RELATIONAL PLURALISM AND PRACTICE VARIATION

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RELATIONAL PLURALISM AND PRACTICE VARIATION

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ABSTRACT

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Keywords: practice variation, inter-organizational networks, relational pluralism, relational logics, corporate philanthropy

Research on inter-organizational networks has generally taken a monolithic approach to explanations deriving from network positions, ignoring the multiplicity of networks that the organization is embedded in, heterogeneity in institutional backdrop of network partners and possible costs of maintaining network ties. The purpose of this study is to explore the implications of the key idea that not only the organizations are embedded in multiple networks, but also these networks themselves are institutional contexts.

Focusing on the variation in corporate philanthropic activities of all banks in Turkey for the period of 2008-2012, this study explores; (1) how inter-organizational networks influence organizational preferences, (2) the strategies organizations use to deal with network multiplicity and (3) the performance implications of different philanthropic portfolio compositions. This study uses a unique dataset of over 2,600 philanthropic projects. Multilevel models are used to test the hypothesis. The findings suggest that network membership homogenizes practices; organizational level filters moderate this influence, when faced with network multiplicity, organizations diversify their portfolios and in corporate philanthropy, generalists outperform specialists.

This study contributes to recent attempts on how institutional and networks perspectives can complement each other to present an alternative view to more traditional, monolithic representation of workings of networks. This study also contributes to research on corporate philanthropy to show the antecedents and consequences of corporate philanthropic portfolios.

ÖZET

İLİŞKİSEL ÇOĞULCULUK VE PRATİK ÇEŞİTLİLİĞİ

F. NAZLI ŞENOL

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Anahtar Kelimeler: pratik çeşitliliği, örgütler arası ağlar, ilişkisel çoğulculuk, ilişkisel mantıklar, kurumsal hayırseverlik

Örgütler arası ağlar yazını bu ağların etkilerini açıklarken tekilci bir yaklaşım sergilemiş, örgütlerin gömülü olduğu ağların çokluğunu, örgütün ağ ortaklarının kurumsal yapılarının heterojenliğini ve ağ bağlantılarını muhafaza etmenin olası maliyetlerini göz ardı etmiştir. Bu çalışmanın amacı, örgütlerin birden fazla örgütler arası ağa gömülü olduğu ve bu ağların da birer kurumsal ortam olduğu fikrinin çıkarımlarını anlamaktır.

200-2012 döneminde Türkiye'deki bankaların kurumsal hayırseverlik uygulamalarındaki varyansı açıklamaya çalışan bu çalışma; (1) örgütler arası ağların örgüt tercihlerini nasıl etkilediğini, (2) örgütlerin ağ çokluğunun yarattığı sorunlarla baş etme stratejilerini ve (3) hayırseverlik portfolyolarının performans sonuçlarını anlamayı amaçlar. Bu çalışmada 2,600'den fazla hayırseverlik projesini kapsayan özgün bir veri seti kullanılmıştır. Hipotezler hiyerarşik modeller ile test edilmiştir. Sonuçlar, ağ üyeliğinin örgütsel pratikleri homojenleştirdiğini, örgüt seviyesindeki "filtrelerin" ağların etkilerini azalttığını, örgütlerin ağ çokluğu ile karşılaştıklarında portfolyolarını çeşitlendirdiklerini ve kurumsal hayırseverlikte dağınık portfolyoların odaklı portfolyolardan daha başarılı olduğunu göstermektedir.

Bu çalışma yakın zamanda kurumsalcı ve sosyal ağ bakış açılarının birbirini tamamlayıcı yönlerini ortaya koymayı amaçlayan ve sosyal ağlara tekilci ve geleneksel yaklaşımın dışında bir alternatif sunan yazına katkı yapmaktadır. Bu çalışma ayrıca kurumsal hayırseverliğin öncelleri ve sonuçlarını göstererek bu yazına katkı sunmayı amaçlar.

To the loving memory of my mother

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LIST OF ABBREVATIONS

ANCOVA	Analysis of Covariance
ANOVA	Analysis of Variance
CFP	Corporate Financial Performance
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
EU	European Union
GEE	Generalized Estimating Equations
HHI	Hirschman-Herfindahl Index
ICC	Intra-Class Correlation
KLD	Kinder, Lydenberg, Domini
ML	Maximum Likelihood
NGO	Non-governmental Organization
OLS	Ordinary Least Squares
SD	Standard Deviation
SE	Standard Error

1.

INTRODUCTION

This chapter begins by setting out the motivation behind the study. Next, I introduce the context and the theoretical framework of the study and state the main arguments. This chapter concludes by outlining the rest of the dissertation.

1.1 Motivation for the Study

Two major strands of literature in organizational studies, inter-organizational networks[1] and institutional theory, aim to add texture to organizational environment. At their core, both theories have the fundamental assumption that organizational behavior is relational, influenced by the environmental context and actions of other organizations. Research on inter-organizational networks has focused on network positions and the accompanying resources or social standing they accrue to the organization (e.g. Gulati, 1998; Podolny, 2001). Institutional theory emphasizes how organizational behavior is shaped by what is perceived as proper, sensible, and necessary (Tolbert, David and Sine, 2011). This proper behavior is instilled in the institutional logics of social actors (Thornton, Ocasio and Lounsbury, 2012; Lee and Lounsbury, 2015) and offers practice templates for the organizations compatible with these logics (Eisenhardt, 1988; Marquis and Lounsbury, 2007).

Despite the shared interest of network and institutional theories on the study of the organization's social settings, with a few exceptions (Krippner and Alvarez, 2007; Powell, White, Koput and Owen-Smith, 2005; Owen-Smith and Powell, 2008; Vasudeva, Zaheer and Hernandez, 2013) little has been written about the relationship between inter-organizational networks and the institutional contexts of these networks.

[1] Throughout this dissertation, I use inter-organizational network, network and social network interchangeably, all referring to inter-organizational networks.

Yet, as Friedland and Alford (1991) argued, without considering institutions, "it will be impossible to explain what kinds of social relationships have what kind of effect on the behavior of organizations and individuals".

Recently, researchers in social networks have taken notice of the multiplicity of networks an organization is embedded in to account for the complexity of organizations' external environments. This research stream, broadly labeled as "relational pluralism", (Shipilov, Gulati, Kilduff, Li and Tsai, 2014) focuses on how simultaneous membership in multiple networks jointly and separately affects organizational behavior and finds that organizations' incentives for action and their interests reside in multiple networks (e.g. Ozmel, Reuer and Gulati, 2013; Ranganathan and Rosenkopf, 2014). Relational pluralism offers a more fine-grained texture to an organization's environment, yet networks are still treated as acontexual (Vasudeva, Zaheer and Hernandez, 2013), partner heterogeneity is ignored (Lavie and Miller, 2008), and how network membership translates into network resource is ambiguous (Gulati, Lavie and Madhavan, 2011). This omission led to the implicit assumption that network roles and positions have universal outcomes (Hernandez, Vasudeva and Zaheer, 2015), and the cost of maintaining network relations is under-explored (Sytch and Tatarynowicz, 2014).

With this dissertation, I explore the idea that inter-organizational networks are institutional contexts, and as such, that networks not only provide resources to the organization by virtue of structural properties and quality of ties, but also meanings, values and expectations by virtue of being social environments (Brass, Galaskiewicz, Greve and Tsai, 2004). I argue that inter-organizational networks influence an organization's preferences and behavior by exerting their own norms, logics and templates, which then influence organizational outcomes. The multiplicity of networks that the organization is embedded in exacerbates the complexity of external environments by increasing the number and diversity of the logics and templates available for the organization.

In an attempt to understand how network multiplicity influences organizational behavior, I ask, *"How does relational pluralism influence practice variation?"* I suggest one reason we see variation across organizational actions is the multiplicity of networks that organizations are embedded in. I develop the "relational logics" construct to refer to the norms and expectations of inter-organizational networks. I argue that organizations attend to these relational logics to attain network resources. These

attempts to balance different relational logics of multiple networks result in variations in organizational behavior and preferences.

My purpose in this study is three fold; (1) to explore the implications of the central idea that organizations are embedded in multiple networks and these networks are institutional contexts with their own relational logics; (2) to understand the ways organizations balance the demands of these different logics; and (3) to examine the consequences of these balancing acts on organizational performance.

To this end, I incorporate institutional complexity arguments that recognize the multiple and often competing nature of institutional logics (Greenwood, Raynard, Kodeih, Micelotta and Lounsbury, 2011) with relational pluralism of networks. I argue that research in institutional complexity runs parallel to and complements relational pluralism, organization's interests and motives for action reside in multiple networks and these networks have their own institutional logics. While research on relational pluralism considers the outcomes of having multiple network partners and ties, institutional complexity focuses on the challenges of dealing with multiple logics by a same actor. By contextualizing networks through instilling institutional logics, researchers can understand not only the resources accrue to the organization by virtue of network membership, but also the meanings, values and expectations these networks have to offer to translate structural positions into network resources. Organizational behavior is more fully understood upon considering the institutional contexts of the partners in the exchange relationships in conjunction with the structures of social relationship.

I explore these ideas in an attempt to understand the sources of variation among corporate philanthropic portfolios of banks operating in Turkey. I focus on corporate philanthropy because it is a highly common (e.g. Su and Tsang, 2015), multifaceted (Marquis and Lounsbury, 2007) and uncertain organizational practice (Galaskiewicz and Wasserman, 1989), prone to external influences (Galaskiewicz and Burt, 1991).

1.2 The Context

Firms are investing ever more resources in public goods provision and publicly disclosing these investments in various types of reports, through multiple media outlets. Community investment by the private sector in 2014 was 63.3 billion USD in the US

(Social Investment Forum 2014). Empirical studies on the relationship between corporate philanthropy and a firm's financial performance mostly reveal a positive relationship (e.g., Wang and Qian 2011, Wokutch and Spencer 1987; Berman, Wicks, Kotha and Jones, 1999; Wang, Choi and Li, 2008; Cuypers, Koh and Wang, 2016). Despite its growing popularity and assumed benefits, however, what governs resource allocation in corporate philanthropy is not clear (Galaskiewicz, 1985). The resource allocation problem in corporate philanthropy is complex because philanthropy is multi-faceted; it can focus on any number of social issues, such as education, health, the arts and culture, aiming to help a multitude of audiences including underprivileged groups, students or local communities (Marquis, Glynn and Davis, 2007). They can take a variety of forms, including cash contributions, joint projects with civil society actors, employee volunteer efforts, and in kind donations of products or services.

In addition to being multi-faceted, corporate philanthropy is also a highly uncertain practice. The feedback mechanism in grants economies is slow and different from market economies, where actors can tell if they are better or worse off in a given transaction (Boulding, 1972). Even if organizations have preferences, they often do not have the information they need to rechannel their resources to realize a more beneficial organizational outcome (Galaskiewicz and Wasserman, 1989). Hence, in corporate philanthropy, means-ends uncertainty is high (Bromley and Powell, 2012), and therefore philanthropy is highly susceptible to influence from an organization's immediate environment (Galaskiewicz and Wasserman, 1989; Galaskiewicz and Burt, 1991).

Due to the uncertain and multi-faceted nature of corporate philanthropy, there is great variation among philanthropic portfolios of organizations (Cuypers, Kong and Wang, 2016; Su and Tsang, 2015). Why some organizations choose to "own" a social issue and allocate their resources exclusively on that particular issue while others have diversified philanthropic investments, or how an organization matches its resources with particular social causes and ignores equally valid others remains to be explored. How organizations navigate the challenges of corporate philanthropy and how they build their "philanthropic portfolios" presents an interesting theoretical and empirical question.

Focusing on the corporate philanthropic activities of all banks in Turkey for the period of 2008-2012, I use a unique, hand-coded dataset of over 2,600 philanthropic

projects to tease out the impacts of different networks the bank is embedded in on organizations' philanthropic portfolio distribution across beneficiaries.

1.3 Theoretical Framework

I build on the literatures of inter-organizational networks and institutional logics literatures to explain the variation among the philanthropic portfolios of organizations. Research in inter-organizational networks has demonstrated that firms occupying a given network position benefit from the resources or affiliations they are able to access (e.g. Gulati, 1999; Podolny, 2001). Galaskiewicz and Shatin (1981) argued that, especially under uncertain situations, organizations turn to their network peers for cues. The recent work on social networks, broadly labeled as "relational pluralism" aims to apply findings of network research to network multiplicity. Relational pluralism is defined as the "extent to which a focal entity derives its meaning and its potential for action from relationships of multiple kinds with other entities" (Shipilov et al., 2014, page: 449). This research stream acknowledges multiple and simultaneous embeddedness to networks and examines how these networks jointly and separately affect organizational behavior (e.g. Ozmel et al., 2013; Ranganathan and Rosenkopf, 2014), showing that organizations' preferences and courses of action is shaped by multiple networks.

Despite the efforts of relational pluralism research to offer a more nuanced understanding of organizational surroundings, contextual contingencies and institutional differences among networks have been largely ignored (Vasudeva et al., 2013), institutional backgrounds of partners have been overlooked (Lavie and Miller, 2008), and how structural positions translates into network resources has remained unclear (Gulati et al, 2011). To overcome these shortcomings, I borrow from institutional logics literature.

Institutional logics are taken-for-granted assumptions and practices that are deeply embedded in organizational members' cognition and preferences about what is appropriate and desirable (Friedland and Alford, 1991). The institutional logics perspective emphasizes how different logics offer distinct sources of meaning (Thornton et al., 2012; Lee and Lounsbury, 2015) and influence organizational behavior differently (Eisenhardt, 1988; Marquis and Lounsbury, 2007). Building on institutional

logics, the research on institutional complexity recognizes the multiple and often competing natures of logics (Greenwood et al., 2011; Kraatz and Block, 2008; Pache and Santos, 2010; Tilcsik, 2010) and through in-depth case studies, depicts organizational attempts to navigate these challenges within their boundaries.

Despite its important insights on how organizations deal with institutional complexity, much of this literature focuses on broad, field level logics (e.g., market or state logic) rather than on specific logics represented by actors that interact with organizations (Pahnke, Katila and Eisenhardt, 2015). Yet, these norms and beliefs are concretely linked to the practices and behaviors of actors (Lee and Lounsburry, 2015), within (e.g., Almandoz 2014) as well as outside of the organization.

I argue that linking the abstract logics of institutional complexity arguments to particular network ties provides a fuller understanding of how relational pluralism and institutional complexity interact and influence practice variation. To this end, I develop the "relational logic" construct that corresponds to the norms and expectations of inter-organizational networks, providing contextual background to structural explanations.

Relational logics offer templates of what is expected and endorsed in a given network. Complying with relational logics demonstrates the commitment of the focal organization to a network, offering a mechanism on how network resources translate into resources and hinting at the need to consider the possible costs of maintaining ties in inter-organizational networks. Relational logics expand the focus of institutional complexity arguments from the intra-organizational representation of competing logics (Fiss and Zajac, 2004; Pache and Santos, 2010; Tilcsik, 2010) to inter-organizational relations (Pahnke, Katilla and Eisenhardt, 2015) and ground logics to actual structures and ties.

Through the hypothesis I have developed in this dissertation, I offer an empirical account on how institutional and network perspectives can complement each other to present an alternative view to the more traditional, monolithic and acontextual representation of the workings of inter-organizational networks. First, I argue that in order to gain network benefits, organizations need to maintain their ties to heterogeneous sets of partners and show commitment to membership, hence complying with the relational logics. I also argue that each network has an organizing relational logic to which member organizations need to adhere, and this compliance brings uniformity to the practices of network members. I expect this homogenizing influence of networks to be stronger for prominent members of networks as they typify the ideal

type members, embodying norms and scripts of these networks. Despite the external pressures to attend to relational logics, I argue that the institutional background of the focal organization in dealing with relational pluralism is also important. I suggest that organizations can choose to deviate from network norms for philanthropic projects that have historical significance for them (i.e. imprinted with), or for projects they believe reflect their organizational identity. Through these projects, organizations might try to build unique charitable identities.

Second, I bring in the idea of simultaneous multiplicity of networks. As networks are institutional contexts (Owen-Smith and Powell, 2008; Vasudeva et al., 2013) with their own relational logics, an organization's multiple networks may simultaneously influence its strategic behavior (Gulati, 1999). Organizations, when confronted with multiple relational logics from different networks, need to adapt their behavior to meet the demands of each institutional environment. Building on the literature focusing on institutional complexity, I argue that the availability of multiple models of practice, emanating from relational pluralism, creates alternative practice templates for organizations to draw from (Battilana and Dorado, 2010; Binder, 2007; Greenwood, Díaz, Li, and Lorente, 2010; Greenwood et al., 2011; Lounsbury, 2007; Reay and Hinings, 2009). Organizations may reconcile competing logics by endorsing a combination of activities drawn from each logic in an attempt to secure validation from a wide range of actors (Pache and Santos, 2010). I argue this simultaneous enactment of multiple logics leads to a diversification of philanthropic portfolios. Organizations comply, at least partially, with the demands of each network; therefore, I expect, as the number of networks that an organization is embedded in increases, so should the diversity of organizational practices.

I reason that in addition to the portfolio level choices, organizations might also engage in practice level actions in dealing with complexity. As organizations are unable to diversify their philanthropic portfolios *ad infinitum*, due to resource constraints, they might selectively couple with practices from different networks. I argue that corporate philanthropy is a divisible organizational practice (Gardiner and Salmon, 2014), where actors can selectively couple with specific "domains" of projects. This means an organization can combine different features (i.e., domains) of philanthropic projects from different networks. By substituting domains, organizations partially deviate from relational logics without experiencing adverse consequences of non-conformity,

especially when the organization needs to be mindful about its resource constraints. This practice level strategy increases portfolio diversification.

Last, I consider the consequences of philanthropic portfolio composition. Despite the increasing popularity of firms' social actions in the literature, which compositions of philanthropic projects result in better social performance (i.e., philanthropic performance) is under-explored. Organizations allocate considerable resources to their philanthropic activities, and they aim to attain a certain level of recognition and praise from external stakeholders through their philanthropic endeavors (McWilliams and Siegel, 2001; Cuypers, Koh and Wang, 2016). I argue that organizations with diverse philanthropic portfolios are more likely to benefit from superior philanthropic performance (i.e., recognition and praise from stakeholders) since they are able to satisfy the expectations of a greater number of stakeholders.

1.4 Dissertation Outline

Chapter 2 introduces the context of the study. The chapter opens with a brief overview of the current literature on corporate philanthropy, and then focuses on major debates in the field. The chapter introduces characteristics of the practice of corporate philanthropy (i.e., uncertainty) that are relevant for the theoretical models. Chapter 2 concludes with a recap of corporate philanthropy literature in Turkey.

Chapter 3 presents the theoretical framework of the study. Section 3.1 introduces the idea that networks are institutional environments; Section 3.2. carries these arguments to network multiplicity where organizations are members of multiple independent networks. Section 3.3 presents the relational logics of networks sampled in this study. Section 3.4 introduces the theoretical models. The subsequent three sections (3.5, 3.6 and 3.7) posit each of the dependent variables proposed in this study and build the hypotheses.

Chapter 4 provides details on the methods, empirical models and estimation procedures employed in the study.

Chapter 5 presents the findings and robustness checks with alternative measures of dependent and independent variables as well as different estimation methods.

Chapter 6 concludes the dissertation with a discussion of the findings, theoretical and empirical contributions, study limitations and suggestions for future research.

2.

CORPORATE PHILANTHROPY

The first section of this chapter provides the definition of corporate philanthropy used in this study. The second section gives an overview of the literature in corporate philanthropy, followed by the major theoretical debates in the field. The fourth section highlights the uncertain nature of corporate philanthropy. This Chapter concludes with an overview of literature in Turkish companies' philanthropic engagements.

2.1 Defining Corporate Philanthropy

Gift giving is universal in human societies. Anthropologists posit that all giving is obligatory and reciprocal; the constant exchange of gifts between individuals creates social order and stability, building power relations in society (Mauss, 1990). Charitable giving is a special case among the ongoing gift exchanges that make societies cohere (Singer, 2011). Corporate charitable giving, also referred as corporate philanthropy, is the norm rather than the exception in business world. Organizations are devoting more and more resources in public goods provision and disclosing these ventures in varied types of reports, complying with local and international standards. Community investment in 2014 was 63.3 billion USD in the US (Social Investment Forum 2014).

Scherer and Palazzo (2008) succinctly analyze the evolving trend in corporate philanthropy, "[p]aradoxically, today, business firms are not just considered the bad guys, causing environmental disasters, financial scandals, and social ills. They are at the same time considered the solution of global regulation and public goods problems." Using institutional theory, Sharfman (1994) examined how philanthropy has grown from an illegal activity to a social expectation.

Philanthropy is a fundamentally disputed concept that is surrounded by ambiguity (Daly, 2012). As Windsor (2006, p. 94) argues, the contestable nature of philanthropy is

due to the fact that "the concept confronts difficult balances between private conduct and public policy, and between economics and ethics."

One reason for this lack of clarity is that the studies frequently conceptualize a bundle of constructs under the umbrella term of corporate social responsibility (CSR), corporate philanthropy being one of them. For instance, European Commission (2002) defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." The World Bank states: "CSR is the commitment of businesses to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large."

Corporate philanthropy is almost always assumed in the definition of CSR, and sometimes referred as the sole component in empirical research. For instance, in a study on the social responsibility practices of the largest 100 British companies, Vyakarnam (1992) found that philanthropy was the way these companies operationalized their social performances. However, CSR is a broader construct covering issues such as ethical governance, environmental management, labor rights, business transparency and so on. Each of these issues, subsumed under CSR, might require different motivations for organizations (Özen and Küskü, 2009).

In this study, I use the definition of corporate philanthropy put forth by Madden, Scaife and Crissman (2006, p. 49), "the voluntary business of giving money, time or in-kind goods, without any direct commercial benefit, to one or more organizations whose core purpose is to benefit the community's welfare.[2]" Perhaps the most important characteristic of philanthropy highlighted in this definition is its pure voluntary nature. In this sense, corporate philanthropy is a charity-investment matching of social and monetary preferences of organizations with the needs of the society; hence it is a resource allocation problem, determined by the donor. Based on this view, a recent stream of research in corporate philanthropy literature treats philanthropy as a type of cross-sector partnership between the corporation and a nonprofit organization (Austin, 2000).

[2] This definition does not exclude the strategic nature of philanthropy. Rather it excludes cases where the financial gain for the company is obvious (i.e., investing in "green" technologies).

2.2 Overview of Literature in Corporate Philanthropy

There is an extensive body of literature on corporate philanthropy in various academic fields and levels of theorizing. This literature can be grouped into three broad categories; the motives of corporate philanthropy, the determinants of this practice and its consequences. The major debates defining the academic field of philanthropy usually subsume motives and outcomes of corporate philanthropy; perhaps because it is difficult to discern motives without analyzing their outcomes. Section 2.3. presents a detailed review of this literature. Before moving on to the debates, I present a brief outline of the research in motives and determinants of corporate philanthropy. Although motives of corporate philanthropy will reappear in the next section, I refer them here briefly to provide the context of the overall literature.

2.2.1 Motives for Corporate Philanthropy

Different schools of thought aim to explain the rationale behind philanthropy (Neiheisel, 1994; Sanchez, 2000). Dennis, Buchholtz, and Butts, (2007) classify the proposed motives as either strategic or altruistic.

Philanthropy is considered a strategic act to the extent that organizations seek to use charitable giving as a part of the firm's strategy. The economic view of strategic philanthropy suggests that organizations employ philanthropy as a means to improve their financial performance (Sanchez, 2000; Young and Burlingame, 1996). The political view posits that organizations engage in philanthropy due to political and institutional pressures by key external actors (Neiheisel, 1994).

In the altruistic accounts, firms engage in corporate philanthropy with the aim to "improve" the society (Shaw and Post, 1993). Prior studies have found that corporate philanthropy can be driven by factors such as aesthetic pleasure (File and Prince, 1998) or sense of generosity (Campbell, Gulas and Gruca, 1999). Leaders may partake in corporate philanthropy due to their feelings of personal duty to help others (Sanchez, 2000). More recent research finds that it is difficult to distinguish between organizations' altruistic or strategic motives, as most of the time these two are intertwined (e.g. Gan, 2006; Bronn and Vidaver-Cohen, 2009).

2.2.2 Determinants of Corporate Philanthropy

Although considerable attention has been paid to the motives and consequences of philanthropy, the determinants of philanthropic acts have received scant attention (Dennis et al., 2007). Researchers analyzed features of organizations as determinants of philanthropic engagements. These studies focus on enabling or hindering variables for corporate philanthropy.

Most research considered board and ownership compositions of organizations. For instance, Wang and Coffey (1992) showed a positive relationship between insider stock holding and the amount spent on philanthropy, whereas Barnea and Rubin (2010) found that insider ownership is negatively associated with corporate social giving. Bartkus, Morris and Seifert (2002) suggested institutional owners limit philanthropic engagements. Wang and Coffey (1992) found that the proportion of women and minority directors is positively related to level of philanthropy. Thompson and Hood (1993) found support for a correlation between engaging in philanthropy and being a minority owned SME. Zhang Rezaee and Zhu (2010) showed private as opposed to state-owned firms in China are more likely to engage in disaster relief projects. Shareholder activism is found to direct discretionary resources away from corporate social giving (David, Bloom, and Hillman, 2007).

Firm resources are found to have a significant relationship with charitable giving. Financial slack is found to be a determinant of corporate social engagements in multiple studies (McGuire, Sundgren and Schneeweis, 1988; Waddock and Graves, 1997). Lack of human resources is found to be a significant determinant of not giving (Campbell, Gulas and Gruca, 1999; Dunn, 2004), whereas company size is found to be a predictor of giving. For instance, Amato and Amato (2012) found a cubic relationship between the company size and charitable giving in retail industry. Some studies compared larger companies to smaller ones and found a positive impact of size on corporate giving (e.g. Zhang et al, 2010; Adams and Hardwick, 1998).

Few studies considered national institutions and their effects on socially responsible behavior. For example, Kolk, Hong and Dolen (2010) found in China, local and international companies were both influenced by legal restrictions on CSR. Similarly, Hamann (2004) found in South Africa, state regulations heavily influence CSR. These institutional level studies however, mostly focus on the broader concept of CSR, rather than corporate philanthropy.

Despite being informative of organizational characteristics that serve as enablers of engagement in philanthropy, these studies on determinants of philanthropy are mostly correlational, the evidence is mixed (i.e. insider ownership increases and decreases charitable giving), possible mediators or moderators of charitable giving are missing; hence, our knowledge on determinants of corporate philanthropy is rather thin (Liket and Simaens, 2015).

2.3 The Main Debates in Corporate Philanthropy Literature

Why do we have corporate philanthropy and why is it growing? A multitude of theoretical and empirical lenses seek answer to this age-old question. The literature review presented below aims to summarize the dominant viewpoints and the major empirical findings in the literature.

A number of studies rooted in moral philosophy have researched the moral basis for corporate philanthropy, including the relationship between self-interest and utilitarianism (Shaw and Post 1993), the relationship between intent and decision-making in philanthropy (Wulfson, 2001), moral capital (Godfrey, 2005) and ethical responsibility theory (Windsor, 2006). Similarly, in business and society literature, many descriptions of this practice stressed the altruistic character of philanthropy, setting the global objective of philanthropy to advance social welfare, and declining any expectations for benefits of the firm (Galaskiewicz and Colman 2006). Despite the strong rhetoric of these accounts, the empirical evidence in these research streams is predominantly anecdotal (Maas and Liket 2011; Liket and Simeans, 2015).

Like moral philosophers, economists too debated whether firms have any social responsibility other than creating employment, producing goods and services and maximizing profits. In attempts to answer this normative question, they compared philanthropy with other channels of public good provision and tried to establish if and when philanthropy is likely to improve total welfare (see Kitzmueller and Shimshack (2012) for a review on classical public goods and CSR debate).

This altruistic understanding of philanthropy has been counterbalanced by an explicit emphasis on the instrumental benefits of corporate philanthropy for the organization. Broadly labeled as “strategic philanthropy”, recent research has been

focusing on the strategic character of these actions. (e.g., Maas and Liket 2011 ; Porter and Kramer 2002 ; Saiia, Carrol and Burcholtz, 2003).

Empirical studies provide support for the strategic philanthropy view; they repeatedly find that altruistic motives are only marginally in place in corporate philanthropy. For instance, in their analysis of philanthropic budgets of companies, Fry, Keim and Meiners (1982) found significant relationships between the extent of public interaction, advertising, and philanthropy; and between changes in philanthropic costs and other profit-motivated business expenses. Moir and Taffler (2004) showed that of 60 companies endorsing arts, only one was motivated by altruism rather than the self-serving motives. Focusing on Salvadoran companies, Sanchez (2000) found both altruistic and politically strategic motives behind corporate philanthropic engagements. Lindorff and Peck (2010) surveyed managers of large Australian firms and found that managers only supported philanthropy when there is a clear business case for it.

In economics, a major critique for corporate philanthropic efforts comes from the literature on moral hazard (e.g. Friedman, 1970). Research focused on principal–agent relationships highlight that managers may seek to improve relationships with stakeholders in order to enhance their own reputation at the expense of shareholders (Jensen, 2002; Friedman, 1970). Jensen (2002) argues, in the absence of hard-to-quantify metrics, principals may lose control over agents who may seek to pursue personal, non-financial interests. In the empirical realm, Lerner and Fryxell (1994) found that, among various CSR engagements, only philanthropy was positively related to the preferences of CEOs. CEOs self-identification as philanthropists is a significant predictor of corporate philanthropy (Dennis et al., 2009).

The lack of empirical clarity on the relationship between corporate philanthropy and corporate financial performance (CFP) is seen as further support for moral hazard arguments. For instance, Brammer and Millington (2008) found that firms with high levels of social responsibility, of which they used philanthropic budget as an operationalization, did better over longer term. In contrast, Seifert, Morris and Bartkus (2004) found no significant effect of philanthropy on CFP. Barnett and Salomon (2006) show a curvilinear relationship between social and financial performance, with firms at both ends of the social responsibility spectrum exhibiting higher financial performance than firms in the middle. Wang and Qian (2011) found the social performance-financial performance link is to be strongest for firms with extensive media visibility, better past

performance, and firms that are public and not politically well connected. Margolis, Elfenbein and Walsh (2007) performed a comprehensive meta-analysis of 167 studies on CSR-CSP relationship spanning 1972 to 2007. Their meta-analysis detects positive but modest average correlation between corporate social and financial performance.

Some scholars shift the focus of the argument from the costs of ex-post managerial discretion on philanthropy over ex-ante managerial strategy with respect to stakeholder management (Kitzmueller and Shimshack, 2012) to understand "how" philanthropy influences organizational performance. This literature aims to integrate elements of Freeman's (1984, 2010) stakeholder approach to strategic management, and emphasizes how goals of numerous actors with a political, economic or social stake in the organization's operations should be incorporated in strategy making (Henisz Dorobantu and Nartey, 2014).

Rather than testing the direct relationship between corporate philanthropy and corporate financial performance, these researchers proposed mechanisms on how social performance can influence financial performance. Godfrey (2005) argued moral capital that corporate philanthropy can raise deliver organizations intangible assets, provide a safety net, and hence contribute to shareholder wealth. Williams and Barrett (2000) found that philanthropy could function as a cloistering mechanism against reputational damage when the organization violates regulations. Bowen, Newenham-Kahindi and Herremans (2010) concluded that rather than immediate benefits to the bottom line, social efforts mostly paid off through raising organizational legitimacy.

One important mechanism through which corporate philanthropy impacts organizational outcomes is creating positive stakeholder relations. One of the strategic outcomes of corporate philanthropy is external stakeholder management; targeting audiences and stakeholders that exert pressure on the organization or that are likely to do so in the future (Logsdon, Reiner, and Burke, 1990). Corporate philanthropy is a reciprocal activity (Argenti, 2004; Godfrey, 2005). Through charitable acts, a give and take relationship commences; organizations transfer their resources to fulfill voids in sociopolitical field (Argenti, 2004; Husted, 2003) in a symbiotic relationship (Saiia, Carroll, and Buchholtz, 2003), expect their favors to return.

Research shows that stakeholders change their behavior by moral motivations (Brekke, Kverndokk, and Nyborg, 2003). Employees prefer to work for socially responsible companies (Bhattacharya, Sen, and Korschun, 2009; Greening and Turban,

2000; Turban and Greening, 1997). Customers may be willing to pay more for a product or service they perceive as socially responsible (Arora and Gangopadhyay, 1995; Casadesus-Masanell, Crooke, Reinhardt and Vasishth, 2009; Elfenbein and McManus, 2010). They are less disposed to buy products manufactured by the firms that are perceived as illegitimate (Wagner, Lutz and Weitz, 2009). Lev, Petrovits and Radhakrishnan's (2010) study of charitable donations made by U.S. public firms showed that customer satisfaction with corporate philanthropic activities benefits firms financially. Potential investors may also be concerned with whether or not firms have cordial stakeholder relationships (Hillman and Keim, 2001; Johnson and Greening, 1999; Mackey et al., 2007). Suppliers may opt for socially responsible organizations, influencing the cost of capital or production for the organization (Mackey, Mackey, and Barney, 2007; Porter and Kramer, 2006). Hillman and Keim (2001) found positive stakeholder relations contribute to shareholder value while participation in social issues that are less directly linked to the preferences of primary stakeholders decreases it.

These models that emphasize the influence of philanthropy on economical decision making process of stakeholders; such as the price charged for inputs, or willingness to pay for outputs, underestimate the broader principles of stakeholder approach (Freeman, 2010). These accounts exclude activists, regulators or local people who are considered as indirect stakeholders, who does not engage in any direct economic transaction with the organization, but who are still able to increase the production costs or reduce the willingness to pay (Henisz et al., 2014). Corporate philanthropy is also used as a way to build political capital with indirect stakeholders. Politics, either public (e.g. governments and regulators) or private (e.g. activists) might alter the level playing field for organizations, so organizations are incentivized to respond to politics before any adverse event stems. Philanthropic investments can reduce opportunistic hold-up by indirect stakeholders whose cooperation is required in order for the firm to create and capture value (Baker, Gibbons, and Murphy, 2002; Henisz et al., 2014). For instance, through philanthropic acts, an organization might insure itself against a potential campaign by an activist group or regulatory action taken by a government (Kitzmueller and Shimshack, 2012). Corporate philanthropy can be a ticket for preferential treatment by the government.

Henisz and colleagues (2014) provide empirical evidence for indirect stakeholder support enhancing the financial valuation of a firm, holding constant the objective

valuation of the physical assets of the company. They show that positive stakeholder relations reduced the discount placed by financial markets on the net present value of the physical assets controlled by firms from 72 percent to between 37 and 13 percent. Su and Tsang (2015) analyzed a panel of U.S. Fortune 500 firms and found that indirect stakeholders (i.e. NGOs) play a positive moderating role in the relationship between product diversification and financial performance, and this moderating effect is stronger in the case of unrelated diversification than in related diversification.

Overall, research shows when studying the relationship between corporate philanthropy and corporate financial performance in a direct way, the evidence is mixed. The evidence for specific mechanisms through which philanthropy would have a positive effect on financial performance is stronger. A key insight of this broad literature is that corporate philanthropy is not necessarily incompatible with profit maximization. While charitable giving aiming to satisfy managerial preferences might create moral hazard, corporate giving to please preferences of investors, employees, consumers and indirect stakeholders does not. Corporate philanthropy aiming to influence outcomes of public or private politics may be consistent with shareholder values.

Despite the findings of empirical work on the benefits of being perceived as a "charitable" organization by the stakeholders, the actual philanthropic practices of organizations remain relatively unknown (Cuypers et al., 2016). This means we know little about how organizations create these images of good corporate citizens that triggers morally motivated behaviors from their stakeholders.

2.4 Corporate Philanthropy as an Uncertain Organizational Practice

Galaskiewicz (1985) defines corporate grants economy by high levels of uncertainty. In a corporate grants economy, for-profit organizations make unreciprocated payments to different actors such as NGOs, schools or state organs. These contributions are tax deductible and aim to serve some public need (Useem, 1988). The allocation of resources in corporate philanthropy is complicated as supply is exogenous to demand (Galaskiewicz and Wasserman, 1989). The beneficiaries of the charitable giving are third parties to the transaction, like students, poor people, local

residents and the organization that makes the payment only obtains secondary benefits like reputation or stakeholder support. Moreover, as Boulding (1972) pointed out, the feedback mechanism in grants economies is different from market economies, where actors can tell if they are better or worse off in a given transaction. Because the feedback mechanism is slow, it is highly unlikely that any cues will develop within a grants economy to rechannel the flow of resources. Thus, although the donors may have preferences, feedback comes so slowly that the donors often do not have the information they need to rechannel their resources to realize a more beneficial organizational outcome. Therefore, in corporate philanthropy, the means-ends gap is large (Bromley and Powell, 2012).

Empirical evidence supports this argument by showing that companies seem to fail to evaluate the effectiveness of their corporate philanthropic efforts, both for the organization and for society (Marx, 1999; Tsang, Welford and Brown, 2009). Madden et al. (2006) showed that companies would benefit greatly from the development of best practices and templates in philanthropy. Hence, charitable giving as an organizational practice is highly susceptible to influence from organizations' immediate environment (Galaskiewicz and Wasserman, 1989) like industry peers or other role models. Galaskiewicz and Burt (1991) studied isomorphism of the way in which corporate philanthropy managers assess nonprofit organizations, and they found strong effects of contagion. Institutional theorists have further highlighted the pressures for managerial conformity that can arise from regulation, peer behavior and civil society, independent of the benefits of adoption (Jennings and Zandbergen, 1995; Margolis and Walsh, 2003; Marquis et al., 2007).

Research to date treated philanthropy as a single-dimensional organizational practice (Marquis, Glynn and Davis, 2007), differentiating givers from non- givers and ranking givers on certain quantifiable measures like the monetary amount donated or volunteering hours spent by the employees. Current literature does not differentiate the between the underlying features of corporate philanthropy such as the form, content or the intended audience of corporate philanthropy. Such a broad conceptualization blankets the underlying differences among organizations. Philanthropy can focus on any number of diverse social issues, including but not limited to, public infrastructure, education, health, arts and culture, sports and poverty elimination. Corporate activities that address such social concerns can take a variety of forms, including cash

contributions, joint projects with civil society actors, employee volunteer efforts, and in kind donations of products or services (Marquis et al, 2007). Corporate philanthropy is directed towards a number of different audiences including local communities, underprivileged regions, industry associations, academic institutions, government bodies and so on.

Since corporate philanthropy is a highly common, yet uncertain, and multi-faceted organizational practice, how organizations navigate the challenges of this practice, and how they build their "corporate philanthropic portfolios" presents an interesting theoretical and empirical question.

Theoretically, understanding how organizations build their corporate philanthropic portfolios helps us understand how organizations balance demands from multiple stakeholders. Corporate philanthropy is a highly visible organizational practice; organizations share their social performances through various channels e.g., annual reports, CSR/sustainability reports, press releases, corporate websites or social media. These disclosures aim to convey the message that the organization is not only a profit-driven entity but also carries a social mission and acts like a good corporate citizen. Accordingly, the nature of the philanthropic endeavors, the way these activities are structured in terms of the targeted audiences and social issues, as well as the project partners, is likely to influence how wider audiences perceive these organizations. Supporting female empowerment or LGBT rights in a Muslim country conveys a different organizational identity compared to supporting Islamic arts in the same society.

Empirically, paying closer attention to the nature of corporate philanthropy can help us better model antecedents and consequences of this practice. For instance, empirical research finds mixed evidence for the influence of charitable giving on financial performance (i.e. Margolis et al., 2007). While analyzing the impact of corporate charitable giving on financial performance, in addition to looking at the effect of quantitative measures of donations, the nature of the supported projects can explain additional variance and clear some of the mixed results in this research. The value created through organizational philanthropy might be contingent on not only quantitative (i.e. amount donated) but also qualitative (i.e. content or methods) aspects of this practice (Cuypers et al., 2016). Additionally, how organizations building their philanthropic portfolios has consequences for managing stakeholder activism against

the organization and build social and political capital (Henisz et al., 2014). An organization that does not engage with environmentalist activists is more likely to face protests from these stakeholder groups compared to an organization that undertakes joint projects with these groups or holds open lines of communications. Having a more detailed look at the corporate philanthropic portfolios of organizations will allow the researchers better understand the organization-stakeholder relations and make predictions about possible adverse events.

2.5 Corporate Philanthropy in Turkey

Turkey has a rich philanthropic history. In the Ottoman era, the ‘‘waqf’’ was the leading institutional mechanism for philanthropic provision of public services. Following this tradition, most business groups in Turkey established a foundation named after the founding family. The family controls businesses and individual family members are the sole donors for these foundations; group companies earmark a percentage of their profits to them (Ararat, 2008). Despite the longstanding culture of charitable giving, legal and fiscal frameworks that support corporate philanthropy in Turkey are relatively weak[3]. Companies can donate a maximum of 5% of their annual income, whereas the average in Europe is around 10% (Ararat, 2008).

Following the establishment of the Turkish Republic, the state played a major economic role in subsidizing the development of Turkey’s private sector (Yildirim-Öktem and Üsdiken, 2010). Some scholars characterize Turkey as an example of a state dependent business system (Whitley, 1994). Perhaps due to the state-dependent nature of the Turkish private sector, industrialists have always felt apologetic about the legitimacy of their ventures (Bugra, 1994). This sensibility appears as a strong discourse regarding the social commitment of private enterprise. For example, the Turkish Businessman's and Industrialists’ Association (TUSIAD) ascertains its mission as to “promote public welfare through private enterprise” (TUSIAD, 2016).

The institution of civil society mostly emerged after the founding of the Turkish Republic (Karaman and Aras, 2000). Turkey’s attempts to gain EU membership have

[3] Charitable donations are tax deductible in Turkey, regardless of the content, structure and audience of the project.

been assisted by substantial reforms in accounting and financial reporting standards, audit practices, and disclosure regulations (Ararat and Göcenoglu, 2006). EU accession reforms, coupled with relatively new civil society institutions (i.e., NGOs) increased public-private partnerships (Sakarya, Bodur, Yıldırım-Öktem and Selekler-Gökşen, 2012).

Despite its long history, empirical work in philanthropic activities of Turkish companies is limited (Küskü and Zarkada-Fraser, 2004) and it is predominantly based on case studies of large companies or not-for-profit organizations, presenting historical accounts (e.g. Çetindamar, 2007; Robinson, 2015). The concept of philanthropy is frequently used interchangeably with CSR. In fact, Akyıldız (2012) shows that CSR in Turkey is mostly understood as corporate philanthropy and there is a positive relationship between corporate social performance and reputation in Turkey.

Aşçıgil (2004) surveyed Turkish managers on their motivations for CSR engagements and found that 75% of the managers included in the survey give priority to economic motives when making decisions about CSR. The study also shows that customers are considered to be the primary stakeholders by 75.8% of managers, employees being the second by 50.8% and society at large by 24.3%.

Some empirical work focused on the industry-level differences across CSR engagements. For instance, Küskü (2007) found that automotive and pharmaceutical corporations engaged in "green" philanthropic activities more than textile corporations did. Researchers in accounting compared social performances of companies and ranked them on several dimensions (e.g. sustainability or environmental management) by analyzing the companies' public disclosures (e.g. Özçelik and Öztürk, 2014; Öztel, Köse and Aytekin, 2012; Aktaş, Kayalidere and Kargin, 2013).

A few studies employed a cross-cultural perspective comparing Turkish companies CSR engagements internationally. For instance, in their comparative work on Turkey and Austria, Küskü and Zarkada-Fraser (2004) found that in terms of the antecedents and the consequences of corporate citizenship, there are no significant differences between the two countries. Results show, in both countries, legal compliance is the most important driver of CSR. Australian companies rank higher on environmental and anti-discriminatory actions, whereas Turkish firms are more likely to undertake voluntary activities that provide support to the local communities.

3.

THEORY DEVELOPMENT AND HYPOTHESES

This chapter reviews the literature and develops the hypotheses examined in the study. Section 3.1 introduces the key idea that networks are institutional environments. To build up to this idea, first, I briefly review the research on inter-organizational networks, and point to some of the limitations of this literature. Then, I move on to summarize the main arguments of institutional theory with an eye on institutional logics and institutional complexity, and highlight possible complementarities between the literatures on institutional complexity and social networks. Last, I introduce the construct of "relational pluralism" as a way to combine insights from these two literatures. Section 3.2. carries these arguments to network multiplicity, in which organizations are members of multiple independent networks. In this section, first, I review the recent literature on relational pluralism, followed by a discussion of the need to consider the "costs" of networks to maintain and benefit from network ties under relational pluralism. Section 3.3 presents the relational logics of the networks sampled in this study. Section 3.4 introduces the theoretical models. The subsequent three sections (3.5, 3.6 and 3.7) posit each of the dependent variables proposed in this study and build up the hypotheses.

3.1 Inter-organizational Networks as Institutional Environments

An inter-organizational network is a group of organizations connected in ways that facilitate the achievement of a common goal (Kilduff and Tsai, 2003). Various types of connections and flows can link network members, such as information, financial resources and social support; these flows and connections may be informal and trust based, or formal and contractual (Provan, Fish and Sydow, 2007). A network is a broad conceptualization, not referring to a specific governance structure, but rather

conceptualizes embeddedness in which actors' dyadic relations as well as the structure of the overall network of relations among all actors affects organizational outcomes (Granovetter, 1992). As an alternative to an atomistic understanding of organizations, network scholars have suggested that organizations can be viewed as actors embedded in a web of social relations and have analyzed the antecedents and consequences of this embeddedness (e.g., Gulati, 2007; Kilduff and Tsai, 2003). Networks are seen as a way to make the social surrounding of organizations tangible, revealing that an organization's choice of practices, behavior and performance is partially determined by external relationships (Hernandez, Vasudeva and Zaheer, 2015).

Networks research mostly focuses on the benefits accruing to organizations from their network ties to other organizations (e.g., Gulati, 1999; Gulati, 2007; Lavie, 2006). Building on social embeddedness (e.g., Granovetter, 1985) and social capital perspectives (e.g., Adler and Kwon, 2002; Portes, 1998; Putnam, 1993), this research suggests that network membership provides organizations with resources otherwise not available (Gulati, 1999; Gulati, 2007; Jensen, 2003; Lavie, 2006; Zaheer and Bell, 2005). There are two approaches to inter-organizational networks research; the structural and relational approaches.

The relational approach to networks mostly focuses on dyadic ties (Granovetter, 1985; Granovetter, 1992; Snijders, 1999). Network ties are understood as conduits through which information and resources flow. This relational view of networks highlights the importance of the quality of ties in determining the benefits derived from networks (Gulati et al., 2011), showing that mutual trust and information sharing reinforces exchange relations (e.g., Dyer and Singh, 1998; Gulati and Sytch, 2007; Uzzi, 1997; Gulati, Nohria and Zaheer, 2000; Gulati, 1999; Higgins and Gulati, 2003; Stuart, Hoang and Hybels, 1999).

The structural approach to networks considers the implications of the overall network structure in which an organization is embedded on the organization's behaviors and outcomes. (Gulati et al., 2011). Structuralists explain organizational outcomes through structural properties of networks (e.g., Ahuja, 2000; Baum, Calabrese and Silverman, 2000; Rowley, Behrens and Krackhardt, 2000) and highlight the effects of network properties such as centrality (Bonacich, 1987; Podolny, 1993), structural holes (Burt, 1992), structural equivalence (Burt, 1987), network density (Coleman, 1988), and

small-world properties (Baum, Shipilov and Rowley, 2003) on organizational behavior and outcomes.

Most research has focused on the structural or relational properties of networks as proxies for the resources they provide, paying less attention to efforts on the part of the organizations to extract network resources and maintain these ties. Network ties and the quality of these ties (i.e., tie multiplicity, tie strength) have been used extensively as proxies for resource diversity in prior research (Gulati et al, 2011), while the challenges and perhaps costs of maintaining these ties are mostly ignored. This gap might be attributed to the fact that this focus on the structural or relational properties of networks has mostly neglected the heterogeneity in partners' attributes (Gulati et al. 2011; Lavie and Miller, 2008) and the overall context of the network relationship (Vasudeva et al., 2013; Xiao and Tsui, 2007; Vasudeva, Alexander and Jones, 2015). Much of the prior research has assumed that organizations occupying similar network positions can obtain similar benefits from those positions and that network positions and roles are universal (Vasudeva et al., 2013). In this view, structural properties such as centrality or structural holes have inherent and predictable outcomes that an organization can obtain by occupying that specific position (Hernandez et al., 2015).

Based on this review, the important questions that remain open are how network ties translate into resources for the organization (Gulati et al, 2011) and, relatedly, how the contexts of networks influence organizational behaviors and preferences. In contrast to the widely held view in network research suggesting that structure effectively specifies this mechanism and network positions produce predictable behaviors and outcomes, I posit that the structuralist view presents an incomplete picture by ignoring institutions as a source of variation in organizational behaviors and outcomes.

An organization's network partners can vary in many organizational attributes, such as culture and institutions (Lavie and Miller, 2008). These varying attributes might influence the mechanisms that explain how network ties translate into network resources. As organizational networks are webs of social relations (Brass et al., 2004), they have their own sets of norms, logics and expectations (Kilduff and Corley, 2000). To gain network membership resources, organizations need to pay attention to the context of the social network, scan their environment and attend to the expectations of network partners (Hernandez et al., 2015). Acknowledging the importance of culture, norms and ideational mechanisms in networks brings the mostly agentic social capital

arguments of networks research closer to institutional influences (Borgatti and Foster, 2003). Since networks influence the actions of organizations through social norms (Coleman, 1990), they double as sources of institutional pressures. Therefore, to understand how network ties translate into resources, we need to pay attention to the institutional context of networks as well as the nature of the ties.

In fact, institutional and network-based theorizing developed in tandem. In their essay on institutional isomorphism in organizational fields, DiMaggio and Powell (1983) define organizational fields with reference to structural equivalence and connectedness. Organizational fields are defined as structures of dependence and connection among organizations of similar type (DiMaggio and Powell, 1983; Fligstein and Brantley, 1992), a definition employed explicitly or implicitly by network researchers (Gulati 1999; Podolny, 2001; Ozmel et al., 2013). Both organizational fields where institutional logics are enacted and social networks are theorized not only as entities composed of material connections but also as social spaces composed of organizations that take each other's actions into account in shaping their own actions (Fligstein and Brantley, 1992; Podolny, 2001). Organizational behavior is understood largely in terms of affiliation, competition and shared membership (Owen-Smith and Powell, 2008). In this sense, theoretically, both research genres bridge the structural and symbolic realms. However, empirical research in these two streams of literature has developed mostly separately, ignoring either the structural or the symbolic domains.

Perhaps the closest institutional and network arguments come together is in the literature on diffusion of organizational practices. The extant research on diffusion, investigating the diffusion of technologies, practices and competitive strategies, shows that networks speed up diffusion processes and considerable evidence shows imitation across network members exists covering a broad range of samples and behaviors (e.g. Ahuja, 2000; Davis and Greve, 1997; Galaskiewicz and Burt, 1991; Galaskiewicz and Wasserman, 1989; Greve, 1996; Henisz and Delios, 2001; Palmer, Jennings, and Zhou, 1993; Rao, Monin and Durand, 2003, 2005; Guler, Guillén and Macpherson, 2002; Westphal and Zajac, 1997). However, most of the prior research in this literature has treated networks as mere conduits of institutional pressures; the mutual influence of networks and institutions is under-explored. Davis and Greve's (1997) finding that corporate boards take signals about adopting the practice of poison pills from rivals, while turning to local community members for signals about the legitimacy of the

practice of golden parachutes, shows that research needs to pay attention both to networks and the meanings of practices emanating from these different networks. Their analysis offers insights into the need to consider structural and symbolic aspects of organizational environments simultaneously.

3.1.1 Institutional Logics

Institutional theory underscores how organizational behavior is shaped by what is perceived as appropriate, rational, and essential (Tolbert et al., 2011). This proper behavior is introduced by the institutional logics of social actors. Institutional logics are taken-for-granted assumptions and practices that are deeply embedded in the cognition and preferences of organizational members about what is appropriate and desirable (Friedland and Alford, 1991). They are intertwined with the beliefs, expectations and motives which constitute the social identities of the actors (Rao et al., 2003). Borne from an interest in understanding the sources and consequences of heterogeneity in organizational practices, the institutional logics perspective emphasizes how different logics provide distinct sources of meaning (Thornton et al., 2012; Lee and Lounsbury, 2015). Analyses of institutional logics require paying attention to actors as well as the contexts within which action occurs (Lounsbury and Boxenbaum, 2013), offering good insights into the need to contextualize networks.

Empirical work on institutional logics describes how different logics influence the actions of organizations differently (Eisenhardt, 1988; Marquis and Lounsbury, 2007). Thornton and Ocasio (1999), for instance, showed amplified competition for resources as the publishing industry transitioned from an editorial to market logic. More recently, scholars have begun to explore institutional complexity, a situation in which organizations are confronted with multiple and often conflicting institutional logics (Greenwood et al., 2011; Kraatz and Block, 2008). Dunn and Jones (2010) for instance, examined how the tension between a “logic of care” and a “logic of science” in health education influenced training choices for future healthcare professionals.

Much of the literature on institutional complexity either focuses on broad field level logics (e.g., market or state logic) rather than the specific logics represented by actors that interact with organizations such as an organization’s partners, (Pahnke et al., 2015), or treats organizational agents (i.e., employees or managers) as the sole carriers

of these logics. Demonstrating how these abstract logics take on tangible qualities and assert influence is an important, yet under-studied question within the institutional logics perspective (Thornton, Ocasio and Lounsbury, 2012).

In fact, values, norms and beliefs are not free-floating (Lee and Lounsburry, 2015); they are concretely linked to the practices and behaviors of actors both within (Almandoz 2014) and outside the organization. Extant literature builds on the notion of individuals within organizations as carriers of institutional logics, that the degree to which these logics are embodied within an organization by these individuals with an affinity for them determines the organization's preferences (Fiss and Zajac, 2004; Pache and Santos, 2010; Tilcsik, 2010; Besharov and Smith, 2014), not tying the sources of these logics to external actors (i.e., an organization's partners). The application of institutional logics arguments to inter-organizational relations has been so far limited (Pahnke et al., 2015).

In reality, organizations deal with the complexity of institutional logics not only within their organizational boundaries, but also in their inter-organizational relations. Organizations interact with heterogeneous sets of partners and form inter-organizational networks. Different types of partners bring divergent institutional logics to their interactions with the organization, leading to differences in organizations' actions and preferences. Sets of partners might differ in their values and expectations about appropriate courses of action (Pahnke et al., 2015).

3.1.2 Institutional Logics and Inter-organizational Networks

Combining acumen from institutional logics and inter-organizational networks literatures offers: (i) additional nuance to mostly acontextual networks by acknowledging the multiplicity and sometimes incompatibility of the logics presented by different network partners; (ii) better understanding on how organizations maintain their network ties, the possible costs associated with tie-maintenance and how these ties translate into network resources; (iii) offering more systematic analysis of content and structure of inter-organizational relations, extending the findings of institutional complexity to inter-organizational relations.

The idea that the social and institutional contexts of networks are important has appeared in the literature although it has not yet received in-depth treatment. In the prior

literature, the relationship between networks and institutions has taken one of three forms: networks might influence institutions (Greenwood and Suddaby, 2006), institutions might impact networks (Hernandez et al., 2015; Vasudeva et al, 2013; Xiao and Tsui, 2007); or both networks and institutions jointly shape each other (Powell, White, Koput and Owen-Smith, 2005).

To provide an empirical account of how networks change institutions, Greenwood and Suddaby (2006) demonstrated how central actors of network of professional firms initiate change through institutional entrepreneurship. While institutional entrepreneurship is conceivable in certain cases for organizations with prominent network positions (Greenwood and Suddaby, 2006), many organizations lack the status or the resources to modify their institutional contexts (Hernandez et al., 2015). For network members, modifying the institutions that they and their partners are embedded in might be too time consuming or impractical (Kraatz and Block, 2008) as institutions are slow and difficult to change (Scott, 2001). Therefore, even though probable, the likelihood that networks alter institutions or networks, and institutions co-determine each other, requires extensive long time horizons.

Recently, a few researchers have focused on how national institutions moderate the influence of inter-organizational networks. Vasudeva and colleagues (2013) showed that culture affects the extent to which specific network positions, such as brokerage, influence innovation. The degree of institutional logic of collaboration varies across cultures, and this logic in turn moderates the broker's ability to manage its partnerships and utilize the knowledge residing in its network. They also show that the firm bridging structural holes obtains the highest innovation benefits when the firm or its alliance partners are in highly corporatist countries, showing the context of networks indeed influences organizational outcomes. Xiao and Tsui's (2007) study on Chinese information technology industry showed how networks characterized by dense ties are more legitimated in China than the more open structures favored in Western countries. They also documented that brokers do not function well in the collectivistic values of Chinese society. Studying standard-setting organizations as international knowledge networks, Vasudeva, Alexander and Jones (2015) offer insights into the interplay between macro level country context and network learning opportunities (i.e., network learning) from network ties. They find that network learning involving corporatist firm dyads significantly increases when a country is also corporatist. When a pluralist logic

dominates, corporatist dyads learn less because firms in the dyad activate a contradictory logic that decouples them from their natural processes for network learning. Overall, the key empirical focus in this research stream is how variation across national cultures influences network roles and outcomes.

3.1.3 Relational Logics

The gist of this last stream of research, that structure must be compatible with institutional norms and logics to provide network resources, resides well within the main idea put forth in this dissertation. However, rather than focusing on national institutions, I focus on the institutional context of the particular network. I argue that participating in inter-organizational networks and building relationships with other network members exposes an organization to the norms and expectations of these networks. These norms and expectations depend on the "relational logic" of the network. The relational logic of each network-organization relationship guides the norms and expectations of that particular social relationship (i.e., what is proper, decent and taken-for-granted). I distinguish my contribution from the prior work by presenting inter-organizational networks as institutional contexts. As institutional contexts, networks serve as means, and the focal organization is subject to institutional opportunities as well as constraints. I offer a new mechanism on how institutional and networks perspectives can supplement each other to present an alternative to more conventional, acontextual representations of network ties and structures.

Relational logics emphasize the relational structuring of actors (Breiger and Mohr, 2004). Organizations manage institutional complexity by attending to the relational logic of the network, which is not necessarily similar to their own internal workings and is yet appropriate for interactions with other network members. This conceptualization resonates with the notion of an "institutional toolkit" (Ocasio, 1997; McPherson and Sauder, 2013) whereby an organization's agents employ logics different from than their own, depending on their audience to negotiate for desired outcomes. By complying with relational logics, organizations use agency in activating a logic that is fitting for coping with the immediate goals and demands of the network.

Relational logics confer norms and expectations and legitimize network roles. For instance, a social network might or might not be structured on the basis of the relational

logic of reciprocity (Abrahamson and Rosenkopf, 1993). If reciprocity is the organizing logic, a central actor in this network is more likely to act as a conduit, redirecting resource flows, rather than a hub, a receiver of resources. In both cases the structure of the actor's network could be the same (e.g. identical degree centrality), but expectations in each relational logic vary. When an industry has a relational logic of loyalty by due to the formation of exclusive ties with clients, firms have a propensity to conform to this norm to gain external legitimacy (Kim, Oh, and Swaminathan, 2006). In a network in which solidarity and trust is the relational logic (Portes and Sensenbrenner, 1993), selecting a new partner that does not conform to this logic might meet with disapproval from other network members. Although building relations with a new partner may be economically rewarding, an organization might opt not to pursue the relationship with the partner to secure network resources.

Inter-organizational networks instill their relational logics through repeated interactions. These interactions among members institutionalize network routines such as certain rules, norms and taken-for-granted behaviors among participating organizations. These interactions play a critical role in maintaining ties by preventing occurrence of opportunistic behavior (Luo, 2001; Ring and Van de Ven, 1994), and they might also lead to a convergence of practices (Galaskiewicz and Zaheer, 1999). Through repeated interactions, network members might share cultural values and goals (Kogut, 2000). Effective collaboration necessitates the cognitive integration of participating organizations, and the creation of shared identity and cultural values (Nahapiet and Ghoshal, 1998; Kim et al., 2006). This shared identity and cultural values cause strong attachment to the current normative practices of the network (Uzzi and Dunlap, 2005; Rivera, Soderstorm and Uzzi, 2010; Kono, Palmer, Friedland and Zafante, 1998). Inter-organizational ties also promote collective learning (Dyer and Singh, 1998; Powell, Koput and Smith-Doerr, 1996); participating organizations learn from one another (Levinthal and Fichman, 1988). This network-specific learning socializes organizations into expectations, desired behavior and practice and homogenizes organizational behavior (Levinthal and March, 1993). Once these network specific routines and structures are institutionalized and network members agree on the relational logic of the network, they are less subject to change (Kim et al., 2006).

It is important to note that the relational logic of networks does not merely guide the "decent behavior" for dyadic interactions. When analyzing the impacts of networks

on organizational behavior, preferences and outcomes, the properties of dyadic ties as well as the global properties of entire networks are important (Scott, 2000). Even though the network is a result of patterns of dyadic ties, relational logic cannot be reduced to the sum of the features of the dyadic ties (Kim et al., 2006). The relational logic of the entire network influences an organization's behavior by limiting the set of available and legitimate actions and shaping the actor's preferences (Coleman, 1990; Marsden, 1981). Network level effects might extend beyond organization level optimization as the prior examples have suggested.

3.2 Relational Pluralism and Relational Logics

The review of literature in the previous section has focused on the importance of the contexts of social networks and offered complying with "relational logics" of networks as a means of extracting value from a network. Yet, in reality, organizations form ties with a heterogeneous pool of partners that possess unique characteristics (Gulati et al., 2011); they are members of multiple inter-organizational networks (Shipilov et al., 2014). Organizations do not deal with variances across networks in a piecemeal fashion but rather encounter and manage them simultaneously. This section aims to extend the ideas developed in the prior section to network multiplicity in which organizations are members of multiple networks concurrently.

Most research on inter-organizational networks has largely assumed away the multiplexity of relationships, focus on a single network (i.e., industry) and theorize about dynamics within individual networks (Baum et al., 2003). Only recently have researchers begun to consider the impacts of contemporaneous memberships to different networks and the implications of this for the focal organization (Shipilov et al., 2014). The recent work, broadly labeled as "relational pluralism", aims to overcome this gap in inter-organizational networks literature. Relational pluralism is defined as the "extent to which a focal entity derives its meaning and its potential for action from relationships of multiple kinds with other entities" (Shipilov et al, 2014, page: 449).[4]

[4] Organizations can experience relational pluralism in two ways; either by forming multiplex relations with the same set of actors (e.g Rogan, 2014)—the case of interdependent networks, or through membership to different social networks (e.g Özmel et al., 2013)—the case of independent networks. Although some members might overlap in multiple networks, the networks I study are independent.

The idea of relational pluralism has recently begun to be tested in empirical work. For instance, Ranganathan and Rosenkopf (2014) focused on different types of alliance ties (i.e., knowledge and commercial ties) firms have across their sets of alliance networks and show that these two interdependent networks jointly predict firms' voting behavior in standard setting committees. Sytch and Tatarynowicz (2014) studied the population of companies in the global biotechnology and pharmaceutical industry and showed how conflict and cooperation networks within the industry predict future tie formations. In an analysis of tie multiplexity in advertising agencies, Rogan (2014) shows that tie multiplicity with clients improves retention. Looking at two independent networks, Ozmel and colleagues (2013) demonstrated that the effects of ties in one type of network (e.g., affiliations with prominent VCs) are indeed contingent upon the signals associated with ties in another independent network. Overall, this stream of research focuses on how membership to multiple networks jointly and separately affects organizational behavior.

Relational pluralism arguments offer a more nuanced way of contextualizing organizational environments compared to the monolithic accounts of earlier work (Shipilov et al., 2014). Yet, even though the multiplicity of relations around the organization is acknowledged, networks are still treated as acontextual, devoid of relational logics, network ties and resources are often used as proxies for actual resources and tie-maintenance is assumed away. However, under relational pluralism, the need to consider the relational logics of networks is exacerbated because organizations need to monitor the expectations of multiple partner sets, paying attention to divergent relational logics to obtain network resources. When an organization develops relationships with numerous heterogeneous partners simultaneously, its environment becomes more complex, and its ability to react to differing expectations shapes the value extracted from these networks.

The fact that organizations experience relational pluralism introduces the question of managing this tie plurality. In order to access network resources, organizations need to maintain their ties across independent networks. Prior research on inter-organizational networks has paid little attention to the issue of network tie maintenance (Hansen, 2002). Instead, research has implicitly assumed that networks are flexible, created as a result of considering returns to organizational performance (Kim et al..,

2006), and manipulated at little cost. This rational cost-benefit analysis to retaining or dissolving network ties assumes that if the costs of maintaining network ties are greater than their benefits, the organization will dissolve ties (Burt, 1992). However, research also suggests "network inertia" (Kim et al., 2006); network ties are path dependent, dissolving ties is not easy (Guler, 2007) and bears costs for the organization (Zhelyazkov and Gulati, 2015). For instance, when a firm changes its audit company, its stock price drops because investors suspect that the firm is shopping for more favorable evaluations of its accounting practices (Levinthal and Fichman, 1988). Moreover, even if a rational cost-benefit analysis of network membership holds, the actual costs of tie maintenance that need to be factored in are still under-explored. This is an important omission because these costs are by-products of successfully managing networks and obtaining targeted benefits from these network ties (Kim et al., 2006). Despite the calls to balance the focus on the functionality of networks with an equal focus on constraints and potential dysfunctionality (Podolny and Page, 1998), few researchers have attended to these concerns (Kim et al., 2006).

The idea that network ties need to be maintained and nurtured has its hints in institutional complexity arguments. Research on institutional complexity focuses on diverse pressures associated with multiple, often conflicting institutional logics, offering insights into the challenges of relational pluralism and tie maintenance. Recent work on institutional complexity (e.g., Battilana and Dorado 2010; Greenwood et al., 2011; Lok 2010; Lounsbury and Boxenbaum 2013; McPherson and Sauder 2013; Pache and Santos 2010, 2013) has begun to specify the processes and mechanisms by which organizations experience and negotiate demands from different kinds of logics. This research showed for example, how local conditions shape the logics that decision makers use in an organizational field (Haveman and Rao, 1997; Marquis and Lounsbury, 2007), and how organizations transform their identities and practices as they meet opposing logics (Battilana and Dorado, 2010; Lok, 2010; Tracey, Phillips and Jarvis, 2011). Institutional complexity has been studied in the context of multinational companies and subsidiaries (Kostova and Zaheer, 1999; Westney, 1993) and industries like microfinance (Battilana and Dorado, 2010) and mutual funds (Lounsbury, 2007). This shift in focus toward institutional complexity helped bring action back into institutional theory by focusing on how organizations manage the challenges of complexity (Lee and Lounsbury, 2015).

I suggest that institutional complexity runs parallel to relational pluralism; in both cases organizational interests reside in multiple social foci simultaneously. Research on institutional complexity focuses on the challenges of dealing with multiple logics by the same actor, whereas, in a slightly different but related focus, based on relational pluralism literature, I consider the challenges of dealing with different network partners all of which are embedded in different contexts and exert different relational logics.

Introducing institutional complexity ideas to relational pluralism suggests that organizations do not automatically gain network resources by engaging in new network ties; instead, they incur substantial costs, as these relationships need maintenance. For example, while partner diversity has been used extensively as a proxy for resource diversity in prior research (Gulati et al., 2011), the challenges and costs of maintaining these ties have mostly been ignored. Organizations need to deploy resources to assess and answer expectations from partners (Gulati et al., 2011; Lavie and Miller, 2008). To the extent that organizations in the network are committed to membership and its relational logic, and willing to invest in maintaining their collaboration, the accessibility of network benefits improves (Gulati et al., 2011; Hansen, 2002). The nature of ties between an organization and its partners, the structure of the network, and the relational logic of the network present a more nuanced understanding of the influence of networks on organizational behavior and outcomes. As organizations operate under relational pluralism, their actions should be considered holistically across networks.

Relational pluralism, the accompanying institutional complexity and organizational attempts to navigate these challenges could be one of the sources of heterogeneity in organizational behavior. The hypothesis developed in this study aims to suggest ways of how organizations navigate challenges of this complexity. Before moving on to hypotheses, the next section introduces the inter-organizational networks studied in this dissertation.

3.3 Relational Logics of Networks

This study models all the possible inter-organizational networks that could influence the philanthropic portfolio formation of an organization. The interviews I conducted (explained in detail in the Methods section) revealed 4 types of inter-

organizational networks that could influence the practice choice of organizations in my sample; the industry, ownership networks; family business groups and multinational corporations and the practice network composed of inter-industry associations. This section explains the relational logic and the influence mechanisms of each network.

3.3.1 Industry Networks and Market Logic

Competition between firms in an industry occurs in a complex network of market-engagement relationships and firms and their competitors are all embedded in this network (Tsai, Su and Chen, 2011; Kim and Tsai, 2012). The relational logic of a given industry is competitive market logic. Actors in the industry mutually recognize each other's presence and actions (DiMaggio and Powell, 1983; Tolbert and Zucker, 1983; Fligstein, 1985; Haveman, 1993; Scott, 1995; Tsai et al., 2011). It is established in the literature that firms in an industry engage in competitive comparisons (Kim and Tsai, 2012), measure their internal processes and performance against those of competitors (Tsai et al., 2011) and try to match their rivals. With time, industries become "pools of information about the characteristics and behaviors of firms," and rivals in an industry engage in "collective sense-making" (Porac and Rosa, 1996: 370-372). Rivalry based theories of imitative behavior argue that organizations emulate the behavior of other organizations with comparable market positions and resources to maintain competitive parity (e.g. Rhee, Kim and Han, 2006).

There is literature on socially responsible practice adoption that suggests that organizations in similar industries may conform because of elite network ties (Burt, 1983; Galaskiewicz and Wasserman, 1989) and reputational impact (Brammer and Millington, 2005). In general, then, the extent to which industry peers adopt a practice will likely increase the probability of another organization’s adoption of that practice (Raffaelli and Glynn, 2014), creating an industry-wide routine, a way to define “this is how we do it in this industry”.

Raffaelli and Glynn (2014) argue that intra-industry diffusion of CSR activities is associated with the adoption of practices tailored to that industry. Banks (e.g., Yapı Kredi Bankasi) for instance, often partner with nonprofits to provide financial literacy or financial inclusion services to marginalized populations. Consulting firms (e.g., Deloitte and IBM) often adopt CSR practices that are similar to their consulting

practices, such as forming voluntary project teams of consultants with specific skills to provide advisory services to nonprofit organizations. This contagion mechanism in the industry then determines what is proper and expected from an organization in a given industry (i.e., “this is what a bank does in a given situation”). Industry peers comply with the relational logic due to competitive mimicry (Lieberman and Asaba, 2006) because they do not want to be left alone.

3.3.2 Ownership Networks and Hierarchical Logic

In the extant literature, business groups (Vissa, Greve and Chen, 2010; Khanna and Rivkin, 2006; Mani and Moody, 2014) and multinationals (Kogut and Kulatilaka, 1994; Song, 2014) are conceptualized as inter-organizational networks in which both dyadic as well as group level interactions predict organizational outcomes. Both business groups and multinationals derive value from their ability to coordinate across the affiliated firms that comprise them (Morck and Nakamura, 2007; Khanna and Palepu, 1997; Song, 2014) even though there is variation in their ability to do so (e.g. Chang and Xu, 2008). Both networks facilitate frequent interaction, offering multiple types of ties among their members (i.e., tie multiplicity) (Khanna and Palepu, 1997), and various formal and informal governance structures are in place to coordinate the activities of subsidiaries.

The relational logic of ownership networks is a hierarchical logic. Different categories of owners have different objectives for the organization (Schoonhoven, Eisendhart and Lyman, 1990). Ownership networks are mandatory; owners such as business groups or multinational firms can exert significant pressures on their subsidiaries. Ownership structure is particularly significant for the institutionalized importation of societal logics (i.e., family, religion) because these may be more formally embedded into the institutions of ownership (Greenwood et al., 2011).

3.3.2.1 Multinational companies

Multinational companies (MNC) are seen as pools of information sharing (e.g. Birkinshaw and Hood, 1998). The subsidiaries not only benefit from headquarters (and

home country) knowledge and experience but also knowledge of other affiliates of the MNC (Almeida and Phene, 2004). Within MNCs a range of coordination and integration mechanisms are available to link various entities even though they differ in the extent to which their affiliates are integrated (Ghoshal and Bartlett, 1990). Despite the multilevel interactions within the multinational network, home country (parent) mandates are mostly binding for subsidiaries (Bouquet and Birkinshaw, 2008) and subsidiaries compete over resources and attention from the parent company.

Subsidiaries of MNCs rely on the support of the parent organization to provide major resources, including technology, capital and expertise. Research in international business has long recognized the pressures foreign subsidiaries face within their MNCs to conform to structures and practices. (Kostova and Roth, 2002; Kogut, 1991; Kostova, 1999; Marano and Kostova, 2015). Subsidiaries also feel that they are part of the parent organization and belong to it, and partly derive their self-identities from this organizational membership (Kostova and Roth, 2002). When a unit identifies with the parent, its employees are more likely to prefer to become similar to those of the parent by adopting its practices.

In corporate philanthropy, local issues emerge based on the needs and circumstances of each community (Reed, 2002). For example, in South Africa, companies view their active cooperation in the fight against HIV-AIDS as essential (de Jongh, 2004). Nevertheless, even though there is a general understanding that HIV-AIDS is an important social issue, it is not part of the social agenda of many firms around the world. In their study of multinational companies in Mexico, Husted and Allen (2006) showed that institutional pressures, rather than a strategic analysis of local social issues and stakeholders, are guiding decision-making with respect to CSR. Headquarters policies, rather than local conditions drive social responsibility programs in foreign subsidiaries (Husted and Allen, 2006).

3.3.2.2 Business groups

Business groups are conceptualized as inter-firm networks in which individual affiliates are interconnected through various types of ties (Granovetter, 1995; Lincoln et al., 1996). Business group companies have large network tie sizes (Kim et al., 2006);

subsidiaries' financial involvement in the business group network is large. Because a larger network tie may lead to more frequent transactions and a higher level of interdependence and commitment (Dyer and Singh, 1998), such network partners become subject to more homogenous practices.

Business group network ties are multiplex. Multiplexity refers to the extent to which two actors are linked together by more than one relationship in a network (Verbrugge, 1979). In a business group, it is not uncommon for two group affiliates to be connected through buyer-supplier ties, equity ties, and director ties simultaneously (Mahmood et al., 2011). A multiplex tie requires more complex mechanisms to coordinate the network interactions of the participating organizations across multiple functions (Kim et al., 2006). Formal management structures and other institutionalized routines need to be in place, homogenizing subsidiaries' practices.

In business groups, informal comparison across firms occurs regularly due to the competition for resources and approval among affiliated firms (Vissa et al., 2010). The focal organization owes allegiance to a higher entity (e.g., the holding company) that is likely to push for compliance with group norms. Business groups are defined by dominant common goals for the group as a whole (Ghemawat and Khanna, 1998). Common group objectives may be pursued at the expense of any specific affiliate firm (Chang and Hong, 2000). Lincoln, Gerlach and Ahmadjian (1996) argue that while individual affiliates may hold somewhat different motivations and goals, they are willing to forgo their individual objectives and join with the overall group goals. In return, they receive "insurance" in the form of a safety net (Khanna and Palepu, 1997).

This homogenizing impact of business groups might be amplified when the business group's majority shareholder is a family. Family owners are likely to be guided by a different set of motives, namely, the preservation of socio-emotional wealth (Gomez-Meija et al., 2011), which ties the success of the business group to the family name and take personal pride in corporate affairs. Each family business group is imprinted with the values of the founder of the group (Colpan, Hikino and Tan, 2010). This imprinting determines the logic of appropriateness for the business group. These influences are stronger in hierarchically structured business groups. This particular type of business group is defined by unrelated diversification through legally separate firms, concentrated family ownership, family involvement in management, and vertical control and coordination at the group level (Colpan and Hikno, 2010). Business groups

in Turkey have been considered as typical examples of this particular form of organizing (Guillien, 2000; Yıldırım-Öktem and Üsdiken, 2010). Here, the founding family sets the tone of corporate identity (Buğra, 1994).

This building of corporate identity is visible in a business group's philanthropic activities. For instance, Sabancı Holding, one of the largest business groups in Turkey, undertakes large-scale infrastructure projects like schools and student housing, naming them after family members as part of its philanthropic identity. All subsidiaries contribute to these social investments even though they do not receive any direct praise. Borusan Holding, another leading business group in Turkey, defines its social mission as to present contemporary art collections and classical music by the world's leading artists to art lovers in Turkey. Group companies support this mission uninterruptedly, independent of actual benefits to the focal company.

3.3.3 Practice Networks and Learning Logic

Within the social networks literature, it has long been recognized that many relationships arise from the participation of actors in common settings (Sorensen and Stuart, 2008). Professional affiliations around a specific practice (i.e., corporate philanthropy) constitute one such network. This professional practice network (i.e., practice network) is defined as "a 'community of practice' with its own shared understandings (assumptions, scripts, norms) that form a background for constructing economic strategies and goals and that determine what will count as appropriate or deviant" (Davis and Greve, 1997: 8). The relational logic of practice networks is learning logic. Organizations self-select into practice networks; as such, these networks bring together disproportionately like-minded actors who are willing to work together and learn from one another.

Practice networks develop and circulate norms, rules and standards that organizations can adopt when implementing a new practice. They provide ready-made templates that support and endorse certain behaviors that should be aligned with the practice (Raffaelli and Glynn, 2014; Rosenkopf, Metiu and George, 2001). These templates are especially helpful for uncertain organizational practices such as corporate philanthropy. Galaskiewicz and Wasserman (1989) found that organizations are more likely to adopt CSR practices when they have some type of shared professional network

tie among managers. In these ways, practice networks function as "institutional carriers" that transport practices over time, space, and organizational settings (Scott, 2003).

3.4 The Theoretical Models

As explained before, in this dissertation, I present an empirical account on how institutional and networks perspectives can supplement each other to present an alternative view to the more conventional, monolithic and acontextual representation of the workings of network positions.

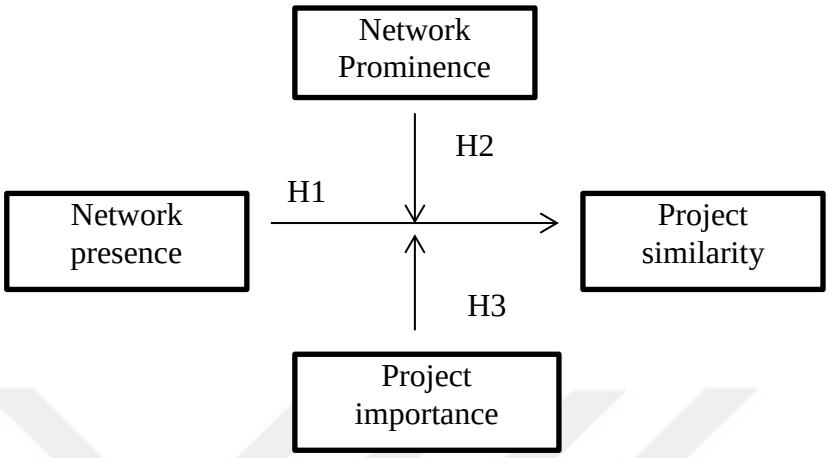
First, I explore the implications of the key idea that not only are organizations embedded in networks, but also that these networks themselves are institutional contexts with their own relational logics. Complying with these relational logics accrue organizations with the network resources.

Second, I consider the impacts of membership to multiple networks. An organization's membership in multiple networks may simultaneously influence its strategic behavior (Gulati, 1999). Organizations strategically adapt their behavior to meet the demands of each network. I apply institutional complexity arguments to relational pluralism in social networks and offer "logic combination" as a strategic option that organizations engage in to deal with network multiplicity. Last, I hypothesize about the consequences of philanthropic portfolio composition.

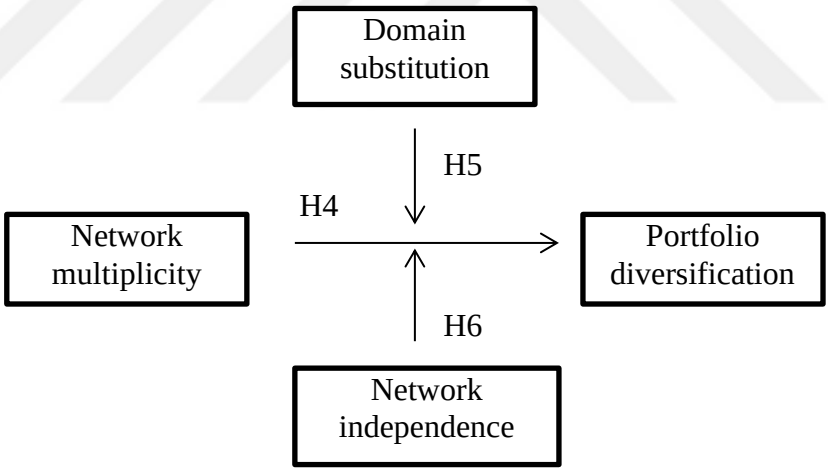
Figure 3.1 below shows the empirical models tested in this study. The first model looks at the effect of a single network on organizational behavior. The second model incorporates the multiplicity of networks. The third model hypothesizes about the consequences of philanthropic portfolios emanating from relational pluralism.

Figure 3.1 Theoretical Models

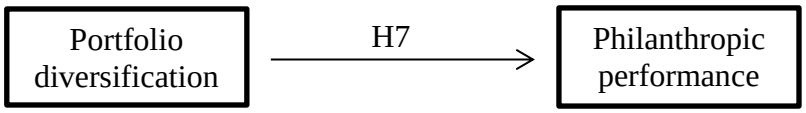
Model 1



Model 2



Model 3



3.5 Social Networks and Institutional Environments

3.5.1 Homogenizing Effects of Social Networks

In contrast to neo-classical economics, in which organizations are seen as autonomous entities interacting with other autonomous entities, the network approach posits that through inter-organizational linkages organizations gain access to resources and capabilities (Zaheer, Gözübüyük and Milanov, 2010). When confronted with empirically ambiguous questions, such as deciding about a corporate philanthropic project, network members tend to base their decisions on social cues, such as how many of their contacts have adopted this practice or what they say about it (Festinger 1954, Coleman et al., 1966; Burt 1987).

Networks provide their members with information and resources; however, networks themselves are institutional contexts (Owen-Smith and Powell, 2008). The relational logics of networks provide the institutional background that helps organizations decide on what is appropriate and expected behavior. Complying with these relational logics also signals an organization's commitment to network ties, further enhancing the probability of gaining network resources.

By acting in line with the relational logics of networks, organizations incur the costs of being a member. Other than a few notable exceptions (e.g Stynch and Tatarynowicz, 2014; Ranganathan and Rosenkopf, 2014; Hansen, 2002; Zaheer et al., 2010), the extant literature has assumed that the more connections a firm has, the better organizational outcomes it obtains, such as access to information or building trust. What is missing in this view is the expectations of network members from the focal organization; the efforts an organization needs to put in to maintain positive relations. Members of a social group need to act in line with the relational logic and fulfill the expectations from members of the group. This brings in the "dark side of social capital" (Putnam, 1955, 2000; Goerzen, 2005; Gargiulo and Benassi, 1999; Gulati and Westphal,1999; Portes and Landolt, 1996; Portes and Sensenbrenner, 1993), where non-compliant group members might get ostracized. In this sense, social networks have homogenizing impacts on organizations; what determines organizational outcomes are an actor's relations and the institutional context of these relations.

A key argument put forward by "practice theorists" such as Giddens and Bourdieu is that neither the material world (i.e., the world of action) nor the cultural world (i.e., the world of symbols) can exist or consistently be structured separately (Mohr and Duquenne, 1997). Applying this argument to the practice of corporate philanthropy, any philanthropic practice employed by the organization materializes the symbols and the relational logic of surrounding networks, aiming to reduce uncertainty around the practice as well signaling commitment to social network membership. This breeds similarity of project to network peers. Galaskiewicz and Burt's (1991) findings of contagion by structural equivalence in organizations' evaluations of non-profit organizations echo the importance of common norms and standards magnified within a professional community. When an idea or practice is shared within the network, "ego is expected to follow rapidly to avoid the embarrassment of being the last to espouse a belief that has become a recognized feature of occupying his or her position in the contributions community" (Galaskiewicz and Burt, 1991: 90). Hence, organizations sharing a common network membership engage in similar activities.

Hypothesis 1 (H1): An organization's presence in a network should have a positive association with similarity of the organization's projects those of network peers.

3.5.2 Moderating Role of Network Prominence

Social network literature offers mechanisms to explain the effects of network positions on organizational outcomes. Traditionally, scholars have differentiated social positions at the core from those at the periphery of networks (Battilana, Leca and Boxenbaum, 2009). Actors located in peripheral positions are more likely to initiate change that diverges from existing practices, but lack the power to pursue that change. Conversely, actors located at the core of a network are less likely to wish to enact change that differs from existing practices, but are better able to do so if they desire (Battilana et al., 2009; Phillips and Zuckerman, 2001).

In networks, information and other resources are assumed to flow to the prominent actors, giving them greater influence over incidents (Knoke, 1990). Researchers have also found trickle-down diffusion (Abrahamson and Fombrun, 1994;

Abrahamson and Rosenkopf, 1997) among organizations in various contexts (Walker 1969; Galaskiewicz and Wasserman 1989; Davis 1991; Burns and Wholey 1993; Haunschild 1993; Haveman 1993; Palmer et al., 1993), which tends to diffuse practices congruent with network norms. Trickle-up processes, on to the contrary, tend to diffuse contra-normative practices, and they are rare (Becker, 1970).

Prominent actors of networks employ normative practices because they are likely to have higher reputations. They do not adopt contra-normative or deviant practices since doing so might violate norms and put their reputations at risk (Abrahamson and Rosenkopf, 1997). Actors at the periphery, on the other hand, have lower reputations and are willing to take the risk of seeming deviant by adopting a contra-normative practice. In return, they might improve their reputations if their deviant practice succeeds (Becker 1970; Burt 1981). Most often, then, prominent members fail to adopt contra-normative practices, and it is peripheral actors of social networks, instead, who adopt and exploit such practices (Bower and Christensen, 1995). The policies and structures of the most prominent organizations are more likely to be emulated by others and set the tone of the group (Owen-Smith and Powell, 2008).

Prior research has also showed that high-status organizations are subject to less pressure to comply with expectations than their lower-status counterparts. They are more likely to deviate from norms because they have legitimacy, regardless of their actions (Phillips and Zuckerman, 2001; Guler, 2007; Greenwod and Suddaby, 2006). This mechanism might be valid for practices in which organizations can judge whether they are better or worse off in a given course of action. Nevertheless, for practices in which there is high means-ends uncertainty (i.e., corporate philanthropy) and the organization is unable to predict the best course of action for itself, complying with the norms of the network might serve as a safety net. Sticking with what is proper, accepted and decent protects the organization from a possible legitimacy or reputation loss.

Being a prominent member of a network is not only about the flow of resources and knowledge. Prominent members set the tone of their social clusters; they are the exemplars, the typical members of their group. Prominent actors are more likely to come to mind when referring to a group (Kovacs and Sharkey, 2014). They are seen as more worthy of attention (Simcoe and Waguespack, 2011). They are often considered as ideal types or exemplars, pure forms (Abbott, 1981). For instance, a prominent bank is more likely to engage in a philanthropic project most common to the banking industry

(i.e., initiating a financial literacy program), because it is ingrained within the norms of what being a bank entails. Thus, prominent members of networks embody the ideal types of the network, delivering what is proper and expected. They are not mere responders to external pressures and relational logics; they are also deep-seated with norms and expectations and build their organizational capabilities around those.

In the field of corporate philanthropy, the prominent actors have little incentive to diverge from the dominant or "normative" practices of the network. Firms engage in philanthropy to gain legitimacy and solidify their brand images in the eyes of the various stakeholders. Adopting the normative practices facilitates audiences' perceptions of the legitimacy of the organizations (Zuckerman, 1999). Therefore, at the project level, prominent organizations perform the typical projects of the network.

Hypothesis 2 (H2): An organization's prominence in a given network positively moderates the relationship between its presence in a network and the similarity of a given project by the organization to those of network peers.

3.5.3 Organizational Filters Promoting Differentiation

The arguments so far have focused on a network's institutional context and its effect on the focal organization's choice to adapt its behavior to the network's expectations. The assumption behind hypotheses has been that the primary objective of organizations is to conform to the network's relational logic, through which they can gain network resources. The institutional background of the focal organization is left constant. But there is room for considering the combined effects of focal organization and network's institutions. Although relational logics influence practice adoption, pressures are filtered by organizational factors such that characteristics of the organization can make it particularly sensitive to certain institutional logics and less so to others (Greenwood et al., 2011).

One force that exempts organizations from external pressures is imprinting. Imprinting arguments tie steady characteristics of the organization to its founding conditions. Stinchcombe (1965) introduced the concept of imprinting to organizational research, describing how organizations adopt elements of their founding environment and how these elements endure beyond the founding stage. Founders choose initial

organizational features based on their backgrounds and what is available in the environment, and inertia and institutionalization maintain these choices over time (Baron, Hannan and Burton, 1999; Johnson 2007). Organizations imprinted with certain practices are likely to continue engaging in these practices even if they do not comply with the general norms of the group.

Another source of resistance to institutional pressures could be an organization's willingness to be different. The literature in the strategic management of institutions (Greenwood and Suddaby, 2006) and the notion of managing network resources (Gulati, 2007) suggest that sometimes a viable strategy might be intentionally deviating from institutional requirements. Organizations often take novel actions in order to increase their competitive positions and weaken those of rivals (Rindova et al., 2006) so that they generate value through uniqueness instead of through legitimacy.

In corporate philanthropy, firms engage in multiple projects simultaneously, forming a portfolio of projects. These projects vary in terms of size (i.e., the amount of resources allocated for the project; monetary or time), duration (i.e., one-off versus continuing projects) or visibility (i.e., projects that appear in media that have more visibility). Organizations cannot invest the same amount of resources and attention to every single project in the portfolio (Ocasio, 2011). For projects from which the organizations expect to gain more benefits, or think that they reflect organizational identity more accurately, more attention and resources are allocated. Hence, some projects might obtain a relatively more important position in the corporate philanthropic portfolio.

Corporate philanthropic engagements signal organizational identity in addition to being means of securing legitimacy (Elfenbein and McManus, 2010; Scott and Lane, 2000). An organization might design a portfolio of projects in which the relational logics of multiple network ties are answered and add to that portfolio an additional project in which its own institutional background and preferences are reflected (i.e., employees might support and volunteer for a social cause, or main shareholders might have strong preferences for certain social or environmental issues). In an attempt to differentiate itself from competitors, and after fulfilling what is expected, an organization might engage in counter-normative, "deviant" projects, allocate more resources and give more importance to these projects.

There are certain advantages of non-conformity. For instance, nonconforming behaviors are more likely to entice media attention because they fit the definition of news as events that deviate from expectations (Rindova et al., 2006). These organizations are more likely to accommodate divergent audiences (Kim and Jensen, 2011; Jensen and Kim, 2013), project desired images to audiences (Rindova and Fombrun, 1999) and signal a unique organizational identity. Of course, deviation might unbring with it sanctions for nonconformity (Zuckerman, 1999). One way organizations may avoid excessive sanctions is to create a portfolio of activities, in which most activities fulfill the expectations of audiences but some deviate from the norms.

By publicizing these "deviant" projects more than the "normative" ones, organizations can create unique identity inferences; gain more publicity or competitive advantage in building a "charitable" image. For instance, after securing the expectation that a bank needs to engage in philanthropic endeavors to enhance financial literacy, the same bank might start an environmental awareness campaign and publicize this project more so than the other projects in its portfolio. In this way, an organization might add "green" to its "charitable" image. Devoting more resources to these deviant projects helps the firm differentiate itself from its peers. Thus, relatively more significant projects are expected to be less similar and more novel to reflect an organization's attempts to be different.

Hypothesis 3 (H3): The positive association between a firm's presence in a given network and the similarity of a given project to those of network peers will be negatively moderated by the significance of the project in the portfolio.

3.6 Relational Pluralism and Organizational Behavior

3.6.1 Relational Pluralism and Portfolio Diversification

All organizations are embedded in a multitude of social relations. The survival of organizations depends on managing contingencies of boundary-spanning relations and responding to the ceremonial demands of the context (Meyer and Rowan, 1977). This suggests organizations need to coordinate and control their networks while engaging in

efforts of symbolic management (Owen-Smith and Powell, 2008). Under relational pluralism, an organization seeking legitimacy makes outcome-enhancing strategic choices regarding the actions it will employ given its network position, depending on the relational logics, which it and its network partners are embedded in. Doing so allows the firm to create value from its network by virtue of enhancing commitment and legitimacy (Ahuja and Yayavaram, 2011). Yet, this legitimacy seeking behavior is also complex and costly for the organization, as it needs to carefully monitor the demands of all the networks and model its actions accordingly.

To deal with institutional complexity, early institutional research suggested decoupling (Meyer and Rowan, 1977) and compromising (Oliver, 1991). More recent work offers strategies involving logics combination (Greenwood et al., 2011; Lounsbury and Crumley, 2007; Tracey et al., 2011). Institutional complexity research recognizes that the availability of multiple institutional models of action creates alternatives for organizations (Battilana and Dorado, 2010; Binder, 2007; Greenwood et al., 2010; Greenwood et al., 2011; Lounsbury, 2007; Reay and Hinings, 2009). These studies suggest that organizations may resolve competing logics by combining activities and practices drawn from each logic in an attempt to secure endorsements from wider audiences (Greenwood et al., 2011). Tracey et al. (2011), for example, showed how social entrepreneurs built a hybrid organization that combined the logics of charity and commercial retail to address homelessness. Battilana and Dorado's (2010) study on commercial microfinance organizations in Bolivia highlight how these organizations combine development and banking logics to fight poverty.

Pache and Santos (2013) offer selective coupling as a viable strategy for hybrid organizations combining different logics, which helps them secure legitimacy and be mindful about their resource constraints. Selective coupling refers to the purposeful enactment of particular practices among a pool of competing alternatives from each logic (Pache and Santos, 2013). I suggest that selective coupling is not only a workable solution for hybrid organizations but that it can also be applied to relational pluralism emanating from multiple network memberships. Selective coupling of intact elements of all inter-organizational networks enables organizations to please network referents and thus secure widespread support (Pache and Santos, 2013). Selective coupling might be a strategy organizations use, hence a reason we observe heterogeneity in organizational practices.

For stakeholder theory, relational pluralism means a larger number of significant stakeholders with power and legitimacy (Mitchell et al., 1997). At the philanthropic portfolio level, one way to deal with a larger number of stakeholders is to combine logics from multiple networks to diversify the philanthropic portfolio. This means, for instance, a bank might conduct a project in financial literacy to secure endorsements from its industry peers, collaborate with NGOs that support classical music to please its business group network and engage in "green projects" to fit in with practice network peers. As access to resources grows in number and variety, the number of possibilities for satisfying stakeholder expectations from multiple networks expands for firms with diversified portfolios (Manikandan, and Ramachandran, 2015). An organization, then, adopts legitimate practices from all of its networks.

Hypothesis 4 (H4): Network multiplicity (the number of networks that the organization is a member of) is positively associated with philanthropic portfolio diversification.

3.6.2 Practice Level Strategies

The previous argument applied selective coupling strategy to designing the overall corporate philanthropic portfolio. The strategy of selective coupling is also applicable at the practice level to "divisible" organizational practices. The idea of divisibility suggests a "holographic" take on the practices, in which each part contains the essential characteristics of the practice (Ansari, Fiss and Zajac, 2010). Rather than seeing practice adoption as a binary choice, decomposing the focal practice into constituent parts allows organizations to manage their relational pluralism at the practice level. Decomposition is used to isolate and identify different components of a core practice. Decomposition provides a process for scaffolding the development of a complex practice. The practice is then "recomposed" from component parts back to the whole (Gardiner and Salmon, 2014).

Research on inter-organizational diffusion shows that diffusion processes involves multiple related practices which build on or contradict the institutional logic of existing practices. For instance, the logic of formalized employment relationships comprises a number of concurrently diffusing practices such as formal job evaluations, grievance

procedures and job descriptions (Dobbin et al., 1993). Similarly, the logic of nouvelle cuisine comprises a number of related practices, such as acclimatization, freshness, and short menus (Rao et al., 2003; Rao et al., 2005).

Corporate philanthropy is a divisible organizational practice, in which actors can selectively couple with specific "domains" from different networks. In corporate philanthropy, this could mean that a focal organization might form a philanthropy project that is similar to those of its industry peers in terms of audience selection (i.e., a project aimed to benefit female entrepreneurs) and similar to practice network peers in terms of structure of the project (i.e., a training project directed to female entrepreneurs in partnership with multinational NGOs). I call this partial adoption of a divisible practice "domain substitution". In this way, a given project resembles the projects from independent networks, but does not completely overlap with projects in any of these networks. Hence, portfolio diversification is increased, but resource efficiencies are preserved.

Domain substitution, however, might not present the best solution to meet relational logics of networks. Through domain substitution, an organization's commitment to network norms and expectations might not transfer to its partners clearly, and partial adoption might cloud the intention of compliance. Moreover, domain substitution might also be an unwanted strategy on the part of the network peers, as they might fear that it would dilute the "typicality" of the networks' projects. If all network members pick and choose domains of projects based on their network memberships, the "typical" project of that network might lose its origins.

Despite the shortcomings of domain substitution as a strategy, organizations can still opt for it to avoid the excessive sanctions of non-conformity. Domain substitution offers a way to partially deviate from relational logics by choosing to differ in terms practice domains, especially when the organization needs to be mindful about its resource constraints. Hence, the partial adoption of domains of corporate philanthropy further diversifies the portfolio of the organization.

Hypothesis 5 (H5): Domain substitution positively moderates the relationship between network multiplicity and portfolio diversification.

3.6.3 Moderating Effect of Network Independence

Simultaneous membership in multiple networks provides organizations with contact with novel network resources (Gulati, 1999), opportunities and constraints because of the nature of ties and identity of the nodes (Zaheer et al., 2010). Yet, most research does not factor in the possible complementarities and redundancies across multiple networks in influencing organizational behavior and outcomes (Ozmel et al., 2013). To the extent that there is an overlap in the information that organizations receive through multiple networks, the novelty of the information channeling through that network might wear off. In addition to the loss of the novelty of the information, network overlaps decrease the amount of pressure on the focal organization. To the extent that two networks have overlapping members, the nature of the expectations from the networks on the focal organization might become similar. Independent networks, on the other hand, have no overlapping members. The information from such networks is fresh, the relational logic is different, and the expectations from the network members are new. Overlapping members across networks exert less homogenizing influence on organizations, whereas independent networks have more.

Hypothesis 6 (H6): Network independence positively moderates the relationship between multiple network membership and philanthropic portfolio diversification.

3.7 Performance Variations Across Philanthropic Portfolios

The hypotheses developed so far have focused on the antecedents of the formation of corporate philanthropic portfolios. What is equally interesting is the results of different combinations of philanthropic projects. It is well established in literature that positive stakeholder relations and social performance lead to beneficial outcomes for the organization (Navarro, 1988; Rodriguez et al., 2006; Benabou and Tirole, 2010; Henisz et al., 2014; Kang, 2013; Su and Tsang, 2015). Despite the increasing popularity of the social performance of firms in the literature, which philanthropic portfolio compositions result in better organizational outcomes, such as philanthropic performance, has not yet been explored.

Even though the actual level of philanthropic performance an organization strives to achieve is difficult to predict, given the fact that organizations allocate considerable resources to their philanthropic activities, it is safe to assume that they aim for a certain level of recognition and praise from external stakeholders. In order for the organization to achieve the benefits of its philanthropic efforts, whether it is to gain legitimacy (Margolis and Walsh, 2003), manage external risk (Kang, 2013) or build a "charitable" organizational image (Scott and Lane, 2000), these activities need to be known by external audiences. For corporate philanthropy to generate positive organizational outcomes, stakeholders need to have information about an organization's charitable endeavors to make a judgment (McWilliams and Siegel, 2001). Firm visibility is a requirement for stakeholder response to firm actions (Wang et al., 2011). Thus, the visibility of philanthropic actions should increase the benefit that an organization obtains from corporate philanthropy (Wang, Choi and Li, 2008). In the case of low visibility and stakeholder awareness, an organization will not benefit as much from engaging in philanthropy. Based on this reasoning, I assume organizations that engage in corporate philanthropy strive to receive prestigious awards or maintain a positive media tenor with regard to their philanthropic endeavors. Awards and a positive media tenor both improve the visibility of their charitable giving, helping them benefit from corporate philanthropy.

Philanthropic portfolios can be diverse or focused depending on the number of social causes, multitude of partners, and myriad of targeted audiences they cater to. An organization that combines multiple social causes, types of audiences and methods of projects in its philanthropic portfolio will result in a diversified portfolio. Alternatively, an organization might "own" a social issue, allocating its philanthropic recourses to mitigate the negative impacts of this particular issue. A prime example of this approach is Starbucks' attempt to raise awareness about fair trade products. At both ends of the spectrum, organizations signal their "good citizenship" to wider audiences. I argue that having a diversified philanthropic portfolio results in better corporate performance for organizations for two reasons.

First, the value creation process for organizations is socially complex because they are embedded in a diverse web of stakeholder relations (Barney, 1991; Freeman, 1984; Post et al., 2002). Therefore, an organization's stakeholder network is difficult to identify ex-ante. It is risky to focus on a single issue or stakeholder group and it is

important for organizations to develop good relationships with a variety of stakeholders as a precautionary measure. The moral capital derived from social support from a multitude of stakeholder groups can weave a safety net protecting organizations from detrimental outcomes (Su and Tsang, 2015).

Second, maintaining relationships with a broad array of stakeholders and social issues provides organizations with knowledge and capability in dealing with different sociopolitical realms. This knowledge helps firms learn how to respond to a broader range of social and environmental issues, communicate with wider stakeholder groups (Smith et al., 2011) and navigate possible adverse events. Thus, organizations, which diversify their philanthropic portfolios learn from multiple sources and are better able to design and communicate their philanthropic efforts, resulting in more positive reviews.

All in all, organizations that build good relationships with a broad range of stakeholders can weave a wider safety net protecting them from adverse outcomes.

Hypothesis 7 (H7): Portfolio diversity is positively associated with corporate philanthropic performance.

4.

METHODS

4.1 Research Design and Sample

In this dissertation, I study the sources and consequences of variation across philanthropic portfolios of all banks in Turkey and offer relational pluralism as one source of this variation. Corporate philanthropy presents an ideal setting to research the impact of inter-organizational networks on organizational behavior; it is a multi-faceted and highly uncertain practice, prone to mimicry (please see Chapter 2 for a discussion of corporate philanthropy as an organizational practice).

Banking industry presents an attractive context to study variation in corporate philanthropy for several reasons. First, it is a highly competitive industry where organizational attributes like reputation and prestige plays an important role (Hammond and Slocum, 1996). Second, philanthropy is a long established practice in the industry where most of the banks engage in multiple and large-scale philanthropic projects. Third, Turkish banking industry is especially attractive to research because it is extremely regulated industry with stringent data disclosure requirements in corporate philanthropy. Fourth, banks vary across a multitude of organizational level attributes such as ownership structure, legal status and organizational age across the industry allows me to test the arguments of the theoretical model.

In order to tease out the impact of different networks on the philanthropic project choices of organizations, first I listed the possible sources of influence for the particular organizational activity. Extensive literature review and my interviews with banking professionals suggested industry peers, main shareholders and professional networks of practice (i.e., practice network) as the main influence for organizations in the field of corporate philanthropy. I then obtained the list of all active banks pertaining to 2007-2012 period and coded the ownership structures of the banks. This gave a list of all

major shareholders of the Turkish banking industry. There are 23 multinational companies and 9 business groups that are major shareholders of the banks. Table 4.3 provides the list of multinationals and their subsidiaries and Table 4.4 is the list of business groups with their affiliated banks.

The data of this dissertation includes all deposit, development, investment and Islamic banks (domestic and foreign as well as private and state owned) in Turkey that were active during the 2007-2012. For project level data, I chose 2008 as the starting year because the quality of reported company information substantially improved in that year and afterward. I stopped collecting data in 2012 due to the labor intensiveness of data collection and coding process. Researchers acknowledged the difficulty of collecting data on multiple networks, mostly due to time constraints (e.g. Shipilov et al., 2014). In line with the research design, I collected and hand-coded project and organizational level data from 38 different networks (4 network types) over a 5-year period. This design qualifies this study as one of the first attempts of collecting longitudinal data for more than two independent networks. However, due to the aforementioned challenges, my design did not allow me to extend my time frame over five years.

There are 48 banks that were active during the research period[5]. A bank is included in the sample only when it conducted a philanthropic project during the research period. Of the 48 banks, 35 engaged in philanthropic activities in the research period. The 35 banks constitute the 92% and 96% of the banking industry in terms of the number of branches and total assets as of 2012 respectively.

Of the 13 banks that did not engage in philanthropy in the reporting period[6], 6 are deposit banks (of those, 2 are state-seized banks; 4 are branches of foreign banks with only one branch (i.e., "representation office") in Turkey and less than 100 employees). The remaining 7 banks are investment and development banks (5 are foreign, 2 are domestic) with 1 or 2 branches and less than 100 employees. The mean number of employees for the banks that did not engage in corporate philanthropy is significantly smaller than the number of employees of the banks that engaged in philanthropy (the

[5] Table 4.1 presents a summary of banking industry in Turkey.

[6] List of banks that do not engage in philanthropy between 2008-2012: Adabank, Birlesik Fon Bankasi, ArapTurk Bankasi,, Bank Mellat, Société Générale, Diler Yatirim Bankasi, Nurol Yatırım Bankası, GSD Yatırım Bankasi, İstanbul Takas ve Saklama Bankası, Pasha Yatırım Bankası A.Ş. Portigon A.G, Habib Bank Limited.

mean number of employees for deposit banks that are in the sample is 7,027; the number of deposit bank employees that are not in the sample is 76,2). These descriptive statistics show that the banks that are in the study sample are significantly larger than the ones that did not engage in philanthropic activities and therefore were not included in the sample. Table 4.2 reports the population of banks active during the reporting period. The banks that were included in the study sample are labeled as included. The study sample includes all the banks that conducted at least one philanthropic project in the research period. The entire population of projects that are conducted by these banks are included in project level sample. To avoid selection bias, I included the banks that did not engage in philanthropy in the analysis for Model 1 with minimum similarity scores (i.e., "0"). The results remained mostly the same.

Third, to gather the list of influential professional practice organizations (i.e., NGOs) I conducted 3 exploratory interviews with corporate communications and sustainability consultants. As a result of the interviews, I had a list of 6 NGOs that my interviewees mentioned unanimously during the interviews. I then designed a single-item, multiple-choice survey that asks banks to name the influential NGOs in the fields of corporate responsibility/sustainability/philanthropy. The respondents were allowed to add new NGOs to the existing list. I sent the survey to the corporate communications directors of all 48 banks (the title varies to some extent across banks; i.e., corporate affairs director, corporate responsibility manager) that were active in 2012. The response rate was %69, 33 banks completed the survey. The survey respondents did not add any new national or international NGOs to the list I provided, except for one bank that added 2 local NGOs. Of the 6 NGOs that I gathered from my interviews and confirmed with the survey results, one did not have any members from the financial sector, so I dropped that NGO from my list of practice network NGOs. The final list of NGOs that are included in this study is presented in Table 4.5.

As the last stage, I created an affiliation matrix per year where the rows are the banks and the columns are the business groups, multinationals and the NGOs in the practice network. Each bank is coded 1 for the networks that they are present, and 0 otherwise.

The main research question in this study (Hypothesis 1-6) aims to explain the sources of variation in corporate philanthropy projects among banks by teasing out the impacts of various inter-organizational networks stated previously. The basic idea is

that network presence predicts similarity of a given project to all other projects in that particular network. In order to determine the level of similarity of a given project to all other projects in same network, I collected project-level corporate philanthropy data for all the organizations that are members of the inter-organizational networks listed above. Overall, my final project-year level sample contains 19,915 philanthropic projects spanning around 304 companies. The details of sample sizes for each network category are presented in Table 4.6. The coding procedure for project level data is explained in detail in the following section, similarity measurement is explained in Dependent Variable section.

4.2 Data Sources

The data for this dissertation is collected using multiple methods and independent sources with a concurrent triangulation strategy (Creswell, 2003). I (a) conducted interviews with industry experts, (b) administered a survey, (c) used public archives, (d) attended philanthropy related conferences, seminar, and training programs, (e) did content analysis of publications of the companies sampled in the study, (f) did a media analysis of all the banks sampled in the study. This triangulation strategy mitigates potential biases that might be associated with the exclusive use of a single method. In addition, the use of qualitative insights aids the interpretation of the results of the quantitative analysis.

All data on financials, ownership structure and other firm-level descriptives for commercial banks is obtained from Banks Association of Turkey (TBB). All deposit banks as well as development and investment banks operating in Turkey are obliged to become members of the association. The data for Islamic banks is obtained from Participation Bank Association of Turkey.

Annual reports, sustainability reports, press releases and corporate websites served as the data sources for the philanthropic projects. Extensive media search is conducted to cross check the exhaustiveness of the disclosures in annual publications of companies through scanning company press releases and the news on company's philanthropy related activities in the major daily in Turkey (Hürriyet) for every company that is included in the study. Finally, for data that could not be obtained from

these public sources, the companies were approached and all agreed to take part in the study. All the project level data collected pertain to 2008-2012, the higher-level data (i.e., bank and inter-organizational network data) pertain to 2007-2012 because I lagged most of the independent and control variables by one year to mitigate simultaneity (explained in detail in Findings chapter).

4.3 Data Coding

One of the biggest challenges in conducting research on organizational practices is the lack of rich datasets that capture the nuances of variation across organizations around the practice of interest, especially over time. Corporate philanthropy as an organizational practice is not an exception to this limitation. Although the literature on organization's social activities is now substantial, measurement in this branch of organizational research is underdeveloped in comparison with measurement in other areas. The difficulty in measuring corporate social activities in general and corporate philanthropy in particular for purposes of research is the lack of availability of detailed information that captures variance across organizations and comparable across different contexts.

With a few exceptions (e.g., McShane and Cunningham 2012), the corporate philanthropy literature has largely ignored the nature of philanthropic activities. The total amount donated or similar quantitative metrics are extensively used to theorize about philanthropy and its impacts on organizational outcomes. The nature of the projects undertaken by the organizations; the size, content or diversity of philanthropic portfolios are largely missing in the literature (Cuypers et al., 2016). This omission is partly due to heavy reliance of researchers on databases such as Kinder, Lydenberg, Domini (KLD) Social Ratings database (e.g. Choi and Wang 2009, Graves and Waddock 1994, Hillman and Keim 2001, Waddock and Graves 1997; Cuypers et al., 2016). Such databases merges a firm's performance over domains such as environment, social, product responsibility, offering simple, aggregate measures of firms' social performance. This approach masks the underlying nuances of social performance and ignores actual projects and the variations across organizations in philanthropic

portfolios. To remedy is gap, I built a unique project-level dataset that captures various aspects of philanthropic projects by using content analysis techniques.

Researchers have proposed content analysis of documents and reports of corporations intended for communication purposes to measure corporation's social involvement (Abbot and Monsen, 1979; Ullman, 1985; Gephart, 1991). Content analysis has emerged as an important tool for management researchers for a wide variety of research questions (see Duriau, Reger and Pfarrer, 2007 for a review). Content analysis of corporate publications and media offer a particular benefit for longitudinal research in that they provide a replicable, non-intrusive, and consistent annual form of communication that is comparable across years (Duriau, Reger and Pfarrer, 2007).

To capture the variation across corporate philanthropic activities, I conducted content analysis of annual reports, press releases and media coverage for the fiscal years 2008– 2012 for the sampled companies. I started my content analysis by creating relevant categories to define the dimensions of philanthropic projects informed by the typology offered by Marquis et al., (2007). First, I randomly selected 100 projects and recorded all available information for each project. This first coding led me to 37 binary categories to define projects. Then, I took another random sample of 100 projects and applied my coding scheme to this sample in order to understand how exhaustive and appropriate the coding scheme was.

Second, to verify the content validity of my initial coding scheme, I conducted 13 interviews with industry experts. The aim of these interviews was to understand the dimensions these professionals use to differentiate philanthropic projects and judge the relevance of the initial coding scheme. The input from the interviewees was used to fine tune the existing coding scheme and reduce the number of binary categories to 22.

In the third stage, I provided the coding scheme to a coder who independently coded a random sample of 100 projects. The coding scheme contained little ambiguity, and inter-coder reliability between the coder and me was high (Cohen's .92). Any disagreements were resolved through discussion between the coder and me. After adjustments, the final form of the coding scheme was produced and applied to the entire dataset.

I described 3 "domains" of corporate philanthropy to capture the variation across projects. These domains are project level indicators that map these projects in practice space.

Domain 1: Content of the project: Content of the corporate philanthropic project refers to a "particular set of social problems or needs of corporate activities are intended to mitigate or benefit (Marquis et al., 2007 p; 928)". I clustered philanthropic project content into 6 categories: (1) arts and culture, (2) health and disaster relief, (3) education, (4) sports, (5) poverty relief and infrastructure building and (6) environmental philanthropic actions. These 6 content areas exhaustively capture the essence of all projects included in the study sample and is successful categorizing each project.

Domain 2: Structure of the project: Structure of the philanthropic project refers to the question of "how" the organization conducts the project. 3 clusters are generated for the structure of the project: (1) Solo projects: Projects initiated and conducted by the company. (2) Joint projects: Projects that are conducted with a partner (i.e., an NGO or a governmental institution). (3) Donations and sponsorships: The organization donates money or products and services to for a social cause or sponsors an event for the public good.

First, I coded donations and sponsorships as separate categories. But these methods are not as easily discernable as the first two categories; the independent coder and me had the most difficulty in categorizing such projects. This is because mostly banks sponsor an event and donates to it simultaneously. After consulting with public relations specialists and making sure that the intentions behind these two methods are mostly similar and there is no reason to suspect that they invoke different organizational processes, I merged these two categories. I repeated the analysis with these categories as separates, results did not change.

For the joint projects, the organizations need to choose their project partners. 5 partner groups are coded (1) Group companies: Group companies refer to other country subsidiaries for multinational banks and other business group companies for the banks that are part of a business group (2) Educational institutions: Educational institutions include universities and schools at various levels (i.e., vocational high schools) (3) Industry associations: Industry associations are multi-stakeholder organizations that provide know-how or lobbying for the industry (4) State organs: State organs include

various governmental organizations at regional or national level (i.e., municipalities or ministries) (5) Not-for-profit organizations (NGOs): These include a variety of organizations aiming to solve a particular societal problem. NGOs could be local, national or international organizations (i.e., Nişantaşılılar Derneği Türkiye Omurilik Felçlileri Derneği or GreenPeace). These categories capture all the possible partner sets for the banks in philanthropy.

Domain 3: Audience of the project: Audience of the project refers to the question of which stakeholder group is the primary beneficiary of the philanthropic project. Audience groups include: (1) Local people who live near the organization's facility. (2) Students (except university students) (3) University students (4) Vulnerable groups in the society; women, disabled, underprivileged children, poor, sick and elderly (5) Society at large: The projects that do not target a specific audience aim to serve society at large (i.e., art exhibitions), (6) Industry associations, (7) Customers/clients, (8) Employees of the organization

I started my coding with 14 audience categories, capturing every distinct stakeholder groups I encountered during my coding. However, some of these audience groups have very small number of observations (i.e., of the 19,915 projects, 21 were targeting elderly). I create vulnerable groups category to capture the segments of society that have disproportional access to benefits and resources such as sick people, disabled and poor. I assumed the common motivation behind helping these groups is enhancing their quality of lives, helping provide equal opportunities. Despite the lack of access to actual motives of organizations in helping these groups and possible variations across assumed benefits on the part of the organization in designing such projects, due to small sample sizes of individual categories, I chose to merge these 8 groups into a single category. I replicated my analysis with 10 and 14 audience groups, results remained the same.

All 3 domains are coded as binary (i.e., dummy) variables, leading to 22 binary scores for each project. The summary of the project domains is presented in Table 4.7.

4.4 Variables and Measurement

4.4.1 Dependent Variables

There are three dependent variables in this dissertation. The first dependent variable (H1-H3) is the "extent of similarity" of a given philanthropic project to all other projects in networks. As explained in the preceding section, corporate philanthropic projects vary across 3 main domains; the content of the project, how the project is structured and the targeted audience of the project. Any two projects can overlap in these 3 domains completely, partially or do not overlap at all. For instance, two projects can have the same content (i.e., education) and intended audience (i.e., university students) but with different project structures (i.e., project A is a donation and project B is a joint project with an international NGO).

I used Jaccard Similarity Index to measure the similarity between two projects. The Jaccard similarity (Jaccard, 1902) is a common index for binary variables. It is defined as the proportion between the intersection and the union of the pairwise compared variables between two objects. Conceptually, this measure standardizes the number of shared domains of the two projects by the number of non-shared domains into an index ranging from zero (if they have no shared domains) to one (if all of their domains are shared).

$$SJ = a/(a + b + c) \tag{4.1}$$

where,
SJ = Jaccard similarity coefficient,
a = number of domains common to (shared by) projects,
b = number of domains unique to the first project,
c = number of domains unique to the second project.

Many of the similarity measures applicable to binary data are compared based on whether the zero–zero matches are included in the numerator (i.e., non-matches or unshared qualities conveys meaning), whether these matches are included in the denominator, and how the weighting of matches and mismatches is handled. In the

context of philanthropic projects, zero-zero matches (i.e., unshared project domains) do not convey any meaning and there is no theoretical reason to weigh certain domain matches more than others. Jaccard Index is considered as a reasonable choice for most applications of binary data and has an intuitive interpretation.

The second dependent variable in the study is the "diversification level" of the philanthropic portfolios of the banks (H4-H6). Philanthropic portfolio diversification means that organizations engage in multiple philanthropic projects simultaneously, resulting in a portfolio of projects at a given time. When deciding on the new projects, organizations consider their existing project portfolio and possible complementarities between the new project and the existing ones. Looking at all the projects that an organization undertakes at a given time allows us to model the concentration of the portfolio of the organization (i.e., whether the organization disperses its philanthropic efforts across multiple audiences or causes, or it focuses its resources to specific domains) as well as the variation across organizations.

I used Hirschman-Herfindahl Index (HHI) to measure diversification of organizational philanthropic portfolios. HHI accounts for the portfolio size of the company, as well as the concentration by incorporating the relative size of each domain in the portfolio. Also known as the Blau's Index of heterogeneity, HHI has been extensively applied in the management literature to capture the heterogeneity across multiple dimensions of organizations (Su and Tsang, 2015).

$$H= 1 - \sum_{i=1}^{N} s_i^2 \qquad (4.2)$$

where,

s_i is the share of a domain i in the portfolio,

N is the number of projects in the portfolio

The value of this index ranges from zero to one. A higher value indicates that the organization has dispersed portfolio and smaller values (i.e., close to zero) indicates that the organization engages in similar projects in terms of domains. Suppose an organization conducts 30 different philanthropic projects, and 15 of them are in education category while the rest are evenly distributed among the remaining 5 categories. This organization has a value of 0.70 in terms "content diversification". If

these 30 projects are evenly distributed among the 6 categories, then the organization scores 0.83 for its content domain diversity. The final portfolio diversification measure is the aggregate diversification of all three domains.

The third dependent variable of the study is the "philanthropic performance" of the organizations (H7). Organization's social performance is seen as complimentary to its financial performance, bringing in resources like reputation, positive stakeholder relations and social license to operate (e.g. Kang, 2013; Henisz et al., 2014). Unlike financial performance, social performance is more ambiguous, difficult to measure, especially over time, consistently. Extant research made use of KLD Social Ratings database, which is a popular source of social performance measure in academic research (Kang, 2013). Although offering an external view of firms' social performance, this aggregate measure of performance is not ideal to measure social performance as different domains of social performance might be motivated by different incentives. For instance, for environmental performance, the incentive for financial gain is more prominent than philanthropic efforts (Flammer, 2013; Özen and Küskü, 2009). Therefore, for this study I devised measures to specifically capture an organizations' philanthropic performance.

I use an externally determined measure of strong philanthropic performance, specifically winning an award in corporate philanthropy by an independent third party. Outside review by experts and specialists improves the construct validity of social performance (Klassen and McLaughlin, 1996). A social award generally is given after an extensive examination of social engagements of organizations. To the external audiences, the award, based on assessments by industry experts, signals positive social performance, leading to social gains (i.e., favorable evaluations from stakeholders, reputation). Other researchers operationalized social performance with the awards that the organizations received in the field of social responsibility as well (Castelló and Galang, 2014). As corporate awards are mechanisms of the legitimation process (Castelló and Galang, 2014; Deegan, 2002) they convey information about the actual perception of the organization in the field of the award. In the context of corporate philanthropy, awards offer a concrete measure of performance over time.

The most prestigious award in corporate philanthropy in Turkey is Capital Magazine's "The Most Philanthropic Companies" award. The annual awards of Capital Magazine, a leading business magazine in Turkey, gain the interest of media and

society in CSR issues (Robertson, 2015; Turker, 2009). Each year 8-10 companies receive this award from diverse industries and organizational sizes. I coded social performance as a binary measure; coded 1 for the organizations that received an award in a given year, and 0 otherwise.

I used "media tenor" as an alternative measure of philanthropic performance. Positive media visibility is an important resource for companies as the media can frame stories about organizations and influence the stakeholder perceptions (Rindova, Pollock and Hayward, 2006; Zavyalova, Pfarrer, Reger and Shapiro, 2012). Organizations allocate resources to attain positive media visibility, and audiences at large use media tenor as signal of organizations' actual performance.

To measure the tenor of media coverage of a bank, I content coded the articles published in Hürriyet, a major daily in Turkey, 2007 through 2012. This search resulted in 27,636 articles. I then analyzed the content of the articles about each bank. Following the lead of previous researchers (e.g., Deephouse, 2000; Pollock and Rindova, 2003), I coded each article as positive or negative in content and aggregated this measure to bank-year level. Another coder independently coded a random sample of 100 articles. The inter-coder reliability between the coder and me was very high (Cohen's 0.96). The correlation between the two measures of social performance was moderate and significant (Pearson r 0.51, p<. 001). I used the first measure of social performance in the main analysis (Table 5.6) and the alternative measure in sensitivity checks (Table 5.8).

4.4.2 Independent Variables

Hypothesis 1 states that presence of a bank in an inter-organizational network predicts the similarity of a given project to the other projects in the network. "Network presence" is a dummy variable coded 1 for the banks that are members of a given network and 0 otherwise.

Hypothesis 2 argues for a moderating effect of "network prominence" for the hypothesized relationship between network presence and project similarity. An organization's position in inter-organization networks influences the strength of the pressure on each organization, whether or not they conform and consequently, the extent of similarity of behavior (Abrahamson and Rosenkopf, 1993).

As discussed in the previous section, there are 4 network categories in this dissertation; business group networks, multinational corporation networks, practice networks and the industry network.

The research on inter-organizational networks is criticized on the grounds that when there are multiple types of relationship among the actors, the choice of focal tie that predicts the nature of the relationship is arbitrary (Mani and Moody, 2014; Han and Shipilov, 2013). Different ties might carry different relational logics, and aggregating these ties might lose the variance around the impact of ties on the actors. This argument is reasoned to extend to prominence of an actor for a given network. To remedy this criticism, as an alternative to measuring prominence on a single dimension, I created two different measures of network prominence for each network category; economic prominence and historical prominence.

Economically significant actors (i.e., economic prominence) provide or control a significant amount of resources of the network. As network members are unable to direct the same amount of attention to all the members of the network (Ocasio 1997; Hoffman and Ocasio 2001), economically significant members are more likely to be monitored by the other network members, they are more likely to be scrutinized as the other members has more to lose/gain from their performances.

Historically significant actors of an inter-organizational network play an important role in shaping organizational behavior at the network level. Older organizations are ingrained with the rules and norms of the group. Older members are repository of key routines, which are the product of accumulated knowledge and experiences and thereby guide network level decision-making. The influence of historical significance has been demonstrated empirically in different contexts (e.g., Feldman, 2013).

Due to the diverse nature of inter-organizational networks in this study, I devised separate measures to capture economic and historical significance of banks for each network. In order to normalize the measures calculated over different networks, for all continuous measures of prominence (i.e., financial significance of a bank for a business group), I created dummy variables; observations greater than the median value are coded as 1, others 0. I then, summed up these prominence scores for each bank per year; so that each bank receives an overall economic and historical prominence score for each network. I report robustness tests with separate measures of prominence.

In the context of business groups, Feldman (2013) argues that a firm's legacy business, operationalized as the oldest business in the group's portfolio, plays a critical role in its functioning and firms that divest from these businesses get penalized more by markets. In Turkey, where business groups are highly diversified and founders usually do not come from technical expertise but rather from an entrepreneurial background (Karaevli, 2010), legacy business is not a single business but rather a portfolio of businesses. Therefore, I operationalized historical significance for the business group as a dummy coded variable 1 for the companies that were founded by the founder of the business group, 0 otherwise.

To gauge at the economic significance of a company for a business group I first broke down business group's revenue by company (as percentage). I, then, created a dummy variable for economic significance for the business group variable by coding 1 for companies that are above the median of the business group revenue, 0 otherwise.

Historical significance of a bank for the practice network is a dummy coded variable; 1 if the bank is a founding member of the focal NGO, 0 otherwise. Economic significance of a bank for the practice network is measured as the relative size of the bank for the network. The annual corporate membership fees for NGOs are determined based on the size of the organization, measured either by the number of employees or by the annual revenue. The larger the member company is, the more annual fees it gets charged. To measure the economic significance of a bank for the practice network, I calculated the relative size of the bank for that network. I first summed up the total number of employees of the member companies of a given network, then divide the number of employees of the bank to this total ($RS = \sum_i^N Ei/N$; where RS is relative size of each member organization, E is the number of employees of organization i, N is the total number of employees of all members of the network). I then created a dummy variable where 1 indicates that the organization is larger than the median of the sample, 0 otherwise.

Historical significance of multinational bank is a binary measure takes 1 if the subsidiary is one of the first 10 international subsidiaries of the MNC, 0 otherwise (Marano and Kostova, 2015). To capture the economic significance of a subsidiary bank, I followed the procedure in Bouquet and Birkinshaw (2008) and conducted a content coding analysis of headquarter annual reports. Numerous studies have suggested that annual reports depict the major topics that a parent company attends to

(Cho and Hambrick, 2006; Bouquet and Birkinshaw, 2008), because such reports are argued to reflect the perception of top management teams. To capture the importance of the Turkish market and hence the Turkish subsidiary for the headquarters, I computed the ratio of the total number of times Turkey was mentioned in the annual report (excluding references to currency and accounting standards) by the total number of references made to the parent company's nationality. I also searched for variations of Turkey (i.e., Turkish) or mentions of specific cities (i.e., İstanbul, Ankara).

Historical significance of a bank for the industry is a dummy variable coded as 1 if the bank is a board member of The Banks Association of Turkey (TBB), and 0 otherwise. The Banks Association of Turkey, founded in 1958, is a professional organization, with the status of a public institution. The purpose of the Association is to "preserve the rights and benefits of banks, to carry on studies for the growth of the banking sector, for its robust functioning and the development of banking profession, strengthening of competition power, to take the decisions/ensure that they are taken to prevent unfair competition, to implement and demand implementation of these decisions" (TBB website). The members of the Board of Directors are elected by the General Assembly. The banks are grouped into legal categories and each group elects members by balloting among themselves in the General Assembly. Historically, board of TBB represents older, and established banks as they are perceived to be better equipped to support the interests of the industry (Moore, 1990).

To gauge the economic significance of a bank for the industry, I calculated market share for each bank by using the relative revenue of the bank for each legal bank category (i.e., the amount of a deposit bank's revenues as a percentage of the amount of the total revenues of all the deposit banks in the industry).

Hypothesis 3 argues for a moderating effect of the importance of the project for the company. I developed 2 alternative measures for the relative importance of the project. For the first measure, I did a content analysis of letters to shareholders published in banks' annual reports. Content analysis of letters to shareholders has been used to capture CEO cognition and attention (i.e., Gamache, McNamara, Mannor and Johnson, 2015) and offer a non-intrusive and consistent measure of company attention that can be compared across years. I created a dummy variable for the importance of the project, receiving a score of 1 if the project is mentioned in the letter, 0 otherwise.

The alternative measure I devised for the relative importance of the project is the age of the project. At a given year, banks can choose to start new projects or continue with an existing project. The age of the project signifies the number of times the bank chose to continue with the focal project as opposed to opting for an alternative project. I reasoned that the older the project, the more important it is in the philanthropic portfolio of the bank.

Hypothesis 4 argues that as the number of networks that the organization is present increases, the diversification of the portfolio also increases. To capture the number of networks that the focal bank is a member, I created an affiliation matrix for every year where the rows are the banks and the columns are the various inter-organizational networks listed in Data section. Then I counted the rows with a value of 1 and calculated the number of networks for each bank.

Hypothesis 5 argues for a moderating effect of domain substitution on the relationship between network multiplicity and portfolio diversification. Domain substitution refers to selective coupling of organizations with different domains of philanthropic projects of multiple networks. I gauged a measure for domain substitution in 2 steps. In the first step, I calculated domain similarity of each project to all other projects in the sample by using Jaccard Index following the same procedure explained in Dependent Variables section. In the second step, I generated dummy variables coded 1 if the particular project has a domain similarity score above the median, but overall similarity score below the median. This means a focal project can be similar to another project in terms of content but these two projects might have different project structures and/or audiences.

Hypothesis 6 offers network independence as a moderator for the hypothesized relationship in H4. In this research design, two types of inter-organizational networks can have overlapping members; business groups and practice networks. For instance, a business group can have multiple companies that are members of a particular NGO, which is listed in practice network. In this case, this particular practice network and the business group have overlapping members. Hence, for the focal bank, which is an affiliate of the business group, this practice network has less novel information compared to other networks with no overlapping memberships.

I operationalized network overlap as the number of instances in which the practice network have overlapping members with the business group network, divided by the

total number of practice network members. This is a network level measure, varies annually for each bank that is an affiliate of a business group.

Hypothesis 7 predicts that diversified philanthropic portfolios results in superior social performance. I used Hirschman-Herfindahl Index (HHI) to measure diversification of organizational philanthropic portfolios following the same procedure explained in the Dependent Variable section.

4.4.3 Control Variables

I considered a number of alternative explanations that might confound the hypothesized relationships in the theoretical models.

Organizational size is an important predictor of organizational behavior (Josefy, Kuban, Ireland and Hitt, 2015; Scott, 2003). Larger organizations have greater organizational ability to obtain and maintain resources. Size may also predict inertial tendency (Hannan and Freeman, 1977). *Bank size* is measured as the total number of employees of the bank in a particular year and log-transformed due to skewness.

Hypothesis 4-6 aims to explain the variation across diversification levels of banks' philanthropic portfolios. One important mechanism that explains this variation across banks can be the size of the philanthropic portfolio. Banks vary around the number of projects they engage in a given year. As the number of projects increase, so can the diversification levels of portfolios. I gauged *Portfolio size* as the number of projects that a bank conducts in a given year to control for this potential impact.

Organizational age can impact organizational behavior. Models of structural inertia suggest that age impacts the organization's core properties and can create important liabilities of newness or inertia for the organization (Hannan and Freeman, 1989). March (1991) argues that older organizations are more likely to elicit exploitation while newcomers will increase exploration. I controlled for *Bank Age* by using years since establishment.

I created 4 year dummies to control for any effects of trending in the data;, *year2009, year2010, year2011* and *year2012.*

As explained in the Research Design section, there are 4 legal categories for banks in Turkey. Banks with different legal statuses might be affected differently from the theorized mechanisms in this study. For instance, development banks tend to have

less branches and less direct contact with customers. Hence, their choice of philanthropic projects might follow a different path compared to deposit banks. Yet, there are no theoretical reasons to build different models for these bank categories. Therefore, to capture any variation due to the legal status of the bank, I created the three dummies*; Commercial Banks, Islamic Banks* and *Development Banks.*

As stated in Research Design, there are 3 types of inter-organizational networks in this study, other than the industry network. Different network categories might probe organizational behavior through different mechanisms. For instance, practice networks are voluntary networks where organizations self-select themselves to membership whereas business groups and multinational networks are ownership networks where organizations have less choice over joining or not. To tease out any network level difference, I created two network dummies; *Business group networks* and *Practice networks*.

Organizations might vary across their levels of professionalization in managing their corporate social responsibility and corporate philanthropy endeavors (Will and Hielscher, 2014). Firms that manage their philanthropic activities more professionally might design their philanthropic portfolios more consciously, decreasing the impact of external pressures and forces of mimicry. To them, corporate philanthropy might be less of an uncertain practice and more of a calculated strategy. To capture the variation across the professionalization of philanthropy across banks, I devised 2 measures; existence of a professional department and issuing separate sustainability report. For the former measure, I created a dummy variable coded as 1 for the banks that have a specialized department dedicated to CSR and philanthropy, 0 otherwise. However, all of the banks in the sample of this study have a specialized department (i.e., Corporate Communications Department, Sustainability Department, Corporate Affairs Department), due to the lack of variation, I dropped this variable from the study. The second measure of professionalization is a dummy variable coded 1 if the company issues a separate annual sustainability report (or corporate social responsibility report, corporate responsibility report, corporate citizenship report etc.) where they report their philanthropic endeavors in detail, 0 otherwise. Such reports require companies to demonstrate commitment to sustainability and community impact. Reporting companies expend substantial resources to comply with various reporting standards (Rafaelli and Glynn, 2014).

Empirical research in corporate social responsibility and corporate philanthropy show that financial slack is a determinant of corporate social performance (McGuire, Sundgren and Schneeweis, 1988; Waddock and Graves, 1997). More profitable banks can engage in more projects, influencing their portfolio size and diversification levels. Therefore, I controlled for *Profitability* of the bank. I log-transformed profitability to control for skewness and normalized it by number of employees of the bank to mitigate the effect of organizational size.

I used a dummy variable *Listed* to control for whether or not a bank is listed in the stock market (Istanbul Stock Exchange), because listed firms may design their philanthropic portfolios differently than their non-listed counterparts. Listed banks might have the additional pressure from small investors. Also, being listed might signify some latent characteristics of the banks, not observable through the variables covered in the study.

I controlled for the media visibility when testing H7. Moreno and Capriotti (2009) argue that the first step in constructing a corporate reputation is maintaining corporate visibility and the media plays an important role in building up this corporate visibility. Researchers (Deephouse, 1997, 2000; Fombrun and Shanley, 1990) argue that media visibility has an important influence on public opinion, contributing strongly to forming the corporate reputation. In order to control for the confounding role of corporate reputation on the likelihood of getting an award, I gauged *Media Visibility* variable. To do that, I performed content analysis of a major daily, Hürriyet, as explained in the Dependent Variables section. Media visibility is calculated as the total number of media mentions of a focal bank divided by the total number of employees of the bank. I normalized this measure by the number of employees as larger banks (i.e., deposit banks) might have more media coverage than smaller counterparts (i.e., investment banks).

4.5 Hypothesis Testing

4.5.1 Analysis Strategy

The data for this dissertation is a panel of all philanthropic projects conducted by banks in Turkey that are observed annually. This nestedness represents a special case of multi-level data where observations at Level 1 (the smallest level; here years) are clustered in Level 2 (here; projects) and Level 3 (here; banks) units respectively. In this kind of panel data, there is dependency among the subset of cases within the dataset as well as time-serial dependency among observations belonging to the same unit. Ignoring this clustering violates the assumption of uncorrelated errors which then leads to bias in the estimation of F statistics and will generally cause standard errors (SEs) of regression coefficients to be underestimated (Browne and Rasbash, 2009). Thus, this clustered nature of the data requires applying methods that take into account the dependency among observations.

One alternative to deal with the clustered data is the analysis of covariance (ANCOVA). ANCOVA models test for the effect of Level 2 units on Level 1 dependent variable by removing the effects of Level 1 covariates. As such, these models can estimate overall group effects, but they cannot accommodate Level 2 predictors of intercepts (Raudenbush and Bryk, 2002).

Another alternative is to run classical Ordinary Least Square (OLS) regressions; either for each group within the data separately or by including fixed-effects to "correct" for the group effects. Running separate OLS regressions for each group yields estimates of intercept and slope for each cluster and the variance-covariance structure of these intercepts and slopes. These regressions can accommodate Level 1 and Level 2 predictors. However, this alternative becomes impractical when there are many Level 2 units as it would require estimation of large number of parameters. Also, this approach is not suited for clusters with small sample sizes and the variance across levels cannot be partitioned (Gelman and Hill, 2006).

Running fixed-effect OLS regressions controls for between group differences by "fixing" the grouping variable. However, the generalizability of these models is restricted to those clusters represented in the sample. The interpretation of the estimates is limited to Level 2 and cannot be generalized to Level 1, causing loss of data and

nuance within clusters. Adding more levels to the model further intensifies these limitations.

Multilevel models (also known as hierarchical linear models, random effects models, mixed models or multilevel regression analysis) are extensions of linear regression. In these models, data are clustered in groups and intercepts and slopes (the estimated coefficients) are allowed to vary across groups. Furthermore, the variance components of different levels are estimated.

In this dissertation I use multilevel random intercept modeling for longitudinal data where yearly observations (time) constitute Level 1, philanthropic projects constitute Level 2 units, and banks constitute Level 3 units. The main reason behind this choice is the highly nested structure of the data. I model the variation around an organizational practice across time, which is nested in organizations (here, banks). This clustered structure highly violates the assumption of independence in many of the other estimation techniques. Second reason for my choice is the unbalanced nature of the data. Multilevel models can accommodate between-group differences in any sample size (Cohen et al., 2003). They can tolerate small sample sizes per group; as small as one observation in multiple groups (Browne and Rasbash, 2009). Third, I am also interested in the effect of cross-level interactions (i.e. interaction among Level 1 and Level 3 variables), which cannot be directly estimated in the fixed-effects method.

4.5.2 Multilevel Modelling for Longitudinal Data

In multilevel models regression coefficients at lower levels can serve as dependent variables at higher levels (Snijder and Bosker, 1999). The aim is to fit a regression equation at Level 1 while accounting for multiple group effects by allowing the regression parameters vary across groups. If there is no variation among the intercepts or slopes across the groups, than the random coefficient regression model is equivalent to fixed effect OLS regression.

Conceptually, in any multilevel model analysis, there is a series of regression equations, one for each group, each with its own intercept and slope. Here, the assumption is that the intercept and the slope are themselves random variables. There are three types of regression equations in multilevel regression models. First, there are Level 1 (lower level) regression equations for each group in the sample. Second, there

are Level 2 regression equations that carry the group structure inherent in the data. Third, there is an overall regression equation, *the mixed model* equation that combines the Level 1 and Level 2 equations. Hierarchical data can have any number of levels; the basic modeling features and procedures for estimation extend directly (Raudenbush and Bryk, 2002).

Below, are the theoretical equations for three-level fully unconditional model to show how variance in outcome measure is allocated across the three different levels.

Level 1 equation with no predictor variable takes the following form:

$$Y_{ijk} = \pi_{0jk} + e_{ijk} \tag{4.3}$$

where;

i indexes the smallest unit of measurement,

Y_{ijk} is the dependent variable for the i[th] observation nested within group *j* and group *k* group,

π_{0jk} is the random intercept that varies among groups,

e_{ijk} is the Level 1 residual

The slope and the intercept coefficients of the Level 1 equation serves as the dependent variable in Level 2 equations.

Level 2 equation with no predictor variable takes the following form:

$$\pi_{0jk} = \beta_{00k} + r_{0jk} \tag{4.4}$$

where;

β_{00k} is the random Level 2 intercept that varies among groups

r_{0jk} is the Level 2 residual

Level 3 equation no predictor variable takes the following form:

$$\beta_{00k} = \prod_{000} + u_{00k} \tag{4.5}$$

where;

$\prod_{00k}$ is the random intercept at Level 3

u_{00k} is the Level 3 residual

In multilevel models, the amount of variation in the dependent variable (Y_{ijk}) can be partitioned by variance component analysis. The intra-class correlation (ICC) measures the proportion of the total variance that is accounted for between-group differences. ICC ranges from 0 for complete independence of observations to 1 for complete dependence and it is often used to decide whether modeling the data in a multilevel format is necessary.

$\sigma^2/(\sigma^2 + \tau_\pi + \tau_\beta)$ is the proportion of variance due to Level 1 indicators

$\tau_\pi/(\sigma^2 + \tau_\pi + \tau_\beta)$ is the proportion of variance due to Level 2 indicators

$\tau_\beta/(\sigma^2 + \tau_\pi + \tau_\beta)$ is the proportion of variance due to Level 3 indicators

where;

σ^2 is the Level 1 variance

τ_π is the Level 2 variance

τ_β is the Level 3 variance

4.5.3 Estimation Procedure and Models

In this dissertation I use random intercept models where yearly observations (Level 1) of projects (Level 2) are nested within banks (Level 3). My dependent variables (i.e., the extent of similarity of a project; the diversification level of philanthropic portfolio and the social performance of the banks) are operationalized at Level 1. The predictor variables are measured at all three levels.

I use within group centering (also known as group-mean centering) for all time varying (i.e., Level 1) predictor variables in the models (except for dummy-coded and categorical variables) and I control the linear effects of time by including year dummies as Level 1 predictors as suggested by Wang and Maxwell (2015). Due to the

unbalanced nature of my data I used maximum likelihood estimation (MLE). I estimated the first two Models using the ‘xtmixed’ option in Stata 12 with maximum likelihood estimation method. I used “xtmelogit” option to estimate the third dependent variable, due to the binary nature of the dependent variable.

Table 4.1 Banking Industry

Type of Bank	Number of banks	Number of Branches	Total Assets (%)
Deposit Banks	31	9.620	70
State-owned	4	2.880	18
Private	11	4.874	42
Foreign	16	1.866	10
Established in Turkey	10	1.856	
Has branches in Turkey	6	10	
Development and Investment Banks	13	41	0,1
State-owned	3	22	
Private	6	15	
Foreign	4	4	
Islamic Banks	4	827	29

Table 4.2 List of Banks

Bank[7]	Year Established	Number of branches	Number of employees	In the sample
Türkiye İş Bankası A.Ş.	1924	1.250	24.411	Yes
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	1863	1.514	23.153	Yes
Türkiye Garanti Bankası A.Ş.	1946	933	17.285	Yes
Akbank T.A.Ş.	1948	962	16.315	Yes
Yapı ve Kredi Bankası A.Ş.	1944	928	14.733	Yes
Türkiye Halk Bankası A.Ş.	1938	821	14.971	Yes
Türkiye Vakıflar Bankası A.Ş.	1954	744	13.463	Yes
Finans Bank A.Ş.	1987	582	12.060	Yes
Denizbank A.Ş.	1997	610	10.280	Yes
Türk Ekonomi Bankası A.Ş.	1927	509	9.288	Yes
HSBC Bank A.Ş.	1990	338	6.170	Yes
ING Bank A.Ş.	1984	319	5.319	Yes
Bank Asya	1996	251	5.064	Yes
Kuveyt Turk	1989	219	2.257	Yes
Turkiye Finans Katilim Bankasi	1991	220	3.595	Yes
Türk Eximbank	1987	2	453	Yes
Şekerbank T.A.Ş.	1953	272	3.565	Yes
İller Bankası A.Ş.	1933	19	2.467	Yes
Albaraka Turk	1984	137	2.758	Yes
Türkiye Sınai Kalkınma Bankası A.Ş.	1950	3	345	Yes
Fortis Bank A.Ş.[8]	1964	NA	NA	No
Alternatifbank A.Ş.	1992	63	1.230	Yes
Citibank A.Ş.	1980	37	2.123	Yes
Anadolubank A.Ş.	1996	91	2.024	Yes
Burgan Bank A.Ş.	1992	60	976	Yes
Fibabanka A.Ş.	1984	28	612	Yes
Tekstil Bankası A.Ş.	1986	44	841	Yes
İstanbul Takas ve Saklama Bankası A.Ş.	1995	1	216	No
Odea Bank A.Ş.[9]	2012	6	396	No
Aktif Yatırım Bankası A.Ş.	1999	8	436	Yes
Turkland Bank A.Ş. (TBank)	1991	27	524	Yes
Türkiye Kalkınma Bankası A.Ş.	1975	1	690	Yes
Arap Türk Bankası A.Ş.	1977	7	272	No

[7] The number of banks across years in the industry: 2007:50, 2008:50, 2009:40, 2010:49, 2011:48, 2012:48

[8] In 2008 UniCredit Banca di Roma SpA merged with YapıKredi Bankası, in 2011 Fortis merged with TEB.

[9] OdeaBank started operating in December 2012; excluded from the sample

Table 4.2. (cont'd)

Bank	Year Established	Number of Branches	Number of Employees	In the sample
Merrill Lynch Yatırım Bank A.Ş.	1992	1	35	Yes
BankPozitif Kredi ve Kalkınma Bankası A.Ş.	1999	1	129	Yes
Deutsche Bank A.Ş.	1988	1	105	Yes
The Royal Bank of Scotland Plc.	1921	3	95	Yes
Turkish Bank A.Ş.	1982	19	276	Yes
Birleşik Fon Bankası A.Ş.	1958	1	226	No
Société Générale	1989	16	282	No
JPMorgan Chase Bank N.A.	1984	1	56	Yes
Bank Mellat	1982	3	57	No
Portigon AG (WestLB)	1985	1	40	No
Nurol Yatırım Bankası A.Ş.	1999	2	47	No
Diler Yatırım Bankası A.Ş.	1998	1	19	No
GSD Yatırım Bankası A.Ş.	1998	1	27	No
Banca di Roma S.P.A.	1911	NA	NA	No
Habib Bank Limited	1983	1	17	No
Standard Chartered Yatırım Bankası Türk A.Ş.	1990	1	22	Yes
Adabank A.Ş.	1985	1	32	No
Pasha Bank	1987	1	67	No
Taib Yatırım Bank A.Ş.	1987	1	15	No

Table 4.3 List of Multinational Banks

Bank	Subsidiary
Citi Group	CitiBank Turkey
HSBC	HSBC Turkey
ING	ING Turkey
National Bank of Greece	Finansbank
Albaraka Group	Albaraka Turkey
Kuwait Finance House	Kuveyt Türk
The National Commercial Bank	Türkiye Finans Katılım
Bank of America	Merril Lynch Türkiye
Credit Agricole Group[10]	Standard Chartered Bank Turkey
Bankmed	T-Bank Turkland
Arab Bank Group	Arab Bank Turkey
Standard Chartered	Standard Chartered Bank Turkey
Unicredit Group	Yapı Kredi Bankası
Banco Bilbao Vizcaya Argentina	Garanti Bankası
GE Capital	Garanti Bankası
BNP Paribas	TEB
Dexia Group	Denizbank
Deutsche Bank	Deutsche Bank Turkey
Royal Bank of Scotland	RBS Turkey
JP Morgan Chase	JP Morgan Turkey
Eurobank	Burgan Bank
Burgan Banking Group[11]	Burgan Bank
BTA Group[12]	Şekerbank

[10] Credit Agricole Group acquired Standard Chartered Group in 2011

[11] Bugan Banking Group acquired Eurobank Turkey in 2012

[12] BTA Group does not engage in philanthropic activities, excluded from the sample

Table 4.4 List of Business Groups

Business Group	Year of Establishment	Bank	Number of companies	Number of Employees	Total Assets (million TL)
Anadolu Grubu	1969	Abank	75	7.308	21.500
Boydak Holding	1957	Turkiye Finans Katilim Bankasi	45	13.755	5.460
Dogus Holding	1951	Garanti Bankasi	180	30.250	56.085
Koc Holding	1926	YapiKredi Bankasi	70	82.158	109.067
Sabanci Holding	1932	Akbank	65	57.576	175.400
Tekfen Holding	1944	Burgan Bank	24	17.532	4.133
Yildiz Holding	1944	Turkiye Finans Katilim Bankasi	32	13.990	7.259
Fiba Holding	1987	Fibabanka	43	15.591	34.132
Çalık Holding	1981	AktifBank	87	19.940	13.844

Table 4.5 List of NGOs

Organization	Number of Members
United Nations Global Compact	101
Global Reporting Initiative	49
Corporate Social Responsibility Association of Turkey (KSSD)	18
Business Council for Sustainable Development Turkey (SKD)	31
Regional Environmental Center (REC)	47

Table 4.6 Sample Sizes of Networks

Network Category	Total number of companies	Total number of projects
Practice network	121	5.138
Business Group Network	126	6.301
Multinational Company Network	22	5.830
Industry Network	35	2.646
Total	304	19.915

Table 4.7 Project Domains

Domain 1: Content of the Project	Domain 2: Structure of the Project	Domain 3: Audience of the Project
Arts and culture	*Domain 2 a:* Method of the project	Local people
Health and disaster relief	Solo projects	Students
Education	Donations and sponsorships	University Students
Sports	Joint projects	Vulnerable groups
Poverty relief and infrastructure building		Industry associations
Environment	*Domain 2 b:* Partner of the Project	Society
	Group companies	Customers
	Educational institutions	Employees
	Industry associations	
	State organs	
	Not-for-profit organizations	

5.

FINDINGS

5.1 Descriptive Statistics

Corporate philanthropy as an organizational practice is multi-faceted. Research to date treated philanthropy as a single-dimensional organizational practice (Marquis et al., 2007). Such a broad conceptualization blankets underlying differences between organizations. Philanthropy can focus on any number of diverse social needs or issues, including but not limited to, public infrastructure, education, health, arts and culture, sports, poverty elimination. Corporate activities that address such social concerns can take a variety of forms, including cash donations, public-private partnerships and in kind donations of products or services, and they can represent different levels of monetary and time commitment (Marquis et al., 2007). Tables 5.1 to 5.4 demonstrate the diverse nature of philanthropic activities engaged in the banking industry in Turkey.

Table 5.1 shows that efforts to improve public infrastructure and increase social welfare is the most common area for corporate philanthropy, whereas health aids and disaster relief is the least popular. “Green” projects are on the rise. Banks mostly conduct their own projects (Table 5.3), but when they partner up, they choose to partner with not-for-profit organizations (Table 5.4). The number of projects that banks undertake is increasing regardless of the type of the project (see Figure 5.1).

Table 5.5 displays the means, standard deviations, and correlations of the study variables. Table 5.5 shows that pairwise correlations range from strong (between .40 and .69) to negligible (below .10).

Overall, my final project-year level sample contains 2,646 philanthropic projects spanning around 35 banks. A bank is included in the project sample only when it conducts a philanthropic project. All of the philanthropic projects conducted by the banks in the sample are included in the study. The details of sample sizes for each

network category are presented in Table 4.6. All Level 1 covariates (except for the dummy-coded ones) are within-group centered. The variables “profitability” and “bank size” are log-transformed due to skewness. “Network presence”, “network multiplicity”, “media visibility”, “historical prominence”, “economical prominence”, “portfolio diversification”, “network independence” and all control variables are lagged by one year to mitigate the possibility of simultaneity.

5.2 Results of Hypothesis Testing

For each of the three dependent variables of the study, I developed a set of multilevel random intercept models using the incremental improvement procedure proposed by Hox (2010).

For Hypothesis 1-3, the dependent variable is the extent of similarity of a project to network peers.

At Level 1; network presence, economic significance, projects’ relative importance and project age are predictors of project similarity, whereas portfolio size, size of the bank, age of the bank, number of networks, professionalization and year dummies are used as control variables. At Level 3; historical significance of the bank is the predictor variable, whereas bank categories, whether the bank is public (listed) and network categories are added as control variables.

I estimated the models using the ‘xtmixed’ option in Stata 12 with maximum likelihood estimation method. The estimated effects, standard errors and variance components are presented in Table 5.6. In order to partition the variance for the outcome variable into Level 2 (within-bank) and Level 3 (between-bank) components, I first ran a null model with no predictors (Model 1). I calculated the intra-class correlation (ICC), which reflects the proportion of the total variance that is between levels. The ICC for Level 2 and Level 3, are 13.4 and 47 respectively. This values show that yearly observations nested within projects are dependent, and 47 percent of the variance in the dependent variable is between banks.

Model 2 in Table 5.6 is the random intercept model with Level 1 variables. In Model 3, all the Level 1 and Level 3 variables enter in the random intercept model.

Next, I add the Level 1 interaction terms in Model 4. Finally, Model 5 presents the full model including the cross-level interactions.

Hypothesis 1 is tested in Model 3, Hypothesis 2 is tested in Model 5 and Hypothesis 3 is tested in Model 4.

Hypothesis 1 states that the presence of bank in a network predicts the similarity of a given project to all other projects in a given network. Results in Model 3 show that the estimated effect of being present in a network is positive and significant (Model 3, $\beta = .30$, $p < .001$; Cohen's $f^{2.} = .16$). Thus, Hypothesis 1 is supported. Business group (Model 3, $\beta = .08$, $p < .001$) and practice network categories (Model 3, $\beta = .00$, $p < .01$) have positive and significant effect on the extent of similarity of a project, with business group having a larger effect size.

In Hypothesis 2, I argue that an organization's prominence in a given network positively moderates the relationship between presence in a network and similarity of a given project to the projects of network peers. There are 2 types of prominence measures in this study, described in Independent Variables section; economical (Level 1; Model 2) and historical (Level 3; Model 5). In line with the prediction of the hypothesis, the estimated effects of the interaction terms are positive and significant (Model 4 $\beta = .38$, $p < .01$; Cohen's $f^{2.} = .07$ and Model 5, $\beta = .33$, $p < .001$; Cohen's $f^{2.} = .11$). This finding lands support for Hypothesis 2.

I further explored the interaction relationship following the procedures set forth by Preacher, Curran and Bauer (2006). The conventional approach to examining significant interaction effects is to choose several conditional values of the moderating variable to evaluate the significance of the simple slope for the regression of dependent variable on the main effect (Aiken and West, 1991). For binary moderators, these are values of the dichotomy (0 and 1). The graph of the interaction effects presented in Figure 5.2 and Figure 5.3 shows that the effect of historical prominence and economical prominence is positive.

Hypothesis 3 states that for projects that are relatively more important for banks, the relationship between presence and similarity will be weaker. I used two alternative measures of projects' relative importance in the portfolio; citations in the annual letters to shareholders and age of the project. The estimated coefficient of the interaction effect using citations in the letters to shareholders is in the expected direction but not significant (Mode 4, $\beta = -.02$, n.s).

I run the same analysis using age of the project as the predictor variable, the effect of the moderation is negative and significant (Table 5.9 Model 4, β= -.33, p< .001; Cohen's $f^{2.}$ = .19). This lends partial support for Hypothesis 3. I further probed the interaction effects using the procedure set forth by Preacher et al., (2006). When using continuous variables as moderators, the choosing of conditional values for moderators is arbitrary. In the absence of theoretical guidance, choosing moderate (at the mean), high (at 1 SD above the mean) and low (at 1 SD below the mean) values of the moderating variable is advised (Cohen, Cohen and Aiken, 2003). Figure 5.4 shows that the relationship between presence in a network and project similarity becomes negative and significant as the project age increases. Therefore, Hypothesis 3 is partially supported.

With regard to control variables, the estimated effects for year dummies (Model 2, β= -.01, n.s.) and "listed" (Model 3, β= 01, n.s.) are not significant. Bank size (Model 2, β= 01, p < .001) and age of the bank (Model 2, β= .07, p < .001) have significant positive effect on the extent of similarity whereas the portfolio size (Model 2, β= -.03, p < .01), number of networks (Model 2, β= -.15, p < .001) and professionalization (Model 2, β= -.07, p < .01) has significant negative effects. All Bank categories have positive and significant effect on extent of similarity (Model 3) where deposit banks has the largest effect size, followed by Islamic and Development banks (Model 3, β= .04, p < .001; Model 3, β= .01, p < .001; Model 3, β= .00, p < .001).

For Hypothesis 3, 4 and 5, the dependent variable is the diversification level of the philanthropic portfolio. I run the same incremental improvement procedure explained earlier. The ICC for Level 1 and Level 2, are 7 and 56 respectively. This values show that most of the variance in dependent variable is between banks. For this set of hypothesis, I again used 'xtmixed' option in Stata 12 with maximum likelihood estimation method. The estimated effects, standard errors and variance components are presented in Table 5.7.

At Level 1; number of networks, network independence and domain substitution are predictors of portfolio diversification, whereas portfolio size, size of the bank, age of the bank, banks' profitability, professionalization and year dummies are used as control variables. At Level 3; bank and network categories and whether it is a public company (listed) are added as controls.

Model 2 in Table 5.7 is the random intercept model with Level 1 variables. In Model 3, all the Level 1 and Level 3 variables enter in the random intercept model. Model 4 presents the full model including the Level 1 interactions. Hypothesis 4 is tested in Model 3, Hypothesis 5 and 6 are tested in Model 4.

Hypothesis 4 argues that organizations with multiple network memberships are more likely to have diversified philanthropic portfolios. The positive significant effect of 'number of networks' (Model 3, β= .41, p< .001; Cohen's $f^{2.}$ = .21) lends support for Hypothesis 4.

Hypothesis 5 states that domain substitution positively moderates the relationship between network multiplicity and portfolio diversification. The interaction between network multiplicity and domain substitution is positive and significant (Model 4, β= .42, p< .001; Cohen's $f^{2.}$ = .06). Figure 5.6 show that when there is domain substitution, portfolio diversity increases. Therefore, Hypothesis 5 is also supported.

In Hypotheses 6, I predict that the independence of network positively moderates the relationship between network multiplicity and portfolio diversification. The interaction effect between "network independence" and "portfolio diversity" is positive and significant (Model 4, β= .47, p< .01; Cohen's $f^{2.}$ = .10). I applied the simple slopes approach described earlier to further probe this interaction relationship. Figure 5.5 shows that the relationship between network multiplicity and portfolio diversification is stronger when network independence is greater. Hypothesis 6 is supported.

With regard to control variables, the estimated effects for year dummies are not significant (Model 2, β= -.01, n.s.) except for year2012 (Model 2, β= .00, p <10). Size of the bank (Model 2, β= .34, p < .001), size of the portfolio (Model 2, β= .11, p < .001), age of the bank (Model 2, β= .06, p < .01) and profitability (Model 2, β= .11, p < .01) have positive and significant effects on portfolio diversification. Professionalization has significant negative impact on diversification (Model 2, β= -.11, p < .01) All bank categories have positive and significant effects on portfolio diversification (Model 3). The effect sizes and significance levels for Deposit, Islamic and Development banks are listed respectively. (Model 3, β= .14, p < .001; Model 3, β= .07, p < .001; Model 3, β= .00, p <.01). Whether the bank is public (Listed) is not significant (Model 3, β= -.13, n.s.). Business group (Model 3, β= .00, p < .001) and practice network categories (Model 3, β= .08, p <.01) have positive and significant impacts on the diversification level of the portfolio.

Hypothesis 7 argues that portfolio diversity is positively associated with social performance of an organization. To test Hypothesis 7, I used 'xtmelogit' option in Stata 12. The estimated effects, standard errors and variance components are presented in Table 5.8. The ICC's for Level 2 and Level 3 are 7 and 78 respectively. This shows there is large amount of between bank variance and within bank covariates explain little variance.

At Level 1; portfolio diversification is the predictor of social performance, whereas portfolio size, bank size, number of networks, number of employees, bank's age, banks' profitability, professionalization, media visibility and year dummies are used as control variables. At Level 3; bank categories, network categories and whether it is a public bank (listed) are controls.

Model 2 in Table 5.8 is the random intercept model with Level 1 variable. Model 2 presents the time-varying variables. Model 3 is the full model.

The positive significant effect of 'portfolio diversity' (Model 3, $\beta = .38$, $p < .001$; Cohen's $f^{2.} = .21$) lends support for Hypothesis 7.

For the control variables, the estimated effect for profitability is not significant (Model 2, $\beta = -.01$, n.s.). Bank size (Model 2, $\beta = .25$, $p < .001$), age of the bank (Model 2, $\beta = .14$, $p < .001$), portfolio size (Model 2, $\beta = .12$, $p < .01$), media visibility (Model 2, $\beta = .21$, $p < .01$) and number of networks (Model 2, $\beta = .12$, $p < .01$), professionalization (Model 2, $\beta = .05$, $p < .001$) have positive and significant effects on social performance. Listed banks are more likely to have better social performances (Model 3, $\beta = 0.13$, $p < .01$). The estimated effect for Islamic bank category is not significant (Model 3, $\beta = -.01$, n.s), whereas for development banks (Model 3, $\beta = .14$, $p < .01$) and deposit banks (Model 3, $\beta = .07$, $p < .01$) the effects are positive and significant. Business group networks (Model 3, $\beta = .11$, $p < .01$) and practice networks have significant positive impact on social performance (Model 3, $\beta = .07$, $p < .01$). The year dummies are not significant (Model 2, $\beta = -.01$, n.s.) except for year2012 (Model 2, $\beta = .00$, $p<10$).

I run the same model with positive media tenor as the predictor variable by using 'xtmixed' option in Stata 12 with maximum likelihood estimation method. The effect of the predictor is positive and significant (Table 5.10, Model 3, $\beta = .25$, $p < .001$). This result further validates the support for Hypothesis 7.

5.3 Additional Analyses

I run a set of additional analysis to increase the confidence in the above analysis.

First, I tested Hypothesis 2 with a different operationalization of network prominence. Network scholars use board interlocks frequently as interlocks are seen as the most powerful channels through which learning occurs (Hernandez, Sanders and Tuschke, 2014). I operationalize network centrality as the board interlocks among the companies (Hernandez et al,, 2014; Mani and Moody, 2014). I devised 4 separate measures of board interlocks for each network type. For each network type, Bank A and B are assigned a value of 1 in the n*n matrix if an individual affiliated with A shares a board membership with a person affiliated with B or vice versa, and assigned a value of zero otherwise. For industry network, board interlocks are based on the board membership to TBB. For business group networks, board interlocks are calculated for all business group affiliates. For practice network, board interlocks are calculated for each NGO board, then aggregated to a single centrality score for each bank. For multinational networks, the board interlocks are calculated based on the interlocks between the Turkish subsidiary and all other global subsidiaries.

I replicated the same procedure explained above, this time using board interlock as the prominence measure for networks. The direction and significance of the hypothesized effect of prominence and project similarity, presented in Table 5.1, are to a great extent consistent with the main analysis. The results of board interlock as the prominence measure mostly replicated those of economical prominence reported in Table 5.6, Model 5.

For the second set of additional analysis, I added project content categories as Level 2 control variables in Model 1 to see if the proposed relationships in the models hold across project categories. I added 5 dummy variables. The results for this analysis are presented in Table 5.12. Results show that project categories are not significant except for educational projects. The ICC score for Level 2 improved slightly, from 13.4 to 17, however this effect may be due to adding more variables rather than explaining more variance. The effects and significance levels of main predictor remained similar. In unreported findings, I alternated project categories with structural domain dummies, audience domain dummies and dummies for all 3 domains. Results remained mostly the same.

Last, I ran all 3 models with generalized estimating equations (GEE) using xtgee command in Stata12. GEE is an extension of the generalized linear model that allow for correlated observations. It characterizes the marginal expectation (average response for observations sharing the same covariates) as a junction of covariates. GEE takes dependence among units nested in clusters into account. Marginal effects can be consistently estimated, even if the dependence among observations within a cluster is not properly modeled (Rabe-Hesketh and Skrondal, 2005). The results of GEE estimates (Table 5.13; 5.14 and 5.15) are highly consistent with the main analysis using multilevel modeling, landing further confidence for the main analysis.

Figure 5.1 Number of projects per year

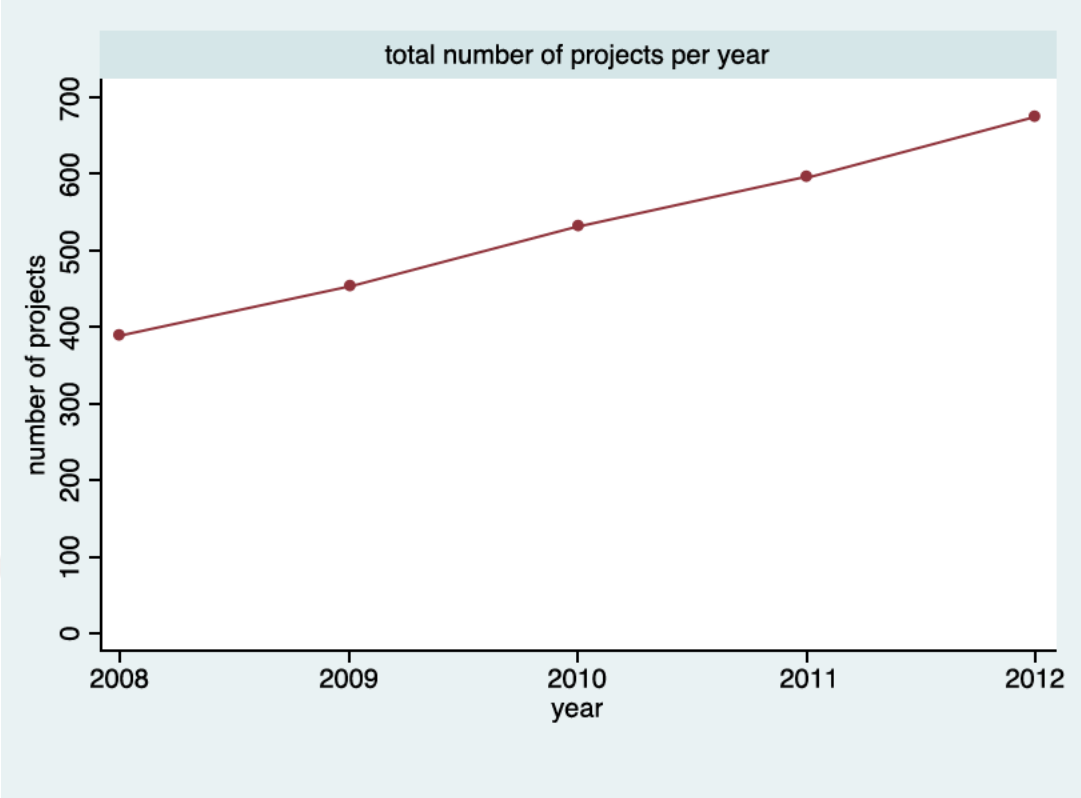


Figure 5.2 The interaction with historical prominence and network presence

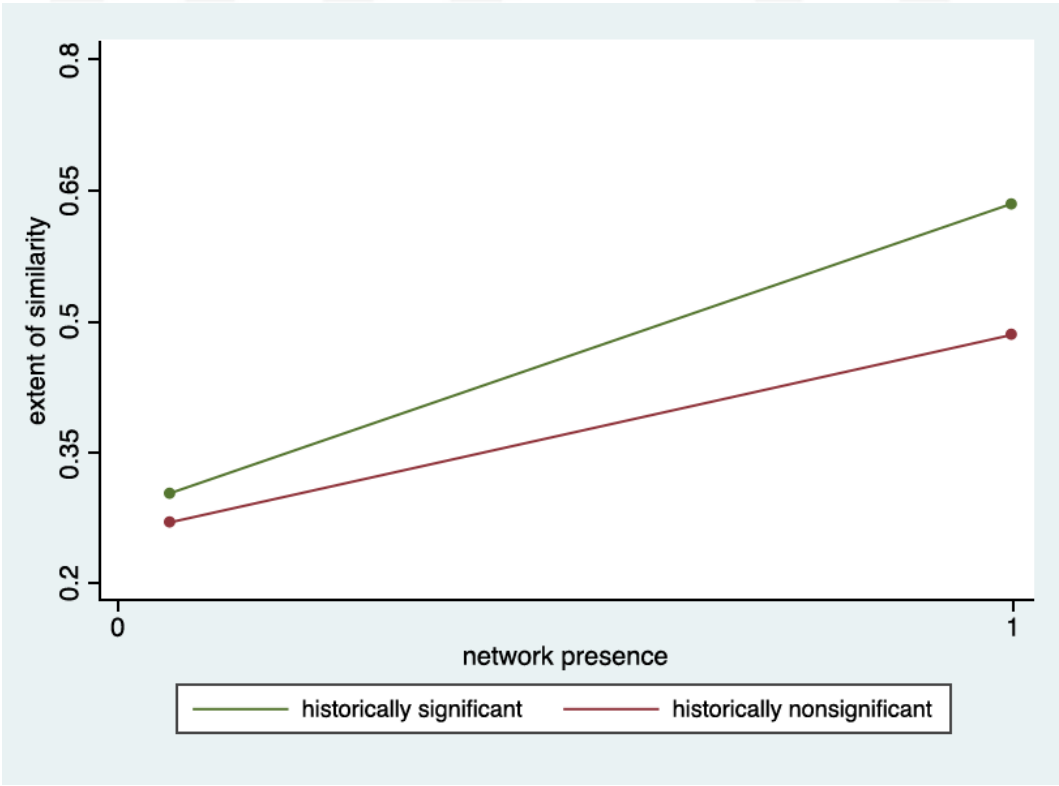


Figure 5.3 The interaction with economical prominence and network presence

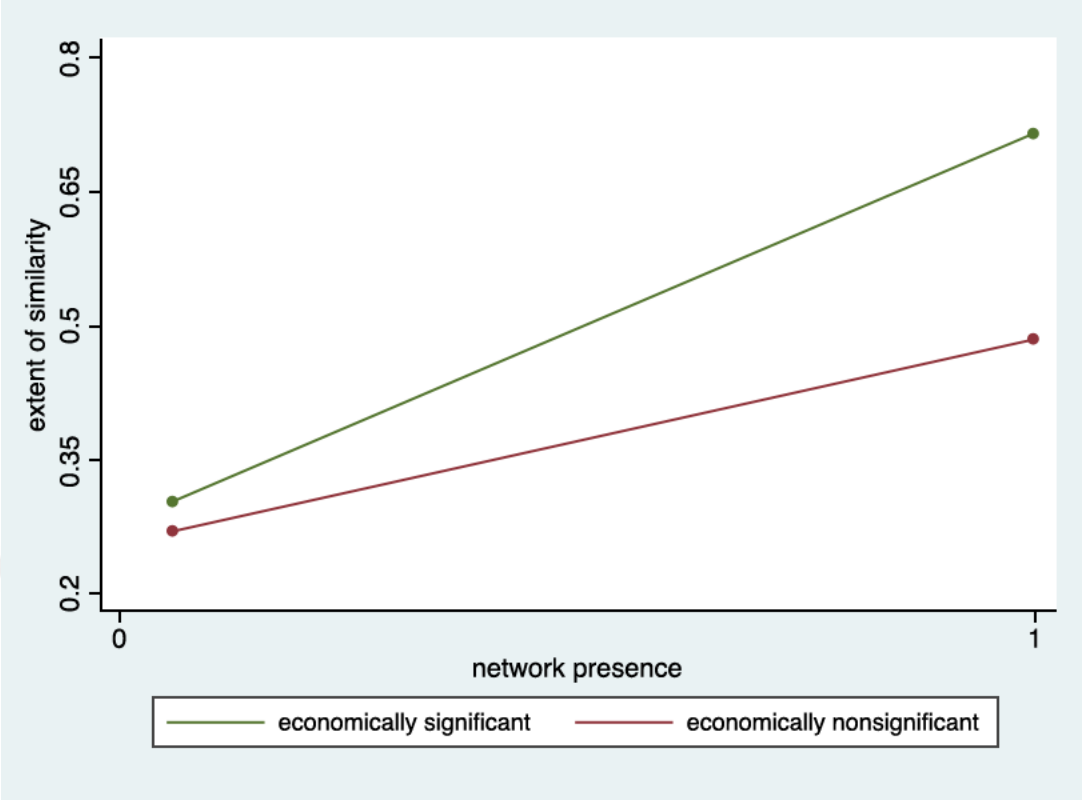


Figure 5.4 The interaction with project importance and network presence

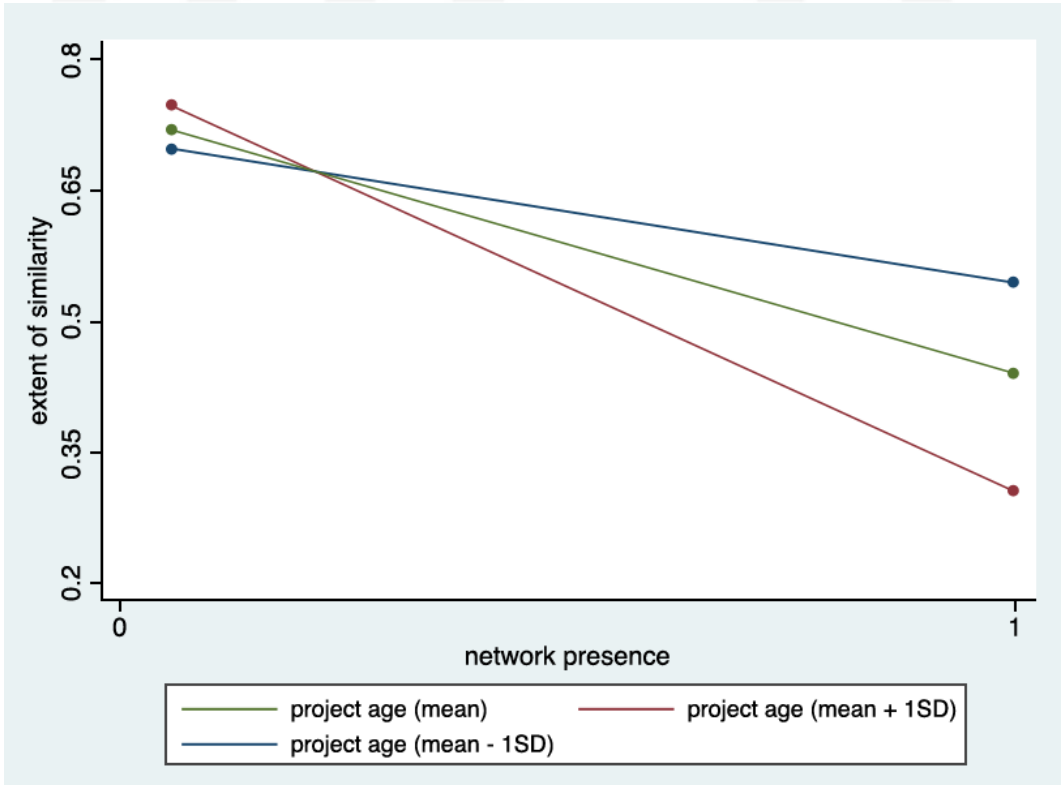


Figure 5.5 The interaction with network independence and network multiplicity

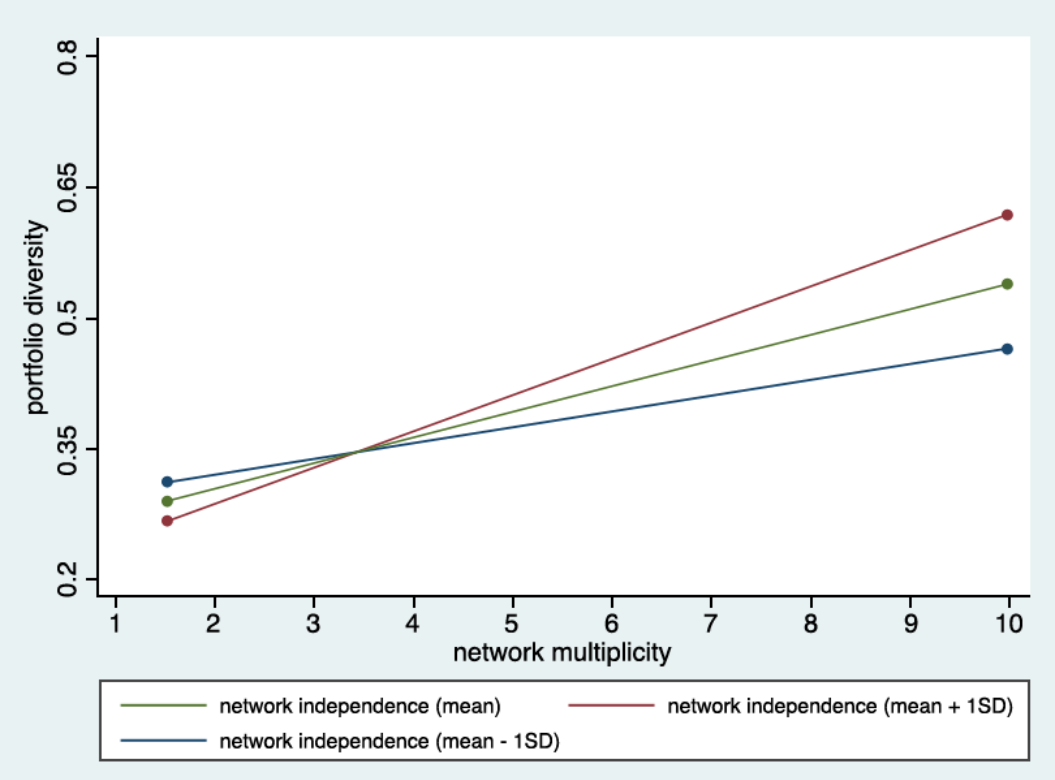


Figure 5.6 The interaction with domain substitution and network multiplicity

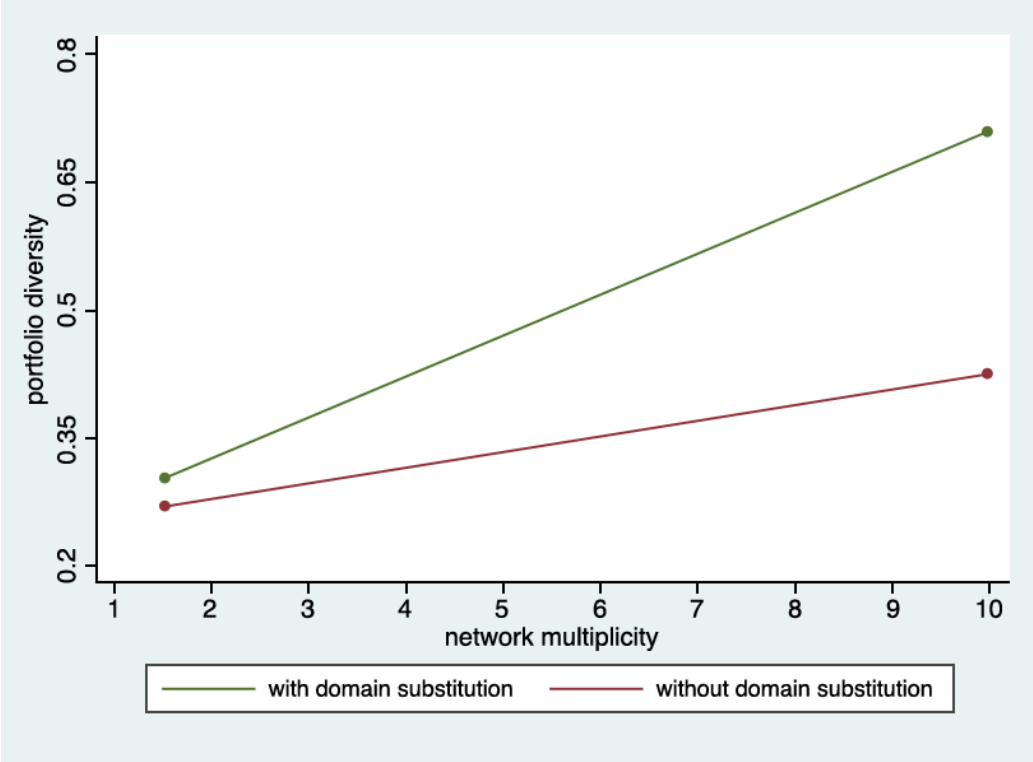


Table 5.1 Projects by Content

	2008	2009	2010	2011	2012	Total
Education	114	118	125	144	169	670
Health and disaster relief	10	11	17	34	25	97
Arts and culture	99	97	108	112	113	529
Sports	43	51	62	62	66	284
Environment	35	66	77	94	100	372
Social	93	112	141	146	202	694
Total	394	455	530	592	675	2,646

Table 5.2 Projects by Audience

	2008	2009	2010	2011	2012	Total
Customers	31	42	59	56	69	257
University students	29	28	31	38	49	175
Industry	52	81	98	108	145	484
Vulnerable groups	38	51	60	74	84	307
Local people	54	51	51	70	59	285
Society	94	105	110	111	119	539
Employees	32	38	57	60	67	254
Students	64	59	64	75	83	345
Total	394	455	530	592	675	2,646

Table 5.3 Projects by Method

	2008	2009	2010	2011	2012	Total
Solo projects	165	175	204	227	237	1,008
Donations and sponsorship	118	140	148	171	236	813
Joint projects	111	140	178	194	202	825
Total	394	455	530	592	675	2,646

Table 5.4 Projects by Partner

	2008	2009	2010	2011	2012	Total
Group	20	25	25	40	36	146
Educational institutions	25	20	22	33	40	140
Industry	37	53	79	71	108	348
State	59	67	73	97	85	381
NGO	88	115	127	124	169	623
Total	229	280	326	365	438	1,638

Table 5.5 Means, Standard deviations and correlations

Study Variables		Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Network presence	.082	.27													
2	Similarity	.06	.33	.43												
3	Historical significance	.367	.39	.07	.12**											
4	Economic significance	.596	.49	.13	.09*	.18***										
5	Project age	6.4	1.02	-.02*	.13**	.08**	-.21*									
6	Project importance	.07	.26	.02	-.10*	.07*	.06***	.21**								
7	Media tenor	2.7	.24	.02	.11	.07***	.04***	.08	.07							
8	Number of networks	3.2	.92	.17*	-.10*	.28	.38**	-.10*	.06***	.21*						
9	Domain substitution	.53	.49	.04***	.-21**	.01***	-.01***	.08***	.01*	-.01+	.01*					
10	Network independence	.888	18	-.14**	.15	-.30*	-.37**	.01**	-.03***	-.19**	-.00	.13				
11	Portfolio diversification	.345	.12	-.07**	.13	-.30***	-.24**	.03**	-.09***	-.37**	-.02**	.34***	.34**			
12	Portfolio size	4.41	.18	.12***	-.10*	.32***	.20***	.04***	.07*	.58+	.02***	-.30**	-.53**	.37**		
13	Bank age	34,3	.28	.01*	-.06*	.45***	-.24***	.15***	.00	.13**	.01**	-.19*	-.36**	.50*	.42**	
14	Public	.787	.41	.04**	.11	.43**	.01***	.04*	.10***	.29**	.01***	-.33*	-.43+	.34***	.24**	.12*
15	Profits	6.35	.17	.09**	-21	.55**	.10*	-.00	.12**	.38**	.01**	-.46*	-.28*	.34*	.47***	.52*
16	Bank size	8.71	1.3	.07***	.08*	.53*	.26***	.04***	.12***	.31***	.02*	-.35**	-.25***	.47*	.32***	.46**
17	Media visibility	.035	.10	-.03*	.12	-.41*	-.29*	-.06*	-.04**	-.18**	-.02*	.13+	.05***	-.24**	-.23**	-.23**
18	Commercial banks	.820	.38	.05*	.09	.43**	.18***	.10**	.04***	.11***	.02***	-.23*	-.30**	.45*	.35**	.20**
19	Development Banks	.082	.27	-.04***	.11	-.16***	-.37**	-.06**	-.04**	-.14**	-.01***	.10***	.31***	-.20**	-.04*	.04***
20	Development Banks	.004	.06	-.01*	.13	-.13***	-.10*	-.01+	-.02***	-.05*	.00	.04*	.28**	-.11***	-.07**	-.12***
21	Islamic Banks	.093	.29	-.02***	.21	-.39*	.12***	-.07*	-.01**	.00	-.01+	.20***	.04***	-.38**	-.42**	-.27***
22	Professionalization	.32	.12	-.20	-.10*	-.00	.00	-.00	-.00	.00	-.10***	-.00	.00	.00	-.00	.00
23	Business group network	.243	.42	-.08**	.32	.00	.00	-.00	.00	.00	.02***	.00	-.00	-.00	-.00	.21**
24	Practice network	.134	.34	.12***	.21	-.00	-.00	-.00	-.00	-.00	.09**	-.00	-.00	.00	-.00	-.00
25	Year2009	.173	.38	-.02**	.01	.00	-.00	.00	.04***	-.03***	-.04**	.09***	.06***	-.11**	-.02***	.02**
26	Year2010	.202	.40	.00	.00	-.00	.03**	.00	-.01**	.04**	-.02***	-.04***	-.00	-.00	-.02**	.01***
27	Year2011	.224	.42	.00	.01	-.04**	.02***	-.01+	-.03***	-.00	-.00	-.06**	-.08***	0.05**	-.01**	-.02*
28	Year2012	.253	.43	.03***	.02	.05***	-.03***	-.01*	-.02***	.08**	.05***	-.08***	-.08***	.21***	.05***	-.01+

Study Variables		14	15	16	17	18	19	20	21	22	23	24	25	26	27
1	Network presence														
2	Similarity														
3	Historical significance														
4	Economic significance														
5	Project age														
6	Project importance														
7	Media tenor														
8	Number of networks														
9	Domain substitution														
10	Network independence														
11	Portfolio diversification														
12	Portfolio size														
13	Bank age														
14	Public														
15	Profits	.17+													
16	Bank size	.33**	.43**												
17	Media visibility	-.20**	.11*	.41**											
18	Commercial banks	.36**	.37***	-.14***	.17*										
19	Development Banks	-.26**	-.21*	.06*	-.34***	.01*									
20	Development Banks	-.11**	-.22***	.08*	-.14***	-.02*	.01*								
21	Islamic Banks	-.21**	-.15***	.11***	-.29**	-.10***	-.02**	-.12+							
22	Professionalization	-.00	.00	-.00	-.00	-.00	.00	.00	.34**						
23	Business group network	.17***	.32**	.27**	-.00	-.00	.00	.00	-.69*	.12*					
24	Practice network	.00	-.00	-.00	.00	.00	-.00	.00	-.48**	-.22***	.03*				
25	Year2009	-.01*	-.01*	.04***	.00	.01*	-.00	-.01**	.00	-.00	-.00	.00			
26	Year2010	.00	-.02***	.04***	-.01*	.02***	-.01+	-.00	-.00	.00	.00	-.23**	.00		
27	Year2011	-.01**	-.00	-.01*	.01**	-.01**	-.01**	.00	-.00	-.00	.00	-.25**	-.27*	.00	
28	Year2012	.10***	.03***	-.05***	-.01***	.01***	.01*	.00	-.00	-.00	-.00	-.27**	-.29*	-.31*	.00

N=10,584 projects (35 banks), +p<.10; *p<.05; **p<.01; ***p<.001, two-tailed test

Table 5.6 Model 1: Multilevel models of extent of similarity

	Model 1		Model 2		Model 3		Model 4		Model 5	
	estimate	SE	estimate	SE	estimate	SE	estimate	SE	estimate	SE
Intercept	.12***	.03	.12***	.03	.12***	.03	.12***	.03	.09***	.03
Level 1										
Network presence			.28***	.01	.30***	.01	.30***	.01	.31***	.01
Economic prominence			.03	.05	.02	.05	.03+	.05	0.03+	.05
Project importance			.10	.01	.10	.01	.10	.01	0.10	.01
Project age			-.13*	.05	-.13*	.05	-.13*	.05	-.13*	.05
Portfolio size			-.03***	.00	-.03***	.00	-.03***	.00	.00	.00
Number of networks			-.15**	.01	-.15**	.01	-.15**	.01	-.17**	.01
Bank size			.01***	.00	.01***	.00	.01***	.00	.01***	.00
Bank Age			.07**	.03	.08**	.03	.08**	.03	.07***	.03
Professionalization			-.07**	.02	-.09**	.03	-.07**	.02	-.07**	.02
Year2009			-.01	.07	-.01	.07	-.01	.07	-.01	.07
Year2010			-.01	.01	-.01	.01	-.01	.01	-.01	.01
Year2011			-.01	.03	-.02	.03	-.01	.03	-.01	.03
Year2012			-.01	.07	-.01	.07	-.01	.07	-.01	.07
Level 3										
Deposit banks					.04+	.00	.04+	.00	.03+	.00
Development banks					.00+	.00	.00+	.00	.00+	.00
Islamic banks					.01+	.00	.01+	.00	.01+	.00
Historical prominence					.07*	.02	.07*	.02	.07*	.02
Listed					.01	.03	.01	.03	.01	.03
Business Group					.08***	.02	.00	.02	.00*	.02
Practice network					.00**	.01	.08	.01	.00*	.01

Level 1 Interactions										
Economic significance X Network presence							.38**	.05	.38**	.05
Project importance X Network presence							-.02	0.01	-.02	0.01
Cross Level interactions										
Historical significance X Network presence									.33***	.07
Random components										
Level2										
var(intercept)	.14	.02	.11	.02	.11	.02	.11	.02	.11	.02
var(residual)	.04	.00	004	.00	.04	.00	.04	.00	.04	.00
Level3										
var(intercept)	.32	.02	.27	.02	.27	.00	.27	.00	.27	.00
Model Fit										
Log Likelihood	131492.06		132228.7		132228.7		78807.66		78903.06	
Wald	NA		1216.51		1311.78		1357.03		1415.23	
Variance decomposition (percentage by Level)										
Level2	13.4									
Level3	47									

+p<.10, p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted

Table 5.7 Model 2: Multilevel models of portfolio diversification

	Model 1		Model 2		Model 3		Model 4	
	estimate	SE	estimate	SE	estimate	SE	estimate	SE
Intercept	.51***	0.09	32***	1.3	.31***	1.2	.31***	1.2
Level 1								
Number of networks			.41***	.00	.41***	0.00	.41***	.00
Network independence			.07*	.03	.07+	0.03	0.06+	.03
Domain substitution			.01*	.05	.01*	0.05	0.02*	.04
Portfolio size			.11**	.00	.11***	.00	.10***	.00
Bank size			.34***	.00	.33***	.00	.34***	.00
Bank age			.06**	.07	.06**	0.07	.06**	.07
Profitability			.11**	.06	.11**	.06	.09**	.04
Professionalization			-.11**	.00	-.10**	.00	-.10**	.01
Year2009			-.01	.07	-.01	0.07	-.01	.07
Year2010			-.01	.01	-.01	0.01	-.01	.01
Year2011			-.01	.03	-.02	0.03	-.01	.03
Year2012			.00+	.07	.00+	0.06	.00+	.07
Level 3								
Deposit banks					.14***	.00	.14***	.00
Development banks					.00**	.00	.00**	.00
Islamic banks					.07**	.00	.07**	.00
Listed					-.13	0.03	-.13	.03
Business group network					.00***	.00	.00*	.02
Practice network					.08**	.01	.08*	.01
Level 1 Interactions								

Network independence X Network multiplicity							0.47**	0.01
Domain substitution X Network multiplicity							0.42***	0.03
Random components								
Level2								
var(intercept)	.06	.01	.06	.01	.06	.01	.06	.01
var(residual)	.005	.00	.005	.00	.005	.00	.002	.00
Level3								
var(intercept)	.056	0.00	.047	.00	.049	.01	.059	.00
Model Fit								
Log Likelihood	169364.53		180445.97		186714.2		187190.44	
Wald	NA		13555.80		28148.60		29527.78	
Variance decomposition (percentage by Level)								
Level2	7							
Level3	56							

+p<.10, p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted.

Table 5.8 Model 3: Multilevel models of philanthropy awards

	Model 1 estimate	SE	Model 2 estimate	SE	Model 3 estimate	SE
Intercept	-20.5***	1.7	-20.5***	1.9	-31.5***	1.7
Level 1						
Portfolio diversification			.37***	.06	.38***	.07
Portfolio size			.12**	.03	.12**	.03
Number of networks			.12**	.01	.12**	.01
Profitability			-.01	.00	-.01	.00
Bank size			.25***	.09	.25***	.09
Bank age			.14***	.09	.14***	.08
Professionalization			.05***	.07	.05***	.07
Media visibility			.21**	.07	.22**	.07
Year2009			-.01	.07	-.01	.07
Year2010			-.01	.01	-.01	.01
Year2011			-.02	.03	-.01	.03
Year2012			.00+	.06	.00+	.07
Level 3						
Deposit banks					.07**	.06
Development banks					.14**	.05
Islamic banks					-.01	.00
Listed					0.13**	.03
Business Group network					.11**	.07
Practice network					.07**	.06
Random components						
Level2						
var(intercept)	.06	.01	.06	.01	.06	.01
var(residual)	.005	.00	.005	.00	.005	.00
Level3						
var(intercept)	.13	.07	.17	.09	.2413131	.07
Model Fit						
Log Likelihood	169364.53		36.896.382		36.896.382	
Wald	NA		394.80		410.789	
Variance decomposition (percentage by level)						
Level2	7					
Level3	78					

+p<.10, p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted

Table 5.9 Model 1: Multilevel models of extent of similarity with project age

	Model 1 estimate	SE	Model 2 estimate	SE	Model 3 estimate	SE	Model 4 estimate	SE	Model 5 estimate	SE
Intercept	.20***	.03	.20***	.06	.20***	.06	.20***	.06	.19***	.06
Level 1										
Network presence			.28***	.01	.28***	.01	.30***	.01	.30***	0.01
Economic significance			0.03	.05	0.02	.05	.03+	.05	.03	0.05
Project age			-.17*	.05	-.17*	.05	-.16*	.05	-0.17*	0.05
Portfolio size			-.03***	.00	-.03***	.00	-.03***	.00	.00	.00
Number of networks			-.15**	.01	-.15**	.01	-.15**	.01	-.17**	.01
Bank size			.01***	.00	.01***	.00	.01***	.00	.01***	0.00
Bank Age			.11**	.03	.11**	.03	.11*	.03	.11***	.02
Professionalization			-.09**	.02	-.09**	.03	-.07**	.02	-.07**	.02
Year2009			.01	.07	.01	.07	.01	.07	.01	0.07
Year2010			.01	.01	.01	.01	.01	.01	.01	0.01
Year2011			.03	.03	.03	.03	.03	.03	.03	0.03
Year2012			.02	.07	.02	.07	.02	.07	.02	0.07
Level 3										
Deposit banks					.02+	.00	.02+	.00	.02+	.00
Development banks					.00+	.00	.00+	.00	.00+	.00
Islamic banks					.01+	.00	.01+	.00	.01+	.00
Historical Significance					.01*	.02	.01*	.02	.01*	.02
Listed					.01	.03	.01	.03	.01	.03
Business Group					.11***	.03	.08	.02	.08*	.03
Practice network					.00**	.01	.00	.01	.00*	.01
Level 1 Interactions										
Economic significance X Network presence							.36	.11	.36	.11

Project age X Network presence							-.33***	0.06	-.33***	0.06
Cross Level interactions										
Historical significance X Network presence									.33***	.06
Random components										
Level2										
var(intercept)	.11	.02	.11	.02	.11	.02	.11	.02	.11	.02
var(residual)	.04	.00	.04	.00	.04	.00	.04	.00	.04	.00
Level3										
var(intercept)	.07	.02	.07	.02	.07	.02	.07	.02	.07	.02
Model Fit										
Log Likelihood	131492.06		132228.7		132228.7		78807.66		78807.66	
Wald	NA		1716.87		1916		1752.11		1262.55	
Variance decomposition (percentage by Level)										
Level2	15									
Level3	46.7									

+p<.10, p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted.

Table 5.10 Model 3: Multilevel model of positive media tenor

	Model 1 estimate	SE	Model3 estimate	SE	Model3 estimate	SE
Intercept	.23	.06	.21	.06	.20	.05
Level 1						
Portfolio diversification			.23***	.11	.25***	.11
Portfolio size			.11**	.03	.11**	.03
Number of networks			.22**	.11	.22**	.11
Profitability			.08+	.07	.08+	.07
Bank size			.27***	.09	.26***	.09
Bank age			.23***	.09	.23***	.08
Professionalization			.15***	.08	.15***	.07
Media visibility			.16**	.07	.16**	.07
Year2009			.08	.07	.08	.07
Year2010			.06	.01	.05	.01
Year2011			.06	.03	.06	.01
Year2012			.08	.06	.08	.07
Level 3						
Deposit banks					.11**	.07
Development banks					.11**	.05
Islamic banks					.08	.00
Listed					.08	.07
Business Group network					.10**	.06
Practice network					.08**	.05
Random components						
Level2						
var(intercept)	.06	.01	.06	.01	.06	.01
var(residual)	.005	.00	.005	.00	.006	.00
Level3						
var(intercept)	.23	.06	.23	.06	.2413131	.05
Model Fit						
Log Likelihood	269464.27		-36820.63		-5682.87	
Wald	NA		405.99		521.889	
Variance decomposition (percentage by level)						
Level2	6					
Level3	79					

+p<.10, p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted

Table 5.11 Model 1: Multilevel models of extent of similarity with board interlocks

	Model 1		Model 2		Model 3		Model 4	
	estimate	SE	estimate	SE	estimate	SE	estimate	SE
Intercept	.12***	.03	.12***	.03	.12***	.03	.12***	.77
Level 1								
Network presence			.28***	.01	.30***	.01	.29***	.01
Network centrality			.01*	.05	.02*	.05	.01+	.05
Project importance			.10	.01	.10	.01	.10	.01
Project age			-.13*	.05	-.11*	.05	-.11*	.05
Portfolio size			-.05***	.00	-.03***	.00	-.05***	.00
Number of networks			-.15**	.01	-.15**	.01	-.14**	.01
Bank size			.01***	.00	.01***	.00	.01***	.00
Bank Age			.08**	.03	.08**	.03	.08**	.03
Professionalization			-.08**	.02	-.08**	.03	-.07**	.02
Year2009			-.01	.07	-.01	.07	-.01	.07
Year2010			-.04	.01	-.04	.01	-.04	.01
Year2011			-.01	.03	-.02	.03	-.01	.03
Year2012			-.03	.07	-.03	.07	-.03+	.07
Level 3								
Deposit banks					.04+	.00	.04+	.00
Development banks					.00+	.00	.00+	.00
Islamic banks					.01+	.00	.01+	.00
Listed					.07	.03	.06+	.03
Business Group					.08***	.02	.00	.02
Practice network					.00**	.01	.00	.01
Level 1 Interactions								
Network centrality X Network presence							.35**	.03

Random components								
Level2								
var(intercept)	.11	.02	.11	.02	.11	.02	.10	.02
var(residual)	.07	.000	.05	.000	.05	.000	.05	.000
Level3								
var(intercept)	.30	.02	.29	.02	.29	.00	.28	.00
Model Fit								
Log Likelihood	161497.06		142728.7		131128.7		78903.87	
Wald	NA		1414.81		1309.03		1447.98	
Variance decomposition (percentage by level)								
Level2	11.8							
Level3	46							

+p<.10, p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted

Table 5.12 Multilevel models of extent of similarity with project categories

	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	estimate	SE	estimate	SE	estimate	SE	estimate	SE	estimate	SE	estimate	SE
Intercept	.20***	.03	.20***	.03	.20***	.03	.19***	.03	.20***	.77	.17***	.03
Level1												
Network presence			.28***	.01	.28***	.01	.30***	.01	.30***	.01	.31***	.02
Economic significance			.03	.05	.03	.05	.02	.05	.03+	.04	.02+	.04
Project importance			.10	.01	.10	.01	.10	.01	.09	.02	.09	.02
Project age			-.13*	.05	-.13*	.05	-.12*	.05	-.12*	.05	-.12*	.05
Portfolio size			-.03***	.00	-.03***	.00	-.03***	.00	-.03***	.00	.00**	.00
Number of networks			-.15**	.01	-15**	.01	-.15**	.01	-.15**	.01	-.17**	.01
Bank size			.01***	.00	.01***	.00	.01***	.00	.01***	.00	.01***	.00
Bank Age			.08**	.03	.08**	.03	.08**	.02	.08**	.03	.07***	.03
Professionalization			-.09**	.02	-.09**	.02	-.09**	.03	-.07**	.02	-.06**	.02
Year2009			-.01	.07	-.01	.07	-.03	.07	-.03	.07	-.03	.07
Year2010			-.01	.01	-.01	.00	-.01	.01	-.01	.01	-.01	.01
Year2011			-.01	.03	-.05	.03	-.05	.03	-.06	.06	-.06	.03
Year2012			-.01	.07	-.01	.07	-.01	.07	-.01	.07	-.01	.07
Level 2												
Education					.12+	.03	.12+	.03	.11+	.03	.12+	.03
Arts and culture					.07	.00	.07	.00	.07	.00	.07	.00
Sports					.06	.01	.04	.01	.06	.01	.04	.01
Social					.13	.02	.11	.02	.13	.02	.12	.02
Environment					.05	.01	.05	.01	.05	.01	.05	.01
Level 3												
Deposit banks							.04+	.00	.04+	.00	.03+	.00
Development banks							.00+	.00	.00+	.00	.00+	.00
Islamic banks							.01+	.00	.01+	.00	.01+	.00
Historical Significance							.07*	.02	.07*	.02	.07*	.02

Listed							.01	.03	.01	.03	.01	.03
Business Group network							.08***	.02	.00	.02	.00*	.02
Practice network							.00**	.01	.00	.01	.00*	.01
Level 1 Interactions												
Economic significance X Network presence									.36**	.05	.36**	.05
Project importance X Network presence									-.01	0.01	-.01	0.01
Cross Level interactions												
Historical significance X Network presence											.37***	.07
Random components												
Level2												
var(intercept)	.11	.03	.09	.02	.09	.02	.09	.02	.08	.02	.08	.02
var(residual)	.04	.000	.04	.000	.04	.000	.04	.000	.04	.000	.04	.000
Level3												
var(intercept)	.07	.02	.07	.02	.06	.02	.03	.02	.04	.01	.03	.01
Model Fit												
Log Likelihood	242592.0		243339.8		243581		246892.13		45390.89		43728.17	
Wald	NA		879.07		889.17		890.5		761.7		899.67	
Variance decomposition (percentage by level)												
Level2	17											
Level3	46											

+p<.10, *p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted.

Table 5.13 Model 1: GEE models of extent of similarity

	Controls		Main effects		Interactions	
	estimate	SE	estimate	SE	estimate	SE
Network presence			1.28***	0.89	1.28***	.89
Economic significance			1.3+	0.85	1.3+	.87
Historical Significance			.77*	.42	.77*	.42
Project importance			1.10	.67	1.10	.67
Project age			-0.68*	0.05	-.68*	.05
Portfolio size	-1.03***	.87	-1.03**	.87	-1.01**	.82
Number of networks	-1.15**	.78	-1.15**	.78	-1.17**	.78
Bank size	1.71***	.98	1.73***	.98	1.71***	.98
Bank Age	.78**	.13	.78**	.13	.77***	.11
Professionalization	-.99**	.33	-.97**	.33	-.97**	.33
Year2009	-.91	.14	-.91	.14	-.91	.14
Year2010	-.76	.11	-.76	.11	-.76	.11
Year2011	-.65	.17	-.65	.17	-.65	.16
Year2012	-.97	.23	-.97	.23	-.97	.19
Deposit banks	.14+	.11	.14+	.11	.13+	.11
Development banks	.06+	.17	.00+	.17	.06+	.16
Islamic banks	.01+	.13	.01+	.13	.01+	.13
Listed	.01	.14	.01	.14	.01	.14
Business Group	.88***	.32	.00	.32	.18*	.29
Practice network	.17**	.31	.00	.31	.11*	.30
Economic significance X Network presence					1.98**	.05
Historical significance X Network presence					1.67***	.07
Project importance X Network presence					-1.34	0.01
Model Chi2	168.898***		189.345***		179.614***	

Link: logit; family: binomial.

+p<.10, *p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted

Table 5.14 Model 2: GEE models of portfolio diversification

	Controls		Main Effects		Interactions	
	estimate	SE	estimate	SE	estimate	SE
Number of networks			1.47***	.98	1.47***	.98
Network independence			1.17*	.56	1.17*	.56
Domain substitution			.91*	.76	.91*	.76
Portfolio size	1.13***	.87	1.11***	.87	1.13***	.87
Bank size	1.15**	.78	1.15**	.78	1.14**	.78
Bank age	1.71**	.98	1.71**	.98	1.70**	.98
Profitability	.78**	.13	.77**	.13	.77**	.13
Professionalization	1.99*	.33	1.97*	.33	1.91*	.33
Year2009	-.91	.14	-.90	.14	-.91	.14
Year2010	.78	.11	.78	.11	.76	.11
Year2011	.65	.17	.64	.17	.65	.17
Year2012	-.97	.23	-.95	.23	-.93	.23
Deposit banks	.14+	.11	.11+	.11	.14+	.11
Development banks	.06+	.17	.06+	.17	.05+	.17
Islamic banks	.11+	.13	.11+	.13	.09+	.13
Listed	.78	.14	.77	.14	.77+	.14
Business group network	.79*	.32	.78*	.32	.78*	.30
Practice network	.17**	.31	.16**	.30	.15**	.31
Network independence X Network multiplicity					1.77**	1.01
Domain substitution X Network multiplicity					1.19***	1.13
Model Chi2	110.67***		268.56***		145.14***	

Link: logit; family: binomial.

+p<.10, *p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584(35 banks), Investment banks and MNC networks are omitted

Table 5.15 Model 3: GEE models of social performance

	Controls		Main effects	
	estimate	SE	estimate	SE
Portfolio diversification			1.38***	.98
Porfolio size	1.13***	.87	1.11***	.87
Number of networks	1.15**	.78	1.16**	.78
Profitability	1.11*	.98	1.10*	.98
Bank size	1.78**	.33	1.78**	.33
Bank age	1.79*	.33	1.77*	.36
Professionalization	1.21**	.14	1.21**	.13
Media visibility	.78	.11	.77	.10
Year2009	.65	.17	.66	.16
Year2010	-.13	.23	-.13	.24
Year2011	.44+	.11	.44+	.11
Year2012	.16+	.17	.16+	.17
Deposit banks	.09+	.13	.10+	.14
Development banks	.78	.14	.78	.14
Islamic banks	.79*	.32	.78*	.32
Listed	.17**	.31	.17**	.33
Business Group network	1.11**	.27	1.11**	.27
Practice network	.87*	.16	.86*	.17
Model Chi2	168.169***		198.981***	

Link: logit; family: binomial.

+p<.10, *p<.05; **p<.01; ***p<.001,two-tailed test

N=10,584 (35 banks), Investment banks and MNC networks are omitted

6.

DISCUSSION

To date, most research on inter-organizational networks has largely assumed away the multiplicity of networks that the organization is embedded in, focusing instead on collecting single network data and theorizing about dynamics within individual networks (Baum et al., 2003). As a remedy to monolithic approach to the explanations deriving from network positions and structures of the extant literature, relational pluralism research acknowledges the multiplicity of networks that the organization partakes in. However, relational pluralism is also mostly silent about the institutional contexts that these networks are embedded in (Vasudeva et al., 2013). This omission led to the implicit assumption that network roles and positions have unanimous outcomes (Hernandez et al., 2015), and the cost of maintaining network relations is under-explored (Sytch and Tatarynowicz, 2014).

My purpose in this study has been three fold; first, I have explored the implications of the idea that not only organizations are embedded in multiple networks but also these networks are institutional contexts; second, to understand the ways organizations balance the demands of these institutional contexts and finally to explore the consequences of these balancing acts on organizational performance. With an empirical analysis of detailed, project level data on corporate philanthropic activities of all banks in Turkey, pertaining to period of 2008-2012, I found support for most of the hypostasized relationships.

Next sections discuss the findings of the empirical analysis, and theoretical contributions of the thesis. This Chapter closes with limitations of the study and suggestions for future research.

6.1 Discussion of Findings

The first model (H1-H3) in this study has argued that network membership breeds similarity for organizational practices, setting the baseline for the idea that networks are institutional environments. In line with the expectation of (H1), the presence of bank in a network predicts the similarity of a given project to all other projects in that network. This finding suggests that inter-organizational networks are indeed institutional contexts, with their own relational logics, and compliance to these logics promote similar practices across network members. This influence is significant for all network and bank types in the study.

I reasoned, for prominent members of networks, this effect should be amplified as prominent members are often considered as ideal types or exemplars of their networks (Adut, 2008). The two separate measures devised to capture network prominence, historical and economical prominence, significantly predict similarity of a given project to network peers lending support to (H2). The alternative measure of network prominence created based on centrality in board interlocks proxied economic prominence more so than historical prominence. This is an interesting finding, shedding some light to working of this prevalent network measure of centrality. It suggests that board interlocks captures an organization's economical centrality in a given network, rather than historical prominence. Empirical studies of inter-organizational networks has theoretically associated centrality with positive performance (e.g. Ahuja, 2000; Powell et al., 1996), yet some researchers argued that a careful review of this literature provides mixed findings on the relationship between centrality and performance (e.g. Haunschild and Beckman, 1998; Peng, 2004). My finding that centrality measured through board interlocks proxies economical prominence, but not historical or social prominence hints at the need to pay attention to different operationalizations of centrality as they might invoke different mechanisms within networks and produce divergent outcomes.

The support for (H2) lends evidence to the arguments that actors located in social positions at the core of a field are less likely to wish to enact change that diverges from existing practice (Battilana et al., 2009; Philips and Zuckerman, 2001), echoing considerable research that has shown that prominent organizations are more vulnerable to institutional pressures (e.g., Ahmadjian and Robinson, 2001; Rehbein, Waddock and

Graves, 2004). An alternative explanation might have been that prominent organizations benefit from "halo effects" (Fombrun, 1996) among stakeholders and therefore are not as worried about adopting normative and expected practices (Fligstein, 1996; Friedland and Alford, 1991). But perhaps due to the uncertain nature of the corporate philanthropy, prominent organizations might have less incentive to initiate change, instead adopt dominant practices of the network. Practice uncertainty might be a boundary condition for initiating change for prominent actors.

For (H3), I argued that organization level factors such as imprinting or willingness to be different might push organizations to adopt counter-normative, divergent practices. Such counter-normative projects might become more important in organization's philanthropic portfolio as organizations attempt to gain competitive advantage or unique philanthropic identities vis-à-vis their networks peers through such projects. This expectation is partially supported. Of the two measures I devised to capture the relative importance of projects in the portfolio, the negative effect of project age on project similarity is significant. This finding suggests that older projects are taken-for-granted for the organizations; they are habitual and immune from external influence. However, I failed to find support for the differentiating effect of projects that are cited in annual reports. This finding might suggest that organizations, when publicizing their projects, opt for expected or "classical" projects, rather than counter-normative ones. This could indicate that organizations want to signal their "good citizenship" through what is proper, rather than what is innovative in their portfolios.

The second model (H4-H6) has argued that relational pluralism necessitates adoption of organizational strategies to deal with associated institutional complexity. The results for (H4) provide strong support for the argument that network multiplicity leading to portfolio diversity, which means, these organizations attend to more social issues, and aim to please more stakeholder groups. This finding lends further support to the idea that networks are institutional contexts, exerting divergent pressures and organizations strive to balance the demands from these environments. By diversifying their portfolios, organizations combine logics of each network that they belong to and aim to fulfill expectations of these networks.

For (H5), I argued and found support for the idea that organizations engage in project-level strategies as well as portfolio level ones when dealing with relational pluralism. This means, organizations might selectively couple with selected domains of

projects among a pool of competing alternatives from each network. This strategy allows the organizations to comply with multiple demands, at least partially, and at the same time maintaining resource efficiencies. By engaging in domain substitution, organizations might avoid sanctions of non-conformity. This practice level strategy further increases portfolio diversification of organizations.

The support for (H6) shows that when organizations are members of independent networks, they have more diversified portfolios. This is because when organizations bridge independent networks, they might be prone to fresh information as well as alternative logics and expectations. This translates into portfolio diversification.

The final set of prediction regarding the effect of portfolio diversification on philanthropic performance, (H7), finds support. Accordingly, organizations that cater to the expectations of broader stakeholder groups, support multiple social causes and employ a variety of methods receive better external evaluations. This means, in corporate philanthropy, generalist organizations outperform specialists.

I controlled for some alternative explanations of the hypothesized relationships. These results also shed some light on the reasons for variation in corporate philanthropy. Unexpectedly, listed banks do not face any additive external pressures in corporate philanthropy, compared to private ones and their likelihood of receiving an award is higher. The second finding might suggest that listed banks govern their social actions more professionally, which leads to better external evaluations from stakeholders. Older and larger banks have more diversified portfolios and their project similarities are higher to their network peers. This supports the argument that older organizations carry the norms and routines of their environments more so than their younger counterparts (Hannan and Freeman, 1984). As expected, more profitable banks engage in more diverse philanthropic efforts but perhaps unexpectedly, profitability has no significant effect on social performance. Older banks and banks that have higher media visibility have significantly better social performances. Interestingly, banks that are affiliated with business groups are more likely to have superior social performances. Perhaps status transfer from the holding company might account for this finding (Khanna and Palepu, 1997).

6.2 Theoretical Contributions

The core contribution of this dissertation has been to establish that social networks go beyond offering benefits to organizations, as I have shown empirically, they serve as institutional environments with their own norms, scripts, and expectations. By developing "relational logic" construct to refer to expectations of networks from their members and arguing that organizations strategically comply with these logics to benefit from network resources, I aimed to integrate research on inter-organizational networks and institutional complexity through formalizing a theoretical relationship that had previously received little attention; networks as institutional environments. I have offered and empirically showed ways for organizations to deal with complexity and pluralism. I have looked into the philanthropic portfolios of organizations and empirically showed that generalists outperform specialists. The findings of this study carry important implications for the literature on organizational networks, institutional complexity as well as research on corporate philanthropy. I discuss each of these in turn.

Whereas previous work on inter-organizational networks has focused on the resource and status benefits of organizational networks for the organization (Gulati et al., 2011), this dissertation highlights how networks serve as institutional contexts for the member organization, driving similarity across organizational practices. Given that this finding holds for all four types of networks sampled in this study, regardless of categorical differences of these networks (i.e., whether these networks are voluntary (i.e. practice network) or mandatory (i.e. ownership and industry networks)), lends support to the argument that organizations comply with relational logics of networks to access to network recourses, they are not mere responders to external pressures. This view is consistent with institutional toolkit arguments (Ocasio, 1997; McPherson and Sauder, 2013) whereby organizations employ different logics that are fitting for goals and demands of networks and resonates with Scott's (1987: 498) argument that organizations "do not necessarily conform to institutional pressures because they are taken-for-granted, but often because they are rewarded for doing so" (see also Oliver, 1991; Guler, Guillén and MacPherson, 2002; Guler, 2007).

Considering the context of social networks renders background to research on costs of maintaining network ties (Zhelyazkov and Gulati, 2015; Hansen, 2002; Kim et

al., 2006). By considering relational logics of networks, it is possible to predict the expectations of networks from organizations, assess whether the costs of compliance with these expectations outweigh benefits by looking at the divergence between organizations' own institutional background and relational logic of the network and potential implications of noncompliance. Factoring in probable costs of network membership stemming from institutional differences adds nuance to rational cost benefit analysis of tie maintenance and dissolution (Burt, 1992).

This study lends empirical support for recent research in relational pluralism that suggests organizations derive their meaning, preference and potential for action from relations with multiple kinds of actors (Shipilov et al., 2014). The small number of empirical work in this research stream collaborated with this idea in the case of interdependent networks (e.g., Rogan, 2014), where a set of actors has multiple ties with one another. This study presents one of the first attempts to carry ideas of relational pluralism to independent networks and show these networks separately and jointly influences organizational behavior. Moreover, this study employs four different types of networks and has shown each network category exerts its relational logic on the focal organization, extending prior work that considered the influence of "dual" embeddedness (e.g. Hernandez et al., 2015). The research design employed in this study responds to calls for multi-network research (Provan et al., 2007). This is an important theoretical contribution as well as an empirical one because it demonstrates that organizations are influenced by diverse set of partners, organizational preferences and behavior are indeed more complex than previous research assumed.

One last contribution of this study to networks research comes from the nature of the dependent variable of the study. While most outcome variables for network studies have focused on performance implications such as financial performance or innovation. (Ranganathan and Rosenkopf, 2014), this study focuses on a behavioral measure (practice selection). Opting for context-specific outcome variables might help explain the impacts of networks on organizational behavior in a novel way.

This study offers contributions to institutional logics literature as well. I offered "relational logics" construct to integrate institutional complexity arguments to relational pluralism research. I find this contribution valuable to institutional logics research in three ways. First, tying relational logics to different networks that the organization interacts with demonstrates how abstract, broad, field level logics take on tangible

qualities through ties to actual network partners and assert influence on organizations (Pahnke et al., 2015). Second, I offer network partners as sources of institutional complexity, extending prior work that mostly focus on organizational agents as carriers of institutional logics (Thornton et al., 2012). Doing this, I extend institutional logics arguments to explain inter-organizational relations. This is an important extension of prior work as organizations deal with institutional complexity not only within their own boundaries, but also through their ties to their network partners. Relatedly, this study also shows the same strategies that organizations use to deal with institutional complexity within their boundaries (i.e., selective coupling) are applicable to logics emanating from multiple networks. Organizations use selective coupling at portfolio and practice levels, showing agency in managing divergent logics (Lee and Lounsburry, 2015) and being mindful about resource constraints (Pache and Santos, 2010).

Finally, I built on the notion of divisibility of organizational practice (Gardiner and Salmon, 2014) and showed that organizations indeed decompose and recompose practices when under multiple pressures and resource constraints. Applying divisibility notion to practice variation adds nuance to work on diffusion of organizational practices, which recently begun to focus on variation among diffusing practices, rather than seeing adoption *in toto* (Ansari, Fiss and Zajac, 2010).

This study makes the strong point that networks are a key source of institutional heterogeneity in the organization's environment. In addition, I have discussed ways in which organizations can deal with this institutional variation by adjusting and modifying their philanthropic projects and portfolios independently. Were network positions and network resources inherently tied to one another, organizations would have less need to managing institutional complexity and relational logics. The intersection of structural and institutional properties of networks creates both opportunities and constraints for the organizations and thus provides a fertile ground for theorizing.

This study also contributes to literature on corporate philanthropy by establishing the relationship between portfolio diversification and social performance. Despite the findings of empirical work on the benefits of being perceived as a "charitable" organization by the stakeholders (e.g. Wang and Qian, 2011; Berman et al., 1999), the nature of actual philanthropic practices of organizations remain relatively unknown (Cuypers et al., 2016). The research on corporate philanthropy has largely focused on

the impact of the degree of corporate philanthropic engagements (i.e., the quantitative aspects) but has overlooked the nature of these activities (i.e., the qualitative aspects). In this study, I address this critical omission by showing that the nature of corporate philanthropic activities indeed varies across organizations and this variation affects the value created through corporate philanthropy. By showing generalists outperform specialists in philanthropy, I offer one of the first accounts of outcomes of nature of philanthropic portfolios.

Second, by offering awards and positive media tenor as outcomes of corporate philanthropy, I offer an alternative mechanism on how social actions create value for the organizations. Extant research focused on how corporate philanthropy impact corporate financial performance without considering the nature of the portfolios of organizations. I suggest and empirically show that the nature of philanthropic projects influence how external audiences assess organizations' social performance. The findings of this study further supports the arguments of instrumental stakeholder theory (e.g., Jones, 1995), which states that corporate philanthropy can impact organizational bottom lines, even without direct impacts on financial performance.

Third, corporate philanthropy has a rich history in Turkish society. Yet, the current literature on Turkish companies' philanthropic endeavors is mostly based on single-firm case studies. This study offers an empirical analysis of the philanthropic activities of population of banks, offering insight on how Turkish banks allocate their philanthropic resources, the social causes that matches with the resources of banking sector and social causes that don't get much support. Analyzing how private sector assumes corporate citizenship roles within society offers empirical as well as policy implications.

This study also offers minor contributions to research on multinational companies and business groups. By showing that when forming their philanthropic portfolios, organizations are influenced by their ownership networks confirms the findings of earlier research. This study, for instance, replicated the findings of Husted and Allen (2006), and find that global policies rather than local conditions drive social responsibility programs in foreign subsidiaries. I also found empirical support for Chang and Hong's (2000) argument that in business groups common group objectives may be pursued at the expense of any specific affiliate firm, and Colpan and colleagues (2010) argument that business groups are imprinted with the values of their founders.

6.3 Study Limitations and Directions for Future Research

Despite the contributions, this study has certain limitations. First, I am unable to directly assess the extent of actual threats in environments that organizations aimed to mitigate by corporate philanthropy. Even though the interviews I conducted provided the background to understanding corporate philanthropy, I am also unable to identify the actual motives behind corporate charitable engagements. Second, I did not have access to the exact amount of corporate donations made to each project. The actual financial resources dedicated to each project might have served as a better measure of relative importance of projects.

In this study, I controlled for any differential impact of different network categories on organizational behavior. Even though the effects of these control variables are at the expected direction, future work might explicitly theorize for each network type to provide a more nuanced account for relational logics. In depth case studies might precede large-scale empirical work. Case studies and in depth interviews can be used to explain in detail the emergence of relational logics.

In this study, I modeled the influence of different inter-organizational networks on organization's philanthropic portfolio choices. Future work might include top management team networks as an additional source of influence on philanthropic project choice. It might be the case, for instance, that top management team members sharing educational or demographic characteristics might have similar preferences for philanthropic projects. Also, this study treats network membership as a binary condition. Future work might consider strength of ties to different networks to gauge even further variance in networks' influence on practice choice.

This study is conducted at organizational level. Future work might shift the level of analysis from organization to category level aiming to cluster organizations that have similar philanthropic portfolios. Researching the philanthropic orientations of organizations at this level might shade light on the correspondence of these categories to other already-established categories in the industry (e.g. strategic groups within industry).

The findings of this study also hints at the potential benefits of bridging organizational identity research to relational pluralism and institutional complexity (Raffaelli and Glynn, 2014) to investigate the influence of organizational identity on

practice adoption. Particularly, the fact that banks persist with their older projects despite the external pressures might hint at the workings of organizational identity as an insurance against external pressures. Future work can also theorize about the relationship between corporate philanthropy to organizational identity.

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