民共和国教育部									
成立时间	2010-07-09	原始基金（开办资金）（万元）	800.00							
是否是慈善组织	是	认定（登记）为慈善组织时间	2016-10-14							
是否取得公开募捐资格证书	是	取得证书时间	2016-10-14							
Date of establishment										
Charitable organization status										
Eligibility for soliciting donations publicly										
Name of board member	Role on the board		Whether the individual is a retired official from the government or state-owned enterprise							
序号	姓名	性别	政治面貌	理事会职务	在登记管理机关备案时间(最近一届)	任期起止时间	本年度在本组织领取的报酬和补贴(人民币元)	领取报酬和补贴事由	是否为党政机关、国有企事业单位退（离）休干部	退（离）休干部是否办理备案手续
1	王萍	女	中共党员	理事长	2016-03-07	2016-03-07 ~ 2020-12-31	0.00	无	是	是
2	沈建国	女	中共党员	副理事长	2016-03-07	2016-03-07 ~ 2020-12-31	0.00	无	是	是
3	孙成华	男	中共党员	副理事长	2016-03-07	2016-03-07 ~ 2020-12-31	0.00	无	是	是
4	陆亚行	女	中共党员	副理事长	2016-03-07	2016-03-07 ~ 2020-12-31	0.00	无	否	否
5	谢志敏	女	中共党员	副理事长	2018-08-01	2018-08-01 ~ 2020-12-31	0.00	无	是	是
6	王殿军	男	中共党员	理事	2016-03-07	2016-03-07 ~ 2020-12-31	0.00	无	否	否

Figure 5. Extraction of Organizational and Board Information from Annual Work Reports of Charitable Foundations

I constructed an additional measure of the breadth of donors, on the basis of number of industries that a foundation's funders spanned. Research in economic sociology and organization theory has shown that industrial clusters not only help coordinate technical standards and information sharing that foster innovations of businesses, but also provide critical cues about how individual companies should act when it comes to corporate philanthropy (Marquis and Tilcsik 2016; Saxenian 1994). In China more specifically, industrial associations may guide the philanthropic behaviors of their members too: for instance, an interviewee from a construction machinery equipment firm in Shanghai noted that tea producing companies across the nation donated to a charity dedicated to the growth of the tea industry, as doing so was regarded as a norm by industry peers. If corporate donors are more or less bounded by industry-specific expectations, a nonprofit with a broad outreach should overcome these constraints by appealing to organizations situated in a variety of industries. I identified the industry affiliation of a given large donor by relying on Tianyancha, a licensed online Chinese firm database that has been drawn upon by economists and business scholars (e.g., Beraja, Yang, and Yuchtman forthcoming; Li et al. 2021). Tianyancha categorizes each firm into one of 79 industries, which also correspond to the classification system established by the Chinese Securities Regulatory Commission.¹⁷ Figure 6 shows the distribution of national charitable foundations by both number of large donors and number of industries that large donors spanned.

Independent variables: State origin, corporate origin, and former state affiliation. To understand the impacts of different institutional origins, I turned to data on founding institutions of charitable foundations. Following existing management literature on political embeddedness in China, I characterized a foundation as originated from the state when its founder is a

¹⁷ For a complete list of industries being reported by Tianyancha, see <http://www.sse.com.cn/assortment/stock/areatrade/trade/>.

government agency or a quasi-government organization such as the Communist Youth League, a women's federation, a labor union, or a non-communist party that is permitted to participate in Chinese politics (Ni and Zhan 2017). A foundation was recognized to have a corporate origin when it was established, funded, and operated by a single business firm. Corporation-founded foundations also include those created and financed by corporate leaders in the name of individuals, because these personal efforts are still likely to be interpreted publicly as part of corporate strategy, especially in a Chinese context (Yin, Bi, and Yu 2019). Information about institutional origins came from website and public releases of foundations.

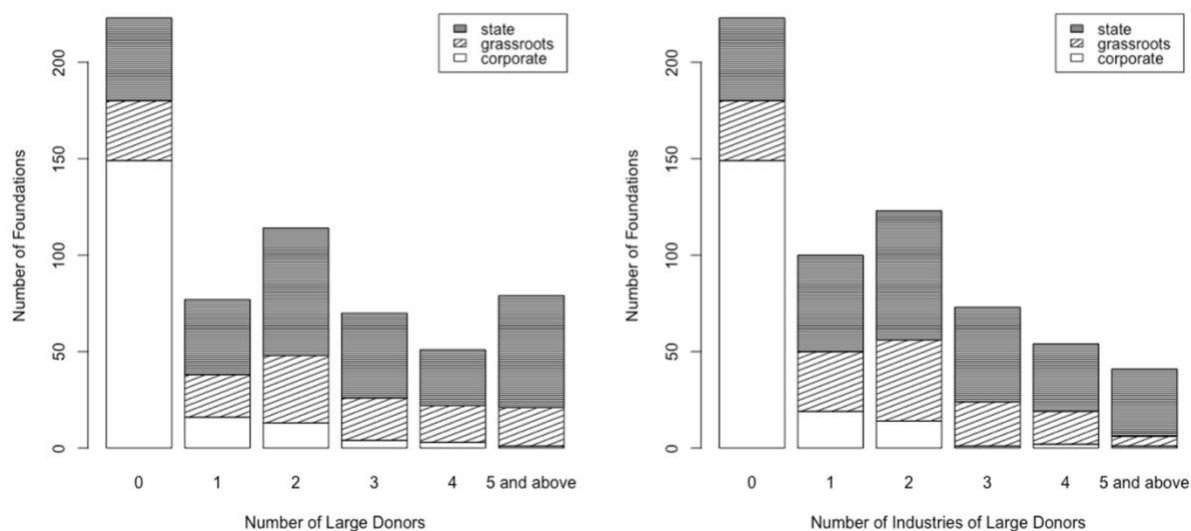


Figure 6. Distribution of National Charitable Foundations by Number of Large Donors and Number of Industries of Large Donors

I assessed former state affiliation by determining whether any senior members of a charitable foundation's board of directors were retired state officials. Specifically, I explored whether the chairman, vice-chairman, and secretary general of a board had retired from a position in a government or quasi-government agency. A challenge in capturing former state

affiliation is that there is no consensus on what individuals constitute this unique political tie. While former linkage with the state is equated with the presence of previous work experience in the government in some studies (Zhang, Marquis, and Qiao 2016), other research only considers persons who have taken high-level position, such as those at the division level or above (Haveman et al. 2017) or even at the ministry level close to the top (Zheng, Ni, and Crilly 2019). By centering on all retired officials, regardless of administrative levels of their previous positions, this study provides a relatively conservative estimate of the effect of former state affiliation: after all, the capacity to transform the socio-political environment could be larger for former senior officials than those at lower levels. In annual work reports submitted by foundations, Section III of Part II includes a list of board members, specifying what roles they play in the board and whether they are retired officials from the government or state-owned enterprises. I then manually examined each retired official's résumé and determined whether their previous jobs were located in government agencies or quasi-government institutions.

Independent variable: Certainty of local institution environment. I constructed a regional-level measure of social-political environmental uncertainties on the basis of whether a localized version of the New Charity Law has been enacted in the province or municipality where the foundation was located. Effective in 2016, the New Charity Law of China has aided corporate philanthropic initiatives as it was intended to facilitate the fundraising activities of nonprofits achieving charitable organization status and raise tax benefits of corporate giving (for details about the New Charity Law, see Chapter 1). Nevertheless, this national law has yet to cover many other crucial aspects of corporate philanthropy, such as prohibited charitable activities, on-the-ground fundraising procedures, operation of nonprofits without a charitable organization status, and establishment of charitable trusts (e.g., see Narida Insights 2016). These uncertainties

could be addressed by more detailed local charity regulations, usually promulgated by provincial-level or municipal-level legislative bodies. For this study, I referred to the official websites of provincial and municipal governments in China and determined whether there were local charity regulations explicitly issued to further implement and extend the national New Charity Law. For a particular region, this environmental certainty variable was coded as 1 in years when local charity regulations were in effect, and 0 otherwise. Among 18 provinces and municipalities that hosted at least one national foundation, local charity regulations were implemented in ten before 2022.

This measure of environmental certainty based on implementation of local charity regulations has two advantages. First, it captures the variations in fundraising-specific institutional environments where legal responsibilities of charitable foundations, corporate donors, and local regulatory agencies were designated. Most local charity regulations clearly identified permissible approaches of fundraising (e.g., offline events, electronic payments, blockchain platforms) and prohibited fundraising practices (e.g., soliciting money for fundraisers' private interests, fabricating stories of beneficiaries, fundraising with the public without a corresponding certificate), whereas the lack of these specifications might pose risks to firm-nonprofit collaborations in regions without such local laws (Liu 2021). Second, the current approach also introduces a consistent measure across a variety of localities. Since the focal regulations were local extensions of the same national charity law, it was unlikely that these regional legislative efforts were driven by locality-specific government initiatives vis-à-vis the social sector, such as professionalization of social workers (for the details of the regional variation in regulations of social workers, see Ministry of Civil Affairs of China 2016).

Control variables. I controlled for organizational-level factors that may influence breadth of donors to a foundation. I first calculated the proportion of donation dollars that were solicited publicly, as funds from the general public could potentially dilute the philanthropic plans intended by large donors and reduce their willingness to contribute. I also added the proportion of donation dollars contributed by foreign donors, so that change in donor preferences could be accounted for following the 2017 Law on the Administration of Activities of Overseas NGOs (for details about this law, see Chapter 1). Because it might be more difficult for a donation to be qualified as large when total value of donations for a foundation rises, I controlled for logged total value of corporate donations that flow to a foundation. Also, by accounting for corporate donations being received, I was able to consider breadth of corporate support net of the magnitude. In line with results in Zheng, Ni, and Crilly (2019), it is found in my sample that state origin helps nonprofit secure an advantage in attracting larger corporate donations: on average a state-established foundation was able to secure corporate gifts worth 218 million Chinese yuan, as compared to 93 million yuan for a firm-established foundation and 161 million yuan for an unaffiliated grassroots foundation. Finally, foundations' charitable organization status, number of full-time staff, and organizational age were included. Following the enactment of the New Charity Law, nonprofits granted the charitable organization status could encounter lower institutional barriers to mobilizing funds publicly (Xu et al. 2018). The fundraising capacity of charities was also likely to grow, as their organizational structure being formalized over time appears more legitimate in the eyes of donors (Stinchcombe 1965). These data were obtained from Part I and Section I of Part III of the foundations' annual work reports.

At the regional level, I controlled for local economic growth as well as presence of local nonprofit groups. Since firms can concentrate corporate philanthropic projects in regions with

greater potential for investment and local operation (Hornstein and Zhao 2018), I referred to *China Statistical Yearbooks*¹⁸ and collected data on GDP growth of the province or municipality where a foundation's headquarter was located. Besides, because nonprofit-firm collaborations are conditioned by the embeddedness of for-profit organizations in local network of voluntary organizations and (Galaskiewicz 1985), I calculated the logged number of all social organizations in a foundation's home province or municipality, again based on China Statistical Yearbooks. In addition to charitable foundations, this measure takes into account social groups and private non-enterprise units, two other organizational categories that the Chinese state designates as nongovernmental social organizations.

Model specification. Negative binomial regression models were adopted to assess the hypothesized effects in this study. Normally, Poisson regression—which is a special case of the generalized linear model—is used for modeling count data. Yet, as the conditional variance of both outcome variables exceeds the conditional mean, I addressed such overdispersion problem by choosing a negative binomial regression. To account for unobserved over-time heterogeneity that affected all foundations' fundraising capacity in the sample, such as unemployment and societal change triggered by COVID-19, I specified year fixed effects across all model specifications. Fixed-effects estimation is not suitable for an analysis of the effects of institutional origins—which are time-invariant variables—but I applied random-effects models in robustness checks and obtained largely comparable results.

Results

Sample Overview, Descriptive Statistics, and Pairwise Correlations

¹⁸ Electronic copies of *China Statistical Yearbook* are available at <http://www.stats.gov.cn/tjsj/ndsj/>.

Figure 7 plots the number of Chinese national foundations with varied institutional origins and former political characteristics for each year. Across the three years being specified in the sample, almost 44 percent of foundations were established by the government or quasi-government institutions, whereas foundations with a corporate origin also constituted 30 percent. In addition, bottom-up foundations that were not founded by the state or a single business company also accounted for roughly 26 percent of the sample. These findings align with recent empirical work on the Chinese social sector, which shows that business elites and civil society leaders are emerging and gaining autonomy in this field, despite the persistent influence of the government (Ma and DeDeo 2017). When it comes to former political affiliation, 40 percent of national foundations had at least one retired state official as a board member. There were previous government officials on the board of 64 percent of foundations with a state origin, and this number was 16 percent for foundations originated from a firm. My data are unbalanced as a handful of foundations entered or dropped out of the sample in the three-year period; however, neither political origin nor status of former political affiliation predicts the likelihood of exiting the sample.

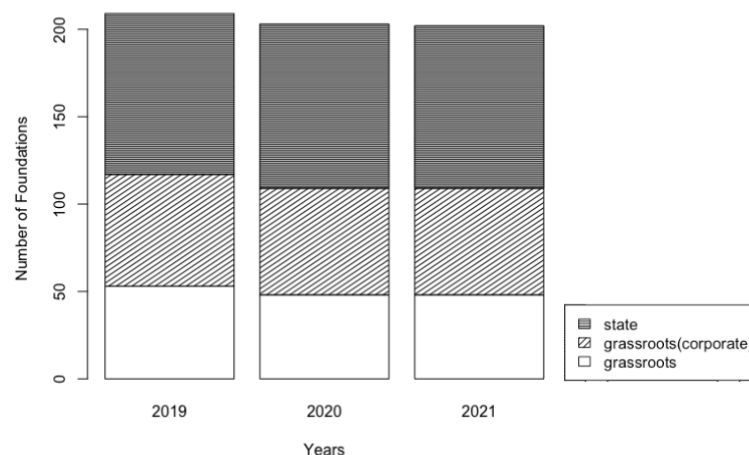


Figure 7. Number of Chinese National Charitable Foundations of Different Origins, 2019-2021

Table 5 presents descriptive statistics as well as pairwise correlations. The mean of donor number and number of industries that donors spanned is 1.950 and 1.643, with standard deviation of 2.092 and 1.693 respectively. This suggests that on average the foundations in my sample were supported by more than one large donor situated in more than one industry, with the breadth of donor outreach varying substantially. Correlations between these two measures of donor breadth and between the two institutional origin measures are high, yet neither pair of variables was simultaneously incorporated in one regression model. I also conducted a variance inflation factor (VIF) test for independent variables included in the full models. The maximum VIF score obtained for predictor variables is 1.895, which is below the acknowledged threshold of 10 (Kennedy 2003) as the basis of detection of multicollinearity.

Hypothesis Testing

Table 6 reports regression results concerning number of large donors of Chinese national foundations. Model 1 only includes organizational-level and regional-level control variables. In most model specifications, foundations were likely to attract more large donors when smaller proportion of donations were received publicly. More large donors tended to be recruited also when a foundation secured charitable organization status, had more full-time staff, and remained in operation for a longer period of time. Furthermore, number of large donors also grew when fewer social organizations worked in the province or municipality where the focal foundation was physically situated. Model 2 adds the state origin variable of interest. The coefficient is positive and significant, indicating that being a government-established foundation increased the number of large donors by 74 percent ($= 100 \text{ percent} \times [\exp(.553) - 1]$), holding all else constant. This relatively large effect of state origin therefore supports Hypothesis 1, which predicts that

foundations with the state as their institutional origin will appeal to broader corporate sponsors than grassroots foundations without such an institutional origin.

Table 5. Descriptive and Correlational Table for Analysis in Chapter 3

	Mean	S.D.	1	2	3	4	5	6	7	8
1.donor number	1.950	2.092								
2.donor industry breadth	1.643	1.693	0.935							
3.state-established	0.435	0.496	0.372	0.402						
4.corporation-established	0.303	0.460	-0.491	-0.506	-0.578					
5.former state affiliation	0.401	0.490	0.204	0.182	0.429	-0.329				
6.Local charity regulations	0.619	0.486	0.109	0.086	0.046	0.021	0.033			
7.proportion of public donations	0.108	0.293	0.064	0.089	0.244	-0.179	0.037	0.037		
8.proportion of foreign donations	0.047	0.153	0.064	0.034	0.013	-0.092	0.045	0.095	0.114	
9.total corporate donations (log)	14.534	6.255	0.109	0.103	0.189	-0.135	0.11	0.113	0.164	0.189
10.staff number (log)	2.031	0.890	0.314	0.297	0.252	-0.314	0.08	0.425	0.238	0.138
11.charitable organization status	0.862	0.346	0.128	0.125	0.009	0.018	0.068	0.142	0.088	0.05
12.organization age	15.927	9.285	0.27	0.245	0.459	-0.453	0.143	0.101	0.191	0.107
13.local GDP growth	0.070	0.043	0.018	0.031	-0.024	0.022	-0.022	0.018	0.009	0.053
14.Number of local social organizations (log)	9.689	0.602	-0.249	-0.259	-0.32	0.422	-0.213	0.051	-0.107	0.06

Table 5. Descriptive and Correlational Table for Analysis in Chapter 3 (continued)

	9	10	11	12	13
10.staff number (log)	0.209				
11.charitable organization status	0.061	0.207			
12.organization age	0.248	0.282	-0.135		
13.local GDP growth	-0.018	-0.019	-0.006	0.05	
14.Number of local social organizations (log)	-0.012	-0.103	0.118	-0.277	0.058

To examine Hypothesis 2, I dropped the state origin variable and added the corporate origin variable to model 3. The coefficient for the corporate origin variable is negative and significant. Therefore, Hypothesis 2—which suggests foundations with a corporate origin will be disadvantaged when it comes to the breadth of their corporate outreach—is supported. Once again, the effect is quite substantial: compared with charitable foundations that were not established by a single business firm, the foundations with a corporate origin received donations from 81 percent fewer large donors ($= 100 \text{ percent} \times [1 - \exp(-1.680)]$), when all else is held constant. Results from model 4 further confirms this negative effect of corporate origin. Note that in model 4, to interpret the effects of the two institutional variables, the reference category is grassroots foundations established by private individuals (i.e., the organizational category other than those established by the state and those founded by private firms). On average, donors to firm-established foundations were 80 percent ($= 100 \text{ percent} \times [1 - \exp(-1.600)]$) fewer than donors to grassroots foundations built by individuals.

Hypothesis 3 predicted that former state affiliation would negatively moderate the relationship between foundations' corporate origin and breadth of corporate donors. I tested this hypothesis by specifying interaction terms between the two institutional origin variable and the former state affiliation measure. The significant and negative coefficient on the interaction term in model 5 indicates that corporate foundations' donor outreach was indeed further reduced by their former ties with the state. In fact, without any retired government officials serving as senior board members, corporate foundations appealed to 77 percent fewer large donors ($= 100 \text{ percent} \times [1 - \exp(-1.478)]$) than grassroots foundations unaffiliated with a firm. When at least one senior member from the board was a former government official, corporate foundations' large donors were 95 percent fewer than unaffiliated grassroots foundations' ($= 100 \text{ percent} \times [1 - \exp(-1.478 - 1.457)]$). This provides evidence for Hypothesis 3.

Table 6. Regressions of Number of Large Donors on Institutional Origins, Former State Affiliation, and Environmental Stability

	Dependent variable: number of large donors						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
State-established		.553*** (.097)		.172 (.088)	.096 (.121)	.042 (.142)	-.037 (.164)
Corporation-established			-1.680*** (.142)	-1.600*** (.147)	-1.478*** (.156)	-2.019*** (.271)	-1.900*** (.276)
Former state affiliation					-.070 (.149)		-.042 (.148)
State-established x Former state affiliation					.146 (.181)		.132 (.180)
Corporation-established x Former state affiliation					-1.457* (.618)		-1.504* (.618)
Local charity law						-.483* (.191)	-.494** (.191)

Table 6. Regressions of Number of Large Donors on Institutional Origins, Former State Affiliation, and Environmental Stability (continued)

Corporation-established x Local charity law						.687*	.704*
						(.320)	(.321)
Proportion of public donations	-.240	-.351*	-.269*	-.299*	-.294*	-.305*	-.297*
	(.150)	(.146)	(.129)	(.129)	(.129)	(.128)	(.128)
Proportion of foreign donations	.192	.287	-.052	-.006	-.012	.055	.049
	(.279)	(.270)	(.237)	(.237)	(.237)	(.237)	(.237)
Total corporate donations(log)	.0004	-.004	.003	.002	.002	.003	.004
	(.008)	(.007)	(.007)	(.007)	(.007)	(.007)	(.007)
Charitable organization	.495***	.462**	.431***	.424***	.430***	.438***	.443***
	(.146)	(.142)	(.129)	(.129)	(.129)	(.129)	(.130)
Staff number(log)	.304***	.273***	.131*	.131*	.122*	.135*	.126*
	(.062)	(.060)	(.056)	(.056)	(.056)	(.056)	(.056)
Organization age	.018***	.009	.003	.001	.001	.002	.002
	(.005)	(.005)	(.004)	(.005)	(.005)	(.005)	(.005)
Local GDP growth	-5.584	-3.888	-4.146	-3.557	-3.579	-5.759	-5.761
	(5.097)	(4.948)	(4.692)	(4.676)	(4.645)	(4.598)	(4.560)
Number of local social organizations(log)	-.616***	-.492***	-.279**	-.257**	-.285**	-.300***	-.329***
	(.087)	(.086)	(.088)	(.088)	(.088)	(.088)	(.088)
Constant	5.575***	4.260***	3.024**	2.732**	3.020**	3.364***	3.642***
	(.918)	(.908)	(.921)	(.925)	(.932)	(.939)	(.945)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	614	614	614	614	614	614	614
Log Likelihood	-1,094.573	-1,078.023	-1,015.686	-1,013.801	-1,008.406	-1,009.492	-1,003.916

*p<0.05; **p<0.01; ***p<0.001

Hypothesis 4 proposed that the effect of a corporate origin on donor breadth would be less pronounced under a more certain local institutional environment. To examine this hypothesis, model 6 contains the interaction terms between institutional origin measures and the local charity regulation variable. The coefficient for the interaction term between corporate

origin and local charity law is positive and statistically significant, therefore Hypothesis 4 is supported. In regions without a localized version of the New Charity law being implemented, corporate foundations attracted almost 87 percent fewer large donors ($= 100 \text{ percent} \times [1 - \exp(-2.019)]$) than grassroots foundations not affiliated with a firm. In localities under a local charity law, however, corporate foundations' large donors were only 74 percent fewer than those of unaffiliated grassroots foundations ($= 100 \text{ percent} \times [1 - \exp(-2.019 + .687)]$). The results concerning Hypotheses 2, 3, and 4 also remain the same in a full model including the corporate origin measure and the two interaction terms.

Table 7 replicates the analysis shown in Table 6, replacing number of large donors with industry diversity of large donors, the other dependent variable of interest. According to model 1, charitable foundations tended to attract large donors from more industries when they obtained the charitable organization status, had more full-time employees, and were headquartered in a locality with fewer peer social organizations. The coefficient for the state origin variable is positive and significant in model 2, and the coefficient on the corporate origin measure is negative and significant in model 3. When the corporate origin measure was interacted with the former state affiliation variable in model 5, the coefficient on the interaction term is negative and significant. In model 6, the interaction term between the corporate origin variable and the local charity regulation measure is positive and significant. Including all main effects and interaction terms simultaneously, model 7 reports results that are consistent with those from models 2 to 5. Taken together, these findings are largely similar with those from Table 6.

Table 7. Regressions of Number of Industries of Large Donors on Institutional Origins, Former State Affiliation, and Environmental Stability

	Dependent variable: number of industries of large donors						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
State-established		.630*** (.091)		.242** (.082)	.228* (.112)	.113 (.131)	.090 (.151)
Corporation-established			-1.700*** (.143)	-1.587*** (.148)	-1.484*** (.156)	-2.177*** (.297)	-2.079*** (.300)
Former state affiliation					-.113 (.143)		-.087 (.142)
State-established x Former state affiliation					.082 (.171)		.073 (.170)
Corporation-established x Former state affiliation					-1.284* (.612)		-1.336* (.612)
Local charity law						-.541** (.174)	-.537** (.175)
State-established x Local charity law						.242 (.163)	.249 (.163)
Corporation-established x Local charity law						.917** (.341)	.937** (.341)
Proportion of public donations	-.141 (.141)	-.254 (.133)	-.152 (.118)	-.191 (.118)	-.200 (.118)	-.201 (.117)	-.206 (.117)
Proportion of foreign donations	-.001 (.268)	.094 (.257)	-.228 (.229)	-.161 (.229)	-.160 (.229)	-.101 (.228)	-.099 (.228)
Total corporate donations(log)	.002 (.007)	-.002 (.007)	.004 (.006)	.002 (.006)	.003 (.006)	.004 (.006)	.004 (.006)
Charitable organization	.478*** (.141)	.438** (.136)	.420*** (.125)	.407** (.124)	.421*** (.125)	.423*** (.124)	.436*** (.125)
Staff number(log)	.257*** (.059)	.216*** (.056)	.093 (.053)	.091 (.052)	.084 (.052)	.095 (.052)	.087 (.052)
Organization age	.014** (.005)	.003 (.005)	-.001 (.004)	-.003 (.004)	-.004 (.004)	-.003 (.004)	-.003 (.004)
Local GDP growth	-5.792 (4.763)	-3.871 (4.558)	-3.035 (4.422)	-2.217 (4.389)	-2.454 (4.342)	-4.601 (4.170)	-4.713 (4.131)

Table 7. Regressions of Number of Industries of Large Donors on Institutional Origins, Former State Affiliation, and Environmental Stability (continued)

Number of local social organizations(log)	-.559*** (.082)	-.428*** (.080)	-.251** (.084)	-.222** (.084)	-.245** (.084)	-.267** (.082)	-.289*** (.082)
Constant	5.028*** (.873)	3.642*** (.856)	2.667** (.881)	2.276* (.887)	2.530** (.890)	2.935*** (.874)	3.169*** (.878)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	614	614	614	614	614	614	614
Log Likelihood	-1,010.192	-986.860	-924.997	-920.730	-916.196	-913.889	-909.326

*p<0.05; **p<0.01; ***p<0.001

Additional Analysis and Robustness Checks

The findings that I have elaborated so far are subject to concerns of reverse causality. In particular, it was likely that the central government and local states placed their retired officials on the boards of nonprofits with broad corporate outreach, so that the top-down control of social and business sectors could work through these intermediate organizations (Pearson 1994; Saich 2000). If this were the case, the negative and significant interaction term between the corporate origin measure and the former state affiliation variable would simply suggest that the state's appointment strategy was less prevalent in corporate foundations, where business firms might still wield unparalleled power to determine the governance structure.

To assess this possibility, I constructed a regional-level measure of state interventions in human resource management practices of nonprofit organizations and included it in regression models being specified. In China, local governments might take different approaches to recruitment and training of social workers and other professionals for nonprofits' social programs: while state agencies from some provinces and municipalities did not explicitly address this challenge, agencies from other regions actively facilitated nonprofits' capacity building in human resource management by exposing day-to-day work of social organizations to frequent

interventions by government officials who have extensive experience in this field. For the current study, I coded this new state intervention variable as 1 in years when a foundation’s provincial or municipal government was obliged to directly provide strategic advice or personnel support for nonprofits’ human resources management, according to local charity regulations. The variable was coded 0 when local charity regulations had not specified the government’s role in this field or when there were no local charity regulations in effect. Among 18 provinces and municipalities that hosted one national foundation at least, six had implemented local charity regulations that aided political interventions in nonprofits’ human resource management before 2022. Figure 8 visualizes the provinces and municipalities where local charity regulations and local regulations specifying such state interventions were implemented. If reverse causality were indeed present, the interaction between corporate origin and former government affiliation would be weaker when a local state had been granted the power to intervene in nonprofits’ human resource management practices and therefore more readily influence the hiring and promotion of key decision-makers in both corporate and non-corporate foundations.

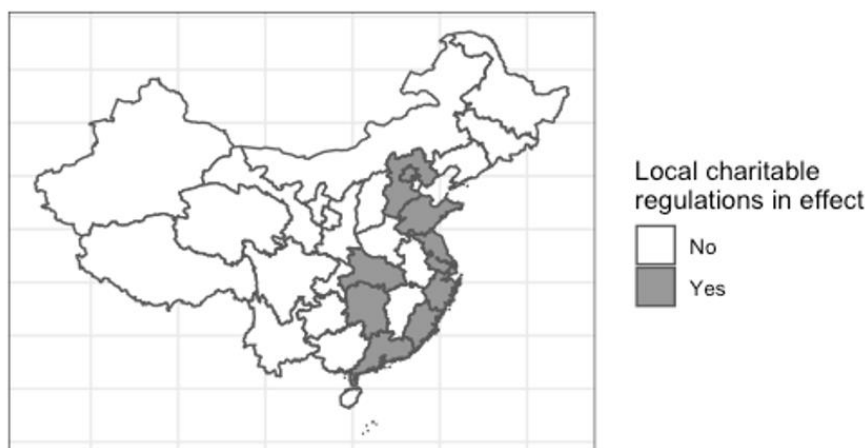


Figure 8. Provinces and Municipalities Where Local Charitable Regulations Were in Effect

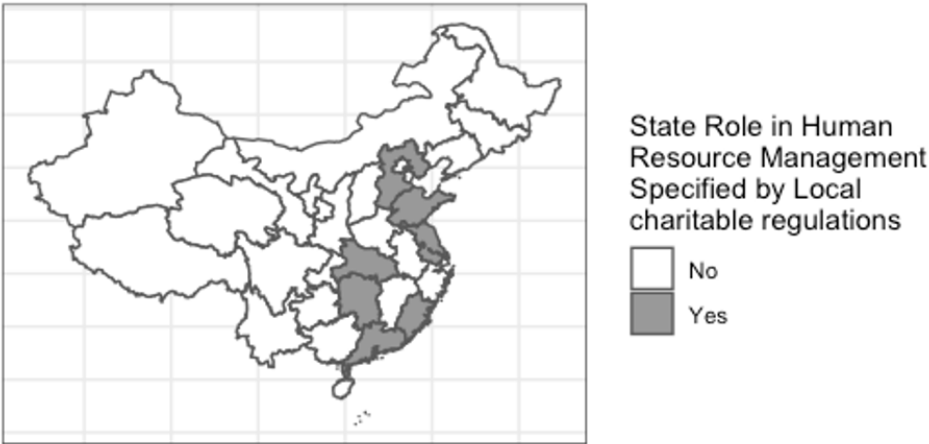


Figure 8. Provinces and Municipalities Where Local Charitable Regulations Were in Effect (continued)

Table 8 presents results on the effect of government interventions in nonprofit human resource management, when a three-way interaction among this new measure, corporate origin, and number of retired government officials as senior board members was incorporated in regression models. In Table 8, the dependent variable for model 1 is number of large donors and for model 2, number of industry categories that large donors were originated from. Although, again, both the corporate origin measure and its interaction term with the former state affiliation variable are negative and significant across the models, the three-way interaction term is not statistically significant in either model specification. These results show that the top-down personnel control orchestrated by the state was unlikely.

Table 8. Regressions of Dependent Variables on Institutional Origins, Former State Affiliations, and State Interventions in Human Resource Management of Nonprofits

	Donor number (1)	Donor industry diversity (2)
Former state affiliation	.086 (.080)	.026 (.074)
State human resource	.346 (.812)	-.039 (.819)
Corporation-established	-1.364*** (.152)	-1.425*** (.154)

Table 8. Regressions of Dependent Variables on Institutional Origins, Former State Affiliations, and State Interventions in Human Resource Management of Nonprofits (continued)

Former state affiliation x State human resource	-.390 (.923)	.108 (.912)
Former state affiliation x Corporation-established	-1.709** (.606)	-1.517* (.602)
Corporation-established x State human resource	-1.640 (.930)	-1.089 (.935)
Corporation-established x Former state affiliation x State human resource	-22.982 (363,592.600)	-21.628 (133,734.500)
Proportion of public donations	-.249 (.128)	-.138 (.118)
Proportion of foreign donations	-.041 (.235)	-.219 (.229)
Total corporate donations(log)	.004 (.007)	.005 (.006)
Charitable organization	.411** (.129)	.406** (.125)
Staff number(log)	.124* (.056)	.085 (.053)
Organization age	.003 (.004)	-.001 (.004)
Local GDP growth	-3.178 (4.983)	-1.892 (4.678)
Number of local social organizations(log)	-.187 (.099)	-.189* (.094)
Constant	2.031 (1.049)	1.970* (.998)
Year Fixed Effects	Yes	Yes
Observations	614	614
Log Likelihood	-1,005.473	-917.194

Note: *p<0.05; **p<0.01; ***p<0.001

To determine whether the findings of this chapter are sensitive to alternative model specifications, I also conducted several robustness checks (see Appendix II of this dissertation for details). First, I estimated random-effects negative binomial models to account for between-

foundation heterogeneity, though these models rest on the strong assumption that unobserved variables are not correlated with any of the observed variables (Wooldridge 2010). Second, I replaced the former state affiliation measure with a count variable, specifying how many retired government officials sat on the board of a charitable foundation as senior members. Third, in a placebo outcome test (Rosenbaum 2002), total value of donations being received was specified as the outcome variable instead. If institutional origins and former state connections of a nonprofit do affect the breadth of donors through the mechanism of conditioning the capacity to shape the socio-political environment, the relationship should be weakened or reversed when total donation value—a measure of amount, rather than diversity of resource input—becomes the dependent variable. The results from the first two robustness checks are largely similar to those discussed above. Findings based on the last placebo outcome test also support my prediction: the effects of state origin, corporate origin, and interaction terms are all nullified once total donation value is substituted as the outcome.

Conclusion and Discussion

This chapter tackles a relatively underexplored puzzle in research on corporate philanthropy by addressing how institutional origins, former affiliations, and local environments jointly shape the breadth of corporate donors to a nonprofit. Empirical evidence has shown that nonprofit organizations often have to navigate diverse funders' requirements in their work (Binder 2007; Spires, Tao, and Chan 2014) and that the amount of donations that nonprofits mobilize can vary significantly (Zheng, Ni, and Crilly 2019). However, little has been known about how organizational and environmental factors contribute to the heterogeneity of nonprofit's corporate support. I situate this research question in China and highlight how breadth

of donor support is related to characteristics of nonprofits' founding institutions, former political connections of nonprofits' leader, and local specifications of China's New Charity Law.

My analysis demonstrates that nonprofits with a state origin have advantage in soliciting funds from a broad range of donors, whereas nonprofits founded by firms are disadvantaged in this respect. Because the state is the dominant rule-making institution in the society, it distributes key political and social resources that almost all companies need for operating their core business. Due to such wide influence, a broad set of firms—both in terms of absolute number and diversity of industry origins—tends to build robust relationship with the state through donating to nonprofits established by the state. On the contrary, private firms rarely shape allocation of political and social resources for other firms—in other words, they engage in corporate political activities and corporate social responsibility primarily to ensure their own core business is uninterrupted. Therefore, nonprofits founded by firms have narrower corporate outreach than other nonprofits. Altogether, on the basis of novel data on national foundations, these findings suggest that corporate philanthropy of China is unlikely to become a venue where private actors cultivate a wide inter-firm resource exchange network independent of the state.

Moreover, I find that the relationship between corporate origin and breadth of nonprofits' corporate donors is moderated by former state affiliation and local environmental certainty. If senior leaders of a firm-established nonprofits are former government officials, they are likely to serve as key actors to further consolidate the narrow focus of the nonprofits. Consequently, when led by former government officials, nonprofit organizations founded by the firms are even less compelled to reach out to potential corporate donors as their private interests may have already been served by the former officials that they recruit. On the other hand, these firm-controlled nonprofits fare better in a certain institutional environment: in regions where charitable nature of

nonprofits is accentuated and fundraising practices closely monitored, firm-established nonprofits are held accountable for pursuing private interests and thus induced to pursue broader public goods. Compared with other nonprofits founded by a company, those in a certain institutional environment are more attractive to diverse corporate donors.

Theoretical Significance

In terms of theoretical significance, findings from this chapter first contribute to the government-business relationship literature by linking political origins of organizations with breadth of support they garner. Organizational scholars and sociologists have suggested that firms connected to the state are able to secure advantage in performance even in marketized economies (Haveman et al. 2017; Parish and Michelson 1996; Peng and Luo 2000), and nonprofits stabilize and legitimize their work by maintaining good relationships with government officials (Kang and Han 2005; Spires 2011). This study builds upon this strand of work and shows that political connections also have an important implication for range of an organization's influence. As the state has controlled the allocation of scarce political and social resources for most firms, such political power can be transformed into widespread interest of private actors in donating to state nonprofits. In doing so, I enrich the scholarship on political ties of organizations by introducing the work from sociology of the state and conceptualizing the state as a predominant rule-making authority in the society (Mann 1986; Weber 1946).

My chapter also speaks to the work on firm-society relations by studying inter-firm collaborations in social initiatives. While research in this field typically focuses on how firms manage their relationships with communities and other societal members and what implications these relationships have for firm strategy (e.g., see Marquis, Davis, and Glynn 2013; Odziemkowska 2022; Yue, Rao, and Ingram 2013), this chapter instead zooms in on outreach of

charitable foundations and examines whether firm-firm collaborations in philanthropic initiatives are less extensive than firm-state collaborations. Furthermore, I show that firms are less likely to appeal to their peers in social initiatives if they are perceived to promote corporate interests instead of broader common interests. By documenting limitations of inter-firm outreach in social initiatives, this chapter indicates that a dense, independent network for civic engagement and social provision can be unlikely under a state with unparalleled rule-setting power, such as the Chinese government. This project also proposes that philanthropic and other social endeavors could be the key research contexts where scholars explore the dynamic and nuanced processes underlying inter-firm collaborations and alliances.

Finally, the theoretical framework and the empirical results of this chapter shed light on how research on nonmarket strategy could benefit from further analyses of breadth of resource support for social impact. In the nonmarket strategy literature, some common explananda have been scale of resources being exchanged (e.g., Flammer 2018; Hadani and Schuler 2013), performance of organizations (e.g., Deckop, Merriman, and Gupta 2006; Yan, Almandoz, and Ferraro 2021), and geographic distribution of a focal collaboration (e.g., Ballesteros and Gaignon 2019; Guthrie 2010). This chapter suggests that variety of resource providers for a given initiative should also be an important dimension of social and political impacts, because the extensiveness of resource support is a key indicator of duration and prospects of a social or political initiative. Along these lines, future research should further identify other organizational, relational, and environmental factors that condition the breadth of corporate support for social and political initiatives.

Future Work

This chapter also informs directions of future research on the relationships between nonprofits and its corporate support base. First, studies might explore alternative ways to characterize breadth of corporate support. Beyond sheer number of corporate donors and their industry diversity, researchers can, for instance, understand geographic diversity of corporate donors. Do nonprofits with a state origin attract corporate sponsors from a variety of localities, even from those regions that have yet to be covered by nonprofits' existing programs? Second, further studies could elicit the mechanisms underlying the effect of state and corporate origins through additional moderation analyses. For instance, if the state as a rule-making authority does appeal to a broader corporate audience, is this effect more salient in regions where economic activities is primarily shaped by the government or state-owned enterprises? Likewise, is the negative effect of a corporate origin more pronounced in places where the state monopolizes the economy? Third, this study could be extended to a cross-national one, which examines how characteristics of political institutions and informal social norms may affect the ability of nonprofits to engage with a broad set of firms. And last, although the current chapter finds that corporate foundations are generally attractive to a narrow range of corporate donors, there are notable exceptions in China: in particular, Tencent Charity Foundation has constructed a large online fundraising platform, which connects a wide array of donors and nonprofit recipients all over China (Huang 2022). Scholars may use such foundations as deviant cases and conduct qualitative studies of when and how corporate interests are extended to accommodate diverse social and political actors.

Conclusion

Overall, this dissertation sheds light on collaborations between firms and politically vulnerable nonprofit organizations in an adverse institutional environment where growth of the latter is still far from guaranteed. The introductory chapter situates this problematic in China and presents the macro-level political and social changes that have laid the foundation for these seemingly unlikely firm-nonprofit collaborations. In Chapter 1, I demonstrate how low political status of grassroots nonprofits—those social services organizations and advocacy groups unaffiliated with the government—ends up providing opportunities for firms to link core business activities with corporate philanthropic initiatives. In Chapter 2, I document that the structural configurations of locality-specific performance ratings condition attractiveness of individual grassroots nonprofits to potential corporate donors. In Chapter 3, I focus on the demand side of corporate philanthropy and show how breadth of corporate support that a nonprofit organization garners varies according to political status and institutional origins of the nonprofit.

This final conclusion is twofold. First, I highlight three broader theoretical implications of this dissertation, namely a contestation perspective of firm-society ties, a commerciality perspective of cross-organizational social initiatives, and an ecological perspective of the system of social provision. Although theoretical contributions of individual dissertation chapters to political sociology, sociology of organizations, and the corporate social responsibility literature have already been identified, in this chapter I point to the scholarly gaps that this dissertation as a collective work manages to address. Second, I discuss two directions for my future research on the basis of this dissertation, specifying how novel data and methodologies could possibly further the inquiry into geographic scope and commerciality of firm-nonprofit relationships.

Broader Implications of This Dissertation

Political contestation in firm-society collaborations. The concept of political power — “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance” (Weber 1978: 58) — is not unfamiliar to organizational sociologists and management scholars studying market-society relations. Researchers have studied firms’ concession or resistance to social groups’ demands, as interests of these two sets of actors often clash. In particular, social movement theories have been adopted to understand the impacts of activist groups’ boycotts and negative media coverage on firms’ reputation management strategies and governance structure (e.g., McDonnell and Cobb 2020; McDonnell and King 2013). Similarly, it has been shown that new, contentious organizational practices can be widely implemented by activists across firms, when the activism wins the support of companies known to resist activism (e.g., Briscoe and Safford 2008) or successfully develops collective identities and norms for the proposed alternative practices (e.g., Kellogg 2009; Weber, Heinze, and DeSoucey 2008). However, social movement dynamics and, more broadly, political processes underlying the cross-sector collaborations between companies and nonprofit organizations are still undertheorized. This is rather unfortunate, especially considering that in recent decades private firms have increasingly worked with social services organizations and advocacy groups to develop novel solutions to environmental, social, and economic challenges around the globe (Ballesteros and Gatignon 2018; Baron 2012; Durand and Huysentruyt 2022).

My work responds to this call for a political theory of firm-society collaboration by focusing on contests for control of social initiatives. Chapter 1 demonstrates that in the case of corporate philanthropy through which companies and nonprofits jointly make plans about mobilizing and allocating resources to underprivileged populations, corporate sponsors can

obtain more or less control of the trajectory of such collective endeavors. The contestation of project control between firms as donors and nonprofits as recipients is largely influenced by the degree of political vulnerability of the latter, because low political status often undermines nonprofits' ability to use coercive measures and access political legitimacy. In addition, Chapter 2 further explores political contestation in corporate philanthropy by examining the locality-specific characteristics that make some grassroots nonprofits more amenable to firms' evolving needs in social initiatives. When grassroots nonprofit organizations not only boast superior problem-solving capacities in their core specialties but also develop slack for diversification of their programs, corporate sponsors are more likely to donate as both their current needs and potential future changes in preferred mode of social initiatives are being accommodated by these nonprofits. In short, together with a few recent studies (e.g., Odziemkowska 2022), this dissertation describes how inter-organizational conflicts and compromises shape the patterns of firm-nonprofit partnerships for social goods. It also indicates that, in addition to quantitative evidence on donation amounts, prosocial claims, or success of a firm-nonprofit collaboration incident, more fine-grained, processual data based on qualitative inquiries is necessary to capture new dimensions of market-society relationships and understand their political relevance.

Commerciality in corporate philanthropic and social initiatives. As already mentioned in Chapter 1, existing work on hybridity typically focus on either the intra-organizational level (e.g., Pache and Santos 2013; Smith and Besharov 2017) or the field level (Yan, Almandoz, and Ferraro 2019; Zelizer 1978) to analyze the co-existence of activities pertaining to social welfare improvement and profit maximization. Yet, there is additional benefit when the research on hybridity is applied to the inter-organizational level: a new and crucial understanding can be obtained with regard to how elements of corporate social responsibility actually facilitate

corporate business performance on the ground. For instance, when firms strategically align content of their social initiatives with industries of their core businesses (e.g., energy companies focusing specifically on environmental initiatives), such targeting is likely to impress critical stakeholders within core business industries and result in high market returns for firms (Nardi et al. 2022). Yet, with a few important exceptions (e.g., Ballesteros, Useem, and Wry 2017; Kaul and Luo 2018; Nardi and Huysentruyt 2022), little is known about how firms' core business activities are actually integrated into their social initiatives and what are the antecedents of the inter-organizational hybridity.

This dissertation points to two mechanisms that influences the degree of commerciality in corporate philanthropic and social initiatives: political vulnerability and capacity building. In particular, Chapter 1 shows that the penetration of commercial activities related to core businesses varies across projects of firm-nonprofit collaborations: some of them constitute corporate efforts to build business networks and sell core products, whereas others are free of these business considerations. Importantly, I find that such variation in commerciality is explained by political status of firms' nonprofit partners: lack of access to coercive means or politically legitimate standing not only exposes nonprofits to state interventions but also result in their susceptibility to commercialization. Chapter 2 indicates that other than low political status, problem-solving capacity of nonprofits concerning social issues also leads to their successful partnerships with commercially-oriented business donors. Because firms may constantly shift focus of their social initiatives in light of evolving business needs, social organizations with slack resources across different fields of endeavors can receive more corporate support. Taken together, this dissertation has identified hybridity in corporate philanthropy as a key

explanandum, explored concrete firm strategies used to combine business and social endeavors, and presented new mechanisms through which such combination succeeds or fails.

An organizational ecology of social provision. Finally, this dissertation informs an ecological perspective of corporate social responsibility by bringing the social services sector back in. Defined as firms' attempts to promote social goods regardless of motive (McWilliams and Siegel 2001; Mellahi et al. 2016), corporate social responsibility often relies on expertise of social services organizations as vehicles for service program design and resource distribution. Nevertheless, research on nonmarket strategy has focused on the implications of corporate social responsibility for firms—either firm-level antecedents of such social initiatives or impacts of social initiatives on firms' behaviors—and less attention has been directed to the linkages between social services nonprofits and firms' social strategy. Business firms are embedded in an ecology of social provision, including nonprofit service providers, communities in need, peer firms, and regulatory agencies. Without taking into account the role of social services organizations, nonmarket strategy scholars may not be able to obtain a comprehensive understanding of corporate social responsibility—and more specifically, corporate philanthropy—from the demand side (Gama and Gatignon 2022). In addition, if heterogeneity among services nonprofits was disregarded, researchers would also run the risk of conflating different incentives of firms to collaborate with these organizations.

The contributions of my dissertation in this regard are manifold. Particularly, Chapter 3 studies the range of corporate support that a nonprofit organization could possibly garner. By showing that state-established nonprofits are more likely to secure broad firm support and that corporate nonprofits may fall short in this regard, this chapter pinpoints the conditions under which social initiatives of individual companies may escalate into joint endeavors. Also, Chapter

2 delves into the ecology of firms and nonprofits from a different angle: precisely due to their exposure to different configurations of status hierarchies, nonprofits' attractiveness to corporate donors may vary. In other words, this chapter suggests that the level of corporate philanthropic resources can be conditioned by status competition among nonprofits. Altogether, by demonstrating that services nonprofits shape the trajectory and outcome of corporate social responsibility, this dissertation calls for more research on the interactions between organizations in business and social sectors. In the following section, to consider new questions for future research on the basis of the current dissertation, I first extend this nonprofit-centered framework to geographic targeting of corporate philanthropy and social equity implications of such resource flows.

Directions for Future Research

State initiatives, private interests, and geographic scope of firm-sponsored nonprofit outreach. On the basis of theoretical propositions and empirical findings presented by this dissertation, I am able to ask further questions that shed new light on the market-society interface. First, future research could explore how political origin of a nonprofit shapes geographic allocation of corporate donations as well as social equity concerns of corporate philanthropy. In Chapter 1, I have demonstrated that organizations affiliated with the government tend to adhere to public interests in order to defend the political legitimacy of their work. A further implication of this finding is that the public commitment of the government can push its affiliates towards a resource allocation strategy emphasizing social equity (Collins and Gerber 2008; Tach and Emory 2017). An executive at an auto parts manufacturer in Shanghai, one of the interviewees for my dissertation research, also commented on this point when he was describing the characteristics of communities reached by government-established charities:

When the state-led charity organizations approached us and talked about the potential social impacts they're trying to make for those remote, extremely impoverished localities in the provinces of Yunnan and Gansu, we were really impressed by these lofty agendas. This is something our government would do. The government can be corrupted, but their projects cannot go so wrong as they are pressured to address the concerns of fairness and equality from time to time.

I therefore plan to examine how state-led and grassroots-based nonprofit organizations can possibly condition geographic outreach of firms' philanthropy initiatives in China. Corporate giving is characterized by a three-party interaction: firms as resource suppliers, nonprofit organizations as resource recipients and intermediaries, and local communities as ultimate targets of philanthropic outreach. Building upon the notion that government-led organizations are likely to prioritize equal treatment in distribution of their resources, I ask two questions that explore the geographical implication of such resource targeting: 1) whether government-controlled nonprofits direct corporate donations to communities from less developed localities, compared to grassroots nonprofits, and 2) whether the gap in level of economic development and social welfare between the localities of corporate donors and those of the communities in need is larger for government nonprofit intermediaries than grassroots ones. Regardless of the specific empirical findings I will obtain, this proposed study will advance this dissertation's inquiry in the social implications of nonprofit organizations' political statuses.

Data on the geographical targeting of corporate philanthropy are available from Chinese charitable foundations' annual work reports, stored at the Ministry of Civil Affairs's online repository as mentioned in Chapter 3. Section V of Part III of these reports provides information about provinces where a foundation's social initiatives reach as well as partners involved in each of these initiatives. In addition, Section IX of Part II also provides details about the discretionary

funds that firms set up with foundations for a particular purpose. While I focus solely on national foundations in Chapter 3, sample for this proposed research will include foundations registered at national, provincial, and city levels so that the effect of region-specific regulatory environments for nonprofits can be explored.

Mapping the landscape of commerciality of corporate social initiatives. This dissertation also sets the stage for a more systematic investigation of commercialization of firm-nonprofit collaborations. Although Chapter 1 has presented rich qualitative evidence on why some Chinese nonprofit organizations are more prone to corporate control and for-profit agendas, largely missing has been an inquiry into how these commercialization patterns being discovered may vary over time or across a large set of organizations. What dimensions of core business activities of firms (e.g., marketing, business networking, research and development) are more associated with level of commercialization of their corporate social initiatives? Does engagement of core business activities in corporate social initiatives increase or decrease over time, as nonprofits build long-term relationships with donating firms? To answer questions like these, both quantitative and qualitative data will be needed to map the general trends as well as understand the key underlying mechanisms.

Novel computational methods have potential to capture such cross-organizational variation in commerciality of social initiatives, on the basis of textual data. For instance, using textual descriptions of philanthropic programs that charitable foundation officers prepare for the annual work reports, I am able to apply cutting-edge word embedding algorithms and examine what foundation reports includes more words that are semantically similar to “business,” “commercial,” or “firms.” This close exploration of commerciality assisted by innovative

methodologies will offer a more nuanced perspective on how market advancement into social civil spheres is molded by relational, organizational, and contextual dynamics.

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Appendix I: Methodological Notes on Identifying Corporate Donation Trends in China

No ready-to-use statistical data so far has shown the amounts of corporate donations received by Chinese nonprofit groups of different political statuses. My estimation of the trend in the grassroots-oriented corporate philanthropy of China was based upon aggregation and reanalysis of donation data available from three separate sources: the China Philanthropic Donations Report, the Research Infrastructure of Chinese Foundations (RICF), and annual work reports that registered charitable foundations are mandated to submit. To be sure, my calculation was only based upon available data on donation recipient organizations located in China; funds received by oversea divisions of Chinese nonprofits or Chinese branches of international organizations and foreign NGOs were therefore excluded from the current analysis.

To first estimate the value of corporate donations flowing to government institutions and quasi-government organizations, I referred to the China Philanthropic Donations Report. Released annually by the China Charity Information Center affiliated with the Ministry of Civil Affairs of China, this report provides comprehensive information about composition of charitable donations by types of recipient organizations. I counted gifts received by following types of organizations as state-oriented donations: Red Cross Society groups, charity federations, people's groups, government agencies, and other public sector organizations formally connected with them. Because corporate giving on average constitutes 70% of the total philanthropic donations in China for a given year, I chose to approximate the recipient composition of corporate donations by using data on the makeup of total philanthropic donations. For the current estimation, I drew on the China Philanthropic Donations Report released between 2007 and 2018 and considered both monetary and in-kind donations.

I then analyzed the RICF data to calculate the donations targeted at government-controlled charitable foundations, between 2013 and 2016. Other than government and quasi-government institutions, many charitable foundations in China also maintain connections with the state. Compiled by Ma et al. (2017), RICF collected basic information about registered charitable foundations in China between 2013 and 2016, including organizational background, composition of board of directors, and donations received. RICF accessed this information by electronically retrieving annual work reports that registered foundations are required to submit to civil affairs bureaus.¹⁹ On the basis of board information presented by RICF, I was able to identify charitable foundations where at least one former government official occupied senior positions such as chairman, vice-chairman, and general secretary. Additionally, I manually checked official websites of foundations and determined whether they were founded by government agencies or quasi-state organizations. For the current estimation, I then zoomed in on national charitable foundations—those registered with the Ministry of Civil Affairs of China and, as required by law, supervised by the central government—and then calculated the percentage of amount of corporate donations to national foundations either established by the state or led by former government officials, in the amount of total donations received by all national foundations. This proportion was eventually used to approximate the value of total corporate donations oriented toward government-controlled foundations, combined with information about donations received by all foundations, which is included in the China Philanthropic Donations Report. As noted in Chapter 3, philanthropic donations to these national foundations were substantial: in 2019, they constituted 49.7 percent of the value of total donations received by all foundations in China.

¹⁹ For more details about RICF's data sources and methods for data collection, see Ma et al. (2017).

For years that the RICF data has not covered, I estimated the donation amount directed to government-controlled foundations by manually collecting foundations' annual work reports between 2007 and 2012 and between 2017 and 2018. In work reports submitted by foundations, Section I, Part III specifies the amount of donations contributed by domestic and foreign firms.²⁰ Once again, in order to obtain the proportion of donations sent to government-controlled foundations, I calculated the composition of donations received by national foundations of different political statuses.

Finally, to estimate donation amount received by grassroots nonprofits and state-led nonprofits located in different cities for both Chapter 1 and Chapter 2, I again relied on the RICF data. Specifically, I identified government-established and government-controlled foundations in the three cities, summed the corporate donations they received, and calculated the proportion of corporate donations that foundations of different political statuses receive. My estimation was based on the 2016 RICF data. Although amount of donations received by charitable foundations is only a proportion of donation amount directed to the entire Chinese social sector, this percentage sharply rose from 19 percent in 2007 to 45 percent in 2018 (China Charity Information Center 2019), suggesting that Chinese charitable foundations have played an increasingly crucial role in social provision and other nonprofit activities. Furthermore, focusing on foundations allows for a comprehensive understanding of an organizational field where nonprofits of different political standings compete for scarce resources.

²⁰ Foundations' annual work reports actually specify the amount of charitable donations that have been initiated by "legal entities." Yet, in the Chinese context, most of organizations within the category of legal entities are business enterprises (Zheng, Ni, and Crilly 2019).

Appendix II: Additional Robustness Checks for Chapter 3

Table 9. Additional Robustness Checks for Chapter 3

	Random-effects models			Alternative former state affiliation		Corporate donation dollars as placebo outcome		
	Donor number	Donor industry diversity	Donor number	Donor industry diversity				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
State-established	.715*** (.161)	-.022 (.199)	.737*** (.148)	.077 (.190)	-.010 (.153)	.072 (.142)	.992 (.571)	.910 (1.127)
Corporation-established		-1.974*** (.295)		-2.069*** (.316)	-1.899*** (.275)	-2.077*** (.299)		-.404 (1.070)
Former state affiliation		-.023 (.201)		-.031 (.196)	.020 (.067)	-.009 (.065)		-.503 (1.036)
State-established x Former state affiliation		.151 (.239)		.094 (.233)	.021 (.077)	.033 (.074)		.930 (1.281)
Corporation-established x Former state affiliation		-1.364* (.653)		-1.324* (.645)	-.917* (.419)	-.802 (.412)		3.219* (1.576)
Local charity law		-.460* (.194)		-.552** (.199)	-.502** (.191)	-.550** (.174)		2.533* (1.252)
State-established x Local charity law		.162 (.147)		.192 (.158)	.248 (.174)	.248 (.163)		-.398 (1.221)

Table 9. Additional Robustness Checks for Chapter 3 (continued)

Corporation-established x Local charity law	.623* (.298)	.880** (.336)	.704* (.321)	.934** (.341)	.441 (1.315)
Proportion of public donations	-.065 (.139)	-.085 (.133)	-.061 (.140)	-.288* (.128)	1.462 (.868)
Proportion of foreign donations	.192 (.272)	.142 (.264)	.112 (.283)	.052 (.270)	5.770*** (1.604)
Total corporate donations(log)	-.006 (.008)	-.001 (.008)	-.001 (.009)	.003 (.007)	.004 (.006)
Charitable organization	.384* (.183)	.351* (.165)	.446* (.177)	.448*** (.130)	.743 (.731)
Staff number(log)	.170** (.061)	.120* (.059)	.129* (.062)	.128* (.056)	.860* (.347)
Organization age	.015 (.009)	.003 (.007)	.008 (.008)	.002 (.005)	.122*** (.031)
Local GDP growth	-1.614 (.998)	-3.014* (1.218)	-1.547* (.750)	-5.709 (4.565)	-25.805 (28.253)
Number of local social organizations(log)	-.574*** (.102)	-.372*** (.094)	-.538*** (.072)	-.323*** (.088)	.824 (.462)
Constant	4.587*** (.991)	3.772*** (.910)	4.230*** (.685)	3.613*** (.946)	3.574 (4.453)
			3.563*** (.943)	3.128*** (.878)	3.503 (4.704)

Table 9. Additional Robustness Checks for Chapter 3 (continued)

Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	614	614	614	614	614	614	614	614	614
R ²	NA	NA	NA	NA	NA	NA	NA	NA	.144
Log Likelihood	-1,002.037	-957.302	-924.612	-876.994	-1,005.101	-910.535	NA	NA	NA
* p<0.05; ** p<0.01; *** p<0.001									