The Nature of Giving
A Theory of Planned Behavior Examination of Corporate Philanthropy

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Scholars of social issues in management have consistently argued that corporate philanthropy is one key factor of a firm’s discretionary responsibilities. Several researchers have examined the links between philanthropy and such outcomes as financial profit and organizational reputation. It is interesting to note that the determinants of corporate philanthropy have been left largely unexamined; researchers have yet to fully understand why philanthropy takes place. In this manuscript, Ajzen’s theory of planned behavior (TPB) provides the theoretical foundation for the development of a model that will further our understanding of corporate philanthropic behaviors. The TPB has been used and validated in many different academic fields (such as psychology, exercise science, and management information systems) as a means to understand the determinants of behavior. The authors build on the TPB and examine empirically how altruistic and strategic forces, perceived behavioral control, self-identity, and slack influence philanthropic behaviors.

**Keywords:** strategic philanthropy; theory of planned behavior; corporate philanthropy

Since 1952, firms have been legally permitted to use corporate resources in a philanthropic nature. Recipients of corporate philanthropy have included (but are not limited to) large nonprofit organizations (such as the United Way), local community projects that support the arts, and educational institutions (Muirhead, 1999). These corporate activities provide a clear benefit to society by increasing the total amount of funds that are available for philanthropic or “betterment of humanity” programs. In recent
years, corporate giving has been on the rise. In 2005, 82 of the largest corporations in the United States increased their cash giving by a median of 10.1% (Wilhelm, 2006).

Historically, the concept of corporate giving has been the subject of many debates. For example, Milton Friedman (1962, 1970) contends that these voluntary acts of giving place an undue burden on the firm’s investors because the sole responsibility of the firm’s managers is to maximize profits for the stockholders. Whereas this view does not entirely discount all types of philanthropy, it only considers philanthropic activities that have a positive impact on the bottom line to be acceptable. Others argue that firms have an obligation to engage in corporate philanthropy that supercedes any self-interested financial considerations (e.g., Shaw & Post, 1993). From this perspective, the responsibility of the firm to engage in corporate philanthropy is framed in moral and ethical terms. Firms, as members of society, have a responsibility to utilize their resources in a manner that will improve the common good.

Although considerable attention has been paid to the act of philanthropy and its consequences, scant attention has been paid to the decision-making processes behind such philanthropic behaviors. The question “Why do managers give?” still remains largely unanswered in any clear and definitive nature (Young & Burlingame, 1996). The concept of corporate philanthropy has yet to develop a theoretically founded, integrative model that explicates the behavioral foundations behind corporate philanthropy.

This research answers a call by Young and Burlingame (1996) for researchers to further examine the why of corporate philanthropy: “We have no common way of thinking about corporate philanthropy. In particular, although thoughtful practitioners and scholars have made important headway, we still have trouble answering the question—Why do businesses engage in giving and volunteering?” (p. 158).

This manuscript provides benefits to both practitioners and academics. Previous researchers have stressed the need for development of a common philanthropic paradigm (Smith, 1996; Young & Burlingame, 1996). This study provides a new, integrative model of corporate philanthropy on which future research can be developed. Additionally, this study answers a call by Smith (1996) for researchers to further study the role of the CEO in corporate philanthropy. As the CEO is the primary decision maker of the organization, an examination of the CEO’s attitudes and values toward philanthropy provides needed insight into the philanthropic function. Last, an examination of why managers decide to give allows those organizations that rely on corporate funding to have a better understanding of the
philanthropic decision-making process. This information may provide these fund-seeking organizations with information that could help them better obtain corporate resources.

**Background**

Previous researchers have identified different and distinct schools of thought to explain the rationale behind philanthropy (Neiheisel, 1994; Sanchez, 2000; Young & Burlingame, 1996). These perspectives can be classified as either strategic or altruistic.

**Strategic Philanthropy**

Philanthropy is a strategic process to the extent that managers seek to use corporate giving as an integral part of the firm’s strategy. The strategic perspective of corporate philanthropy can be further delineated into economic or political components (Neiheisel, 1994; Young & Burlingame, 1996). The economic view of strategic philanthropy posits that firms engage in philanthropy as a means by which to enhance the financial performance of the organization (Sanchez, 2000; Young & Burlingame, 1996). The political perspective holds that firms engage in corporate philanthropy because of the political and institutional pressures exerted on the firm by key environmental actors (Neiheisel, 1994).

**Altruistic Philanthropy**

In the altruistic model, firms engage in corporate philanthropy with the intent to make society a “better place” (Shaw & Post, 1993). The rationale behind philanthropy is of a moral nature—managers have a moral responsibility to distribute the firm’s resources in a manner that promotes the overall welfare of society, regardless of whether or not these actions result in such firm, specific outcomes as improved profits or enhanced image.

Clearly, each of these perspectives has its own merits as a means to explain and understand philanthropic behavior. Each perspective provides an important piece of the puzzle. However, the actual philanthropy decision is unlikely to be explained completely by these two perspectives due to other factors that influence such decisions. For example, CEOs are limited in their ability to engage in corporate philanthropy to the extent that they have behavioral control over such decisions. Additionally, the degree to
which the CEO considers corporate philanthropy as a component of their self-identity will likely influence decisions to engage in corporate philanthropy. Finally, corporate philanthropy, like any other corporate expenditure, is influenced by the amount of slack resources that are available to the firm. Thus, although extant research has added to the development of our understanding of philanthropic decision making, there is a clear need for research that integrates all of these components into a model of the philanthropic decision-making process.

Using Ajzen’s (1991) theory of planned behavior (TPB) as a foundation, a theoretically sound model that combines the strategic and altruistic perspectives is developed. The fundamental roles of behavioral control, self-identity, and slack are also incorporated into the model. This integrative model provides the theoretical foundation for an empirical study that examines how these factors act together to influence managers to engage in corporate philanthropy.

**Hypotheses Development**

**The Theory of Reasoned Action (TRA) and the TPB**

The TRA (Ajzen & Fishbein, 1980) and TPB (Ajzen, 1985, 1988, 1991) have been used to further our understanding of the motivations behind human behavior in a variety of contexts, such as smoking (Boissoneault & Godin, 1990), using illegal substances (Conner & McMillan, 1999), engaging in physical activity (Collette, Godin, Bradet, & Gionet, 1994; Godin, Valois, Jobin, & Ross, 1991; Trafimow & Trafimow, 1998), choosing a career (Vincent, Peplau, & Hill, 1998), and composting (Kaiser, Woelfing, & Fuhrer, 1999).

The TRA (Figure 1) grew from Fishbein’s (1967) analysis of the failure of attitudes to predict behaviors. According to the TRA, behavior is founded in two factors: one’s attitude to engage in the behavior and the subjective norms surrounding the behavior. The attitude represents the extent to which the decision maker believes that the consequences of performing a behavior are favorable. Similarly, the subjective norms component represents the degree to which the individual perceives whether or not “important others” would approve of the behavior.

Many previous studies have examined the role that the TRA plays in understanding and predicting human behaviors with significant results (Ajzen, 1991; for a meta-analytic review, see Sheppard, Hartwick, & Warshaw, 1988). However, as the ability of the individual to perform the proposed behavior...
is not considered in the TRA, the model’s applicability is limited to volitional behaviors (Ajzen, 1991). If the skills, abilities, and resources needed to perform a behavior are outside of the control of the individual, the behavior is unlikely to be accurately predicted by the TRA. An individual may have a strong attitude, and the subjective norms may be favorable toward a certain behavior, but the ability to engage in that behavior may be constrained by additional personal and situational factors (Ajzen, 1991; Conner & Armitage, 1998).

As a means to improve the applicability of the TRA to predict these non-volitional behaviors, Ajzen (1988, 1991) developed the TPB. This model, an extension of the TRA, adds a third component of human behavior, perceived behavioral control (PBC). The PBC component measures the individual’s perceptions of the ease or difficulty of performing a certain behavior (Figure 2).

Additionally, Ajzen (1991) contends that certain decision-making contexts require the consideration of moral norms. This factor is defined as “personal feelings of a moral obligation to perform, or refuse to perform, a certain behavior” (p. 199). In conjunction with attitudes, subjective norms, and behavioral control, the degree to which an individual has a moral obligation to perform a certain behavior can influence whether or not the behavior is performed.

A number of studies have examined how the TPB, with the additional moral obligation construct, explains behaviors of an ethical or moral nature. For example, a sense of moral responsibility has been studied in the context of behaviors to act dishonestly (Beck & Ajzen, 1991), practice safe sex (Nucifora, Gallois, & Kashima, 1993), consume genetically enhanced food...
(Sparks, Shepherd, & Frewer, 1995), purchase milk (Raats, Shepherd, & Sparks, 1995), and provide home health care (Vermette & Godin, 1996). Each of these studies found that the addition of a moral normative construct added a significant increase to the predictability of the TPB model.

Furthermore, several business ethics researchers have utilized the TPB with the moral obligation component as the theoretical foundation for empirical studies in the realm of ethical decision making. Kurland (1996) surveyed 98 agents within the insurance industry in regard to the agents’ perceived obligation to disclose ethical information to their clients. Results indicate that the addition of the perceived moral obligation construct to the TPB model explained significantly more variance in the behavioral intentions of the agents than was explained by the TPB model alone. It is interesting that she also found that perceived moral obligation was the strongest predictor of behavioral intentions, as compared with attitudes, subjective norms, and behavioral control.

Randall and Gibson (1991) found similar results when they examined the impact of the moral obligation of health professionals in decisions to report unethical behavior. However, in an examination of ethical decision making in the metal-finishing industry, Flannery and May (2000) found that the personal moral obligation did not influence the decisions of waste treatment managers to act ethically. They note that perhaps these results might be the result of their presenting their ethical decision in a legal context, as opposed to a moral framing.
In addition, the concept of self-identity has been identified as an important influence on behavior and has been previously included as an additional component of the TPB (Conner & Armitage, 1998; Sparks & Guthrie, 1998). In terms of the TPB, self-identity can be defined as “the salient part of an actor’s self which relates to a particular behavior” (Conner & Armitage, 1998, p. 1444). Furthermore, individuals are more inclined to engage in a behavior to the extent that they consider that behavior as an important component of their self-identity.

Previous empirical studies have examined the role of self-identity within the context of the TPB. Sparks & Shepherd (1992) found that the extent to which an individual thinks of himself or herself as a “green consumer” or “as someone who is very concerned with green issues” (p. 392) has a positive relationship with decisions to consume organically grown vegetables. Other researchers have found self-identity to have a significant impact on decisions to give blood (Chang, Piliavin, & Callero, 1988), stay in college (Biddle, Bank, & Slavings, 1987), and eat a healthy diet (Sparks, Shepherd, Wieringa, & Zimmermanns, 1995).

In the next section, the three components of the TPB with the additional moral obligation and self-identity component will be examined in more detail in the context of corporate philanthropy. By applying the behavioral foundations presented in the TPB to the context of philanthropic decisions, hypotheses are derived.

**Attitude and the Strategic–Economic Perspective**

The attitude component of the TPB is represented by an overall evaluation of the attractiveness of the behavior to the individual (Ajzen, 1991). These attitudes arise from the individual’s evaluations of the outcomes that may arise from a certain behavior. Individuals are more inclined to engage in a behavior if the consequences of performing the action are perceived as favorable.

According to the economic view of corporate philanthropy, firms engage in corporate giving with the intent of maximizing returns to the firm’s owners (Neiheisel, 1994; Sanchez, 2000; Young & Burlingame, 1996). Furthermore, previous research suggests that corporate giving is motivated by such outcomes as increased economic profits (Fry, Keim, & Meiners, 1982; Johnson, 1966) and improved image (O’Hagan & Harvey, 2000). In the economic perspective, these consequences provide the rationale behind decisions to engage in corporate philanthropy.
This bottom-line emphasis is closely mirrored in the strategic philanthropy literature. As previous researchers have illustrated (Logsdon, Reiner, & Burke, 1990), the underlying rationale of strategic philanthropy lies in the belief that such giving can provide the firm with financial benefits while also increasing the welfare of the recipients of the charitable contributions. Decisions to give are determined via a utilitarian cost–benefit analysis, and managers will participate in philanthropic activities to the extent that the potential direct and indirect economic benefits of such actions outweigh the anticipated costs. In this sense, potential acts of giving are economically driven and thus evaluated in the same manner as other potential investments.

The attitude component of the TPB holds that behavior is determined by the decision maker’s perception of the consequences. As the economic model of philanthropy is also outcome oriented, we can hypothesize that the degree to which the managers believe that corporate philanthropy results in economic gain will have a positive impact on the amount of corporate giving.

Hypothesis 1: The CEO’s economic attitude toward philanthropy will be positively related to firm levels of corporate philanthropy.

Subjective Norms and the Strategic–Political Perspective

The subjective norm component considers how social pressures affect behaviors (Ajzen, 1991; Ajzen & Fishbein, 1980). These norms affect behavior to the extent that the individual believes that “important others” chosen by the individual would approve or disapprove of a certain behavior and the individual’s motivation to comply with these self-selected referents.

According to the political model of corporate philanthropy, managers engage in corporate philanthropy as a means to increase or manage power and legitimacy in the eyes of key constituents (Neiheisel, 1994; Young & Burlingame, 1996). Decisions to engage in corporate philanthropy are a response to institutional and political forces (Sanchez, 2000). In this perspective, decisions to engage in corporate philanthropy are reactive in nature as the decision maker’s perception of these forces influences decisions to give.

The political perspective is similar to the economic in that decisions to engage in philanthropy are strategically motivated. However, the underlying rationale is not economic. Instead, the main force behind such decisions is institutional in nature as the firm’s managers consider philanthropy a means to manage the firm’s position of power and legitimacy in the eyes of influential stakeholders. According to Suchman (1995), firms can receive pragmatic legitimacy from the direct recipients of the firm’s giving.
Additionally, the firm can receive moral legitimacy from other stakeholders to the extent that the firm’s actions are deemed desired and acceptable.

In the TPB, the subjective norms influence behavior to the extent that the decision maker feels that “significant others” would approve of the behavior (Ajzen, 1991). Similarly, the political school of corporate philanthropy contends that decisions to engage in giving are influenced by managers’ perceptions of the demands of key constituents in the firm’s environment (Neiheisel, 1994). In both the TPB and the political school, the decision maker’s evaluation of the approval or disapproval of such activities in the eyes of others determines behavior. Thus, we can hypothesize that corporate philanthropic behaviors will be positively related to the perceived political pressures within the firm’s environment.

_Hypothesis 2:_ The CEO’s perceived political pressures toward corporate philanthropy will be positively related to firm levels of corporate philanthropy.

**Perceived Moral Obligation and the Altruistic Perspective**

Additionally, certain decision-making contexts require the consideration of moral norms (Ajzen, 1991). This factor is defined as “personal feelings of a moral obligation or responsibility to perform, or refuse to perform, a certain behavior” (Ajzen, 1991, p. 199). In conjunction with attitudes, subjective norms, and behavioral control, the degree to which an individual has a moral obligation to perform a certain behavior can influence whether or not the individual will perform the behavior.

In the context of corporate philanthropy, this moral obligation component is closely aligned with the underlying theme of the altruistic school. As previous researchers have noted (Shaw & Post, 1993), decisions to participate in corporate philanthropy have a moral component that cannot be overlooked. Previous studies have found that corporate philanthropy can be motivated by such factors as aesthetic pleasure (File & Prince, 1998) or a sense of altruism (Campbell, Gulas, & Gruca, 1999). Managers may decide to participate in corporate philanthropy as a result of their feelings of personal obligation to help others (Sanchez, 2000). In this sense, decisions to engage in philanthropy are driven by a perceived moral obligation to do such.

By combining the moral obligation component of the TPB and the altruistic school of corporate philanthropy, we can hypothesize that the degree to which managers believe that they have a moral obligation to engage in corporate philanthropy will be positively related to corporate philanthropy.
Hypothesis 3: The CEO’s personal moral obligation toward philanthropy will be positively related to firm levels of corporate philanthropy.

Perceived Behavioral Control

The PBC component measures the individual’s perceptions of the ease or difficulty of performing a certain behavior (Ajzen, 1985, 1991). Ajzen added the PBC component to the TRA for the purpose of explaining the behaviors that are not entirely under the control of the individual. The performance of a behavior will increase to the extent that decision makers believe they are capable of performing the behavior in question.

Ajzen and Madden (1986) noted that the PBC component can be segregated into internal (or dispositional) and external (or situational) factors, and several previous empirical studies have confirmed this relationship (Armitage & Conner, 1999a, 1999b; Manstead & van Eekelen, 1998). The factors that influence the internal behavioral control include the individual’s abilities, skills, and emotions. According to Ajzen (1991), this internal perceived control factor is highly compatible with Bandura’s (1982) concept of self-efficacy and can be conceptualized as “the degree of anticipated difficulty in performing a behavior” (Ajzen, 2001, p. 44). The external behavioral control factors are situational considerations that lie within the individual’s perceptions of environment and are outside of the direct control of the individual. Ajzen defined this external factor as “whether people think they have volitional control over performance of a behavior” (2001, p. 44). The degree to which these internal and external factors facilitate or prevent the performance of an act will influence behavior.

Although not explicitly noted in the strategic or altruistic views of corporate philanthropy, the ability of the CEO to engage in corporate philanthropy will also influence giving decisions. CEOs are constrained in their latitude of action by environmental and personal characteristics. Managerial discretion can be categorized into both internal (or cognitive) and external (or situational) factors, as noted by Finkelstein and Hambrick (1987). Internal factors are the individual characteristics of the CEO, and external factors are the limitations that lie within the task environment and also within the overall climate of the organization. We argue that the CEO, by nature of his or her position, has the cognitive skills necessary to make philanthropic decisions. However, there are situational factors that can have an influence on philanthropic behaviors.

As Finkelstein and Hambrick (1987) noted, “powerful inside forces” can have an impact on the discretion of the CEO. The board of directors,
as representatives of the shareholders, has the power to remove the CEO from his or her position of authority as well as to reward the CEO for good firm performance. Due to this power, the relationship between the CEO and the board can have a direct impact on the manager’s discretion to act in a variety of behaviors (Finkelstein & Hambrick, 1987, 1996). As with many decisions made by CEOs, the CEO’s perception of the approval or disapproval of the board of directors will influence philanthropic decisions. If the board approves of philanthropy, it is more likely that the CEO will give.

By combining the personal behavior control aspect of the TPB and the premises of managerial discretion, we can hypothesize that the degree to which philanthropy is a behavior that is within the control of the CEO will be positively related to corporate philanthropy.

*Hypothesis 4:* The CEO’s perceived behavioral control over philanthropy will be positively related to firm levels of corporate philanthropy.

**Self-Identity**

Self-identity has been previously identified as having an important influence on behavior (Markus, 1980; Turner, 1982) and has been defined as “the salient part of an actor’s self which relates to a certain behavior” (Conner & Armitage, 1998, p. 1444). It should be noted that self-identity in this consideration is somewhat divergent from the concept of identity theory in the sociological sense. Identity theory considers the wider social context as an acting influence on individuals (Charng et al., 1988). However, self-identity in the TPB is more concerned with examining the normative influence present within the individual. The factors within the wider social context that may (or may not) influence self-identity are not the primary focus.

Previous researchers have examined the construct of self-identity as a component of the TPB and found significant results. Sparks and Shepherd (1992) studied the degree to which the sample respondents identified themselves as “green consumers” and found self-identity to be a significant component of the TPB model. Similarly, other researchers have found that self-identity adds to the predictability of the TPB in a variety of other contexts, such as the teaching of disabled individuals (Sparks et al., 1995) and decisions to exercise (Theodorakis, Bagiatis, & Goudas, 1995).

In the context of corporate philanthropy, self-identity can have an impact on decisions to give. Individuals who consider philanthropy an important
component of their identity would be more likely to give because philanthropy is an important component of who they are. The CEO’s self-identity as a philanthropist can create an internal normative influence to engage in philanthropy that is neither morally nor economically driven, nor is it the result of subjective norms. By adding self-identity to the TPB model, we can hypothesize that the degree to which CEOs identify themselves as philanthropists will be positively related to the firm’s amount of philanthropy.

**Hypothesis 5:** The CEO’s self-identity with philanthropy will be positively related to firm levels of corporate philanthropy.

**Organizational Slack**

Corporate philanthropy has been previously described as a “last-in, first-out” function (Wood, 1991). As a discretionary activity, corporate philanthropy (unlike marketing, accounting, etc.) is not an essential business function required to maintain day-to-day operations. Previous researchers have identified organizational slack as a factor that can affect philanthropic decisions (Buchholtz, Amason, & Rutherford, 1999). Other researchers have found a positive link between organizational slack and cash donations (Seifert, Morris, & Bartkus, 2003).

Slack can be defined as “the cushion of actual or potential resources which allows an organization to adapt successfully to internal pressures for adjustment or to external pressures for change” (Bourgeois, 1981, p. 30). In an examination of 43 firms in two industries, Buchholtz et al. (1999) found a positive relationship between perceived slack and philanthropic giving. They also found that this relationship was mediated by CEO discretion and partially mediated by CEO values. Other researchers have found a positive link between organizational slack and cash donations (Seifert et al., 2003).

Because corporate philanthropy is a volitional activity, we would expect to find that slack would influence the relationship between the economic attitude, political pressures, moral obligation, and self-identity antecedents of corporate philanthropy. When slack resources are abundant, we would expect to find higher levels of corporate giving. Conversely, when slack resources are rare, we would expect to find lower levels of corporate giving.

Specifically, we hypothesize that the relationship between the behavioral antecedents identified in our model and actual philanthropic behavior will be strongest with large amounts of available slack. Conversely, we expect to find that the relationship between the antecedents and philanthropy will be lowest when small amounts of slack are available to the firm.
Hypothesis 6: Organizational slack will moderate the relationship between the CEO antecedents of corporate philanthropy and firm levels of corporate philanthropy such that firm levels of corporate philanthropy will be influenced by the CEO antecedents more when slack resources are high than when slack resources are low.

Method

Sample

The pool of participants utilized for this study consisted of 499 CEOs from publicly held firms listed in the 2004 edition of the Taft Group’s
Corporate Giving Directory. The Corporate Giving Directory contains profiles of the 1,000 largest corporate foundations and corporate giving programs in the United States. Only public firms were used in this study for two reasons: (a) Publicly held firms must be responsive to shareholder concerns, which makes the nature of philanthropy decisions substantively different for executives of publicly held firms from the nature of those decisions for executives of privately held firms and (b) only publicly held companies must follow strict Securities and Exchange Commission requirements when reporting these data. Approximately half of the firms listed in the Corporate Giving Directory are privately held. Thus, the target sample for this study was 499 firms.

Measures

Corporate philanthropy. Corporate philanthropy, the dependent variable, was operationalized as the amount of self-reported cash contributions made by firms in the form of either corporate giving programs or foundations as given in Taft’s Corporate Giving Directory. Due to a skewed distribution that resulted from extremely large firm givers, we performed a log transformation to normalize the distribution of the variable.

Economic attitude. The economic attitude toward philanthropy consists of the degree to which CEOs feel that engaging in corporate philanthropy will provide some direct economic benefit to the firm. Previous researchers have utilized several different approaches to tap this construct. In line with procedures used previously by Saiaia, Carroll, and Buchholtz (2003) and Cordano and Frieze (2000), we created a three-item measure of economic attitude for use in this current study (α = .85). These items are provided in the appendix.

Political pressures. Six specific key stakeholder groups were previously suggested as having the ability to exude pressures on the firm to engage in philanthropic activities. Hence, six items were created to reflect each specific key stakeholder for the purpose of the study. These items are provided in the appendix, and the reliability of the scale was .73.

Moral obligation. A CEO’s moral obligation toward philanthropy represents the degree to which the CEO feels that he or she has a moral responsibility to ensure that the firm engages in philanthropic activities. Several previous studies have developed items to capture this construct. Based on the surveys used in previous studies by Kurland (1996) and others (i.e.,
Flannery & May, 2000; Gorsuch & Ortberg, 1983; Randall & Gibson, 1991), four items (see appendix) were developed for this current study ($\alpha = .80$).

Perceived behavioral control. Perceived behavioral control consists of the CEO’s perception of the board of directors’ support for philanthropy. If the CEO believes that the board of directors approves of corporate philanthropy, the CEO is more likely to engage in philanthropic behaviors. Using Ajzen’s (1991) model as a theoretical foundation and previous operationalizations by Cordano and Frieze (2000), three items were created for this current study ($\alpha = .56$). These items are provided in the appendix.

Self-identity. In this study, self-identity represents the extent to which CEOs consider corporate philanthropy an important component of “who they are.” Based on previous work by Sparks and Shepherd (1992) as well as others (i.e., Charng et al., 1988), four items (see appendix) were developed to examine self-identity in this current study ($\alpha = .85$).

Organizational slack. Previous researchers have distinguished between absorbed and unabsorbed slack (Amason & Mooney, 1999; Richardson, Amason, Buchholtz, & Gerard, 2002). Unabsorbed slack is discretionary and represents the amount of the firm’s resources that are not presently committed for use. Due to the discretionary nature of corporate philanthropy as a “last-in, first-out” expenditure, our conceptualization of slack is best represented by unabsorbed slack.

Similar to previous studies (Richardson et al., 2002; Singh, 1986), slack was measured as liquid assets (cash and marketable securities) divided by current liabilities. These data were obtained from the Compustat financial database, which derives its information from the 10-K forms that publicly held firms file with the Securities and Exchange Commission.

Procedure

This study utilized survey methodology and content validation steps outlined by Hinkin (1998). Questionnaires were pretested for content validity and then sent out to CEOs with a cover letter explaining the study. Of the 499 firms that were sent surveys, 121 CEOs responded, yielding a response rate of 24%. Of the 121 responses, 37 were from CEOs indicating they did not wish to participate in the study. Thus, the total number of usable responses was 84 (17% response rate), which is similar to other studies that have relied on a CEO survey methodology (Agle, Mitchell, & Sonnenfeld, 1999).
Results

To substantiate the factor structure of our measures, a confirmatory factor analysis was performed on the independent variables. The initial confirmatory factor analysis indicated good fit for some indices (RMSEA = .05, CFI = .97), but the chi-square test was significant ($p < .0044$) and the GFI (.69) was below the conventionally accepted cutoff value of .90. Due to only moderate fit, and low factor loadings for four items that were substantially different from other item loadings, we decided that the factor structure could be considerably improved on. Therefore, we dropped four items that loaded below .50 to attain a more acceptable model fit (see the appendix for both original items and modified scales). The results from this second model showed a marked improvement in fit over the initial confirmatory factor analysis ($\chi^2 = 94.85, p = .12$; RMSEA = .04; CFI = .99; GFI = .87) and indicated excellent fit of our data to the structural model proposed. All fit indices reported were well within commonly accepted ranges except the GFI (Hu & Bentler, 1998; 1999; Maruyama, 1998), which was closely approaching the accepted cutoff. To substantiate the dimensionality of our proposed model and investigate the possibility of common method bias, a one-factor versus five-factor chi-square difference test was conducted on the revised structural model. This procedure has been used by other researchers to ensure that the scale items are better represented by a multidimensional factor structure than one general single-dimensional factor (e.g., Eby, Butts, Lockwood, & Simon, 2004). Results confirmed the fit of the five-factor model over the one-factor model ($\Delta \chi^2 (62) = 150.69, p < .05$).

Sample means, correlations, and reliabilities for the variables of interest are provided in Table 1. With the exception of the behavioral control variable, the reliabilities of the independent measures were strong, with Cronbach’s alphas higher than .70. An initial review of the correlations indicated the presence of significant relationships between several of the independent variables. As expected, size was positively related to philanthropy.

Hierarchical regression was used to test the study hypotheses. Because a positive relationship between firm size and philanthropy has been confirmed in a number of studies (e.g., Buchholtz et al., 1999; Galaskiewicz, 1997), sales was used as a control variable in each regression analysis. In keeping with the operationalization used in previous studies (e.g., Buchholtz et al., 1999), the natural log of sales served as a proxy measure for size. To test the moderation proposed in Hypothesis 7, we followed the steps outlined by Aiken and West (1991) and centered all variables before calculating interaction terms. All hierarchical regression results are provided in Table 2.
Hypothesis 1. This hypothesis examined the relationship between the extent to which a CEO believes that corporate philanthropy results in economic gain and the amount of actual corporate philanthropy. Specifically, this hypothesis stated that the CEO’s economic attitude toward philanthropy will be positively related to firm levels of corporate philanthropy. The results of this analysis are shown in Table 2. Although the relationship between economic attitude and corporate philanthropy was positive, it was not statistically significant. Thus, this hypothesis was not supported.

Hypothesis 2. This hypothesis examined how the expectations of significant key stakeholders, as they pertain to corporate philanthropy, influence CEO decisions to give. It was hypothesized that the CEO’s perceptions of the strength of political pressures to engage in corporate philanthropy will be positively related to firm levels of corporate philanthropy. As shown in Table 2, the relationship between political pressures and corporate philanthropy was not significant. Thus, Hypothesis 2 was not supported.

Hypothesis 3. This hypothesis suggested that decisions to engage in corporate philanthropy may be driven by a sense of moral obligation. This hypothesis stated that the degree to which the CEO believes that he or she has a moral obligation to ensure that the firm engages in philanthropy will be positively related to firm levels of corporate philanthropy. The results of this hypothesis are shown in Table 2. Similar to Hypotheses 1 and 2, the relationship between moral obligation and actual giving was not significant and therefore not supported.

Table 1
Correlations, Means, and Standard Deviations for Study Variables

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<td>1. Philanthropy</td>
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<td>2. Firm size</td>
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<td>3. Economic attitude</td>
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<td>4. Political pressures</td>
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<td>.568</td>
<td>.599</td>
<td>.047</td>
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<td>6. Behavioral control</td>
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<td>1.32</td>
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<td>-.024</td>
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<td>.565</td>
<td>.537</td>
<td>.592</td>
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<td>8. Slack</td>
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<td>.133</td>
<td>-.156</td>
<td>.161</td>
<td>.054</td>
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Note: Reliabilities are provided in parentheses in the diagonal of the matrix.
*p < .05. **p < .01.
Table 2
Hierarchical Regression Results

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<th>Step</th>
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<th>B</th>
<th>Adj $R^2$</th>
<th>$\Delta R^2$</th>
<th>B</th>
<th>Adj $R^2$</th>
<th>$\Delta R^2$</th>
<th>B</th>
<th>Adj $R^2$</th>
<th>$\Delta R^2$</th>
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<td>Sales</td>
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<td>Independent variables</td>
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<td></td>
<td>EC × Slack</td>
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<td>–.102</td>
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<td>.512</td>
<td>–.102</td>
<td>–.075</td>
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<td>.046</td>
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<td>SI × Slack</td>
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*p < .05, **p < .001.
Hypothesis 4. This hypothesis examined how the behavioral control the CEO has over decisions to engage in corporate philanthropy influences corporate decisions to give. Specifically, this hypothesis stated that the CEO’s perceived behavioral control will be positively related to corporate decisions to give. As shown in Table 2, we found no support for this hypothesis and its proposed relationship.

Hypothesis 5. This hypothesis suggested that the extent to which the CEO considers philanthropy an important component of his or her self-identity will influence corporate decisions to give. A positive relationship between self-identity and corporate philanthropy was expected. As shown in Table 2, this hypothesis was supported. Thus, firms with CEOs who upheld a strong identity of philanthropy were more likely to engage in corporate philanthropy.

Hypothesis 6. This hypothesis suggested that organizational slack would moderate the relationship between each proposed relationship in Hypotheses 1 through 5. Because the results of the moderation tests (see Table 2) were not significant for any of the independent variables, Hypothesis 2 was not supported.

Discussion and Conclusion

The purpose of this manuscript was to examine the intentions and motivations behind corporate philanthropy. Of the expected relationships between the antecedents and outcomes of corporate philanthropy, only CEO self-identity had a positive relationship with corporate giving.

The results suggest that the most important determinant of a firm’s philanthropy, according to the proposed model, is the degree to which the CEO identifies himself or herself as a philanthropist. Firms with CEOs who strongly considered philanthropy to be an important component of their self-identity gave to a larger extent than did firms with CEOs who did not. This result is notable because it suggests that the values of the CEO may influence the firm’s philanthropic giving. Firm-level structures may be reflections of the CEO’s (and top management team’s) attitudes, beliefs, and values. In this study, those CEOs who valued and identified with philanthropy were at firms that engaged in higher instances of corporate giving. Although this cross-sectional study does not infer causality, this result is significant because it suggests that CEOs who consider themselves philanthropists lead firms that give more.
This study also made a unique contribution by examining the range of proposed antecedents of corporate philanthropy expected to influence corporate giving. Whereas previous researchers (e.g., Galaskiewicz, 1985; Neiheisel, 1994) have examined some of the conceptualized antecedents of philanthropy, this study is the first to examine how the totality of the previously identified strategic and altruistic forces affects decisions to give. By filling this research gap, this study was intended to integrate the previous research streams and provide a common ground on which future research can be developed. Furthermore, the model used for this study was founded on Ajzen’s (1991) theory of planned behavior, a proven and valid predictor of human behavior. Also, previous researchers have argued that the why of corporate philanthropy has not been fully answered (Young & Burlingame, 1996). Finally, this study answers a call by Smith (1996) for researchers to further examine the role of the CEO in corporate giving.

Although the lack of results is disappointing, it is hoped that future researchers will undertake additional, improved studies that may shed further light on the philanthropic decision-making process and the role of the CEO and top management team as they relate to such decisions. Not only will this information provide insight to the corporate giving function, it may provide those organizations that rely on corporate philanthropy with information that may further allow them to fine-tune their giving strategies and potentially increase their giving receipts. By doing so, perhaps the corporate world will be in a position to increase the benefit to both shareholders and the overall social environment.

Appendix

Attitudinal Scale Items

Economic Attitude

2. Philanthropy is an important component of a firm’s strategy.
3. Philanthropy contributes positively to a firm’s bottom line.

Political Pressure

1. My firm’s stockholders expect my firm to engage in philanthropy.
2. My firm’s customers expect my firm to engage in philanthropy.
3. My firm’s suppliers expect my firm to engage in philanthropy.
4. My firm’s employees expect my firm to engage in philanthropy.
5. Community organizations expect my firm to engage in philanthropy.\(^a\)
6. The government expects my firm to engage in philanthropy.\(^a\)

**Moral Obligation**

1. I have a moral obligation to ensure that my firm supports the local community.
2. Using the firm’s resources to engage in philanthropy is morally wrong. (reverse coded item)
3. I have a moral obligation to ensure that my firm engages in philanthropy.
4. I have a moral obligation to ensure that my firm helps those in need.

**Behavioral Control**

1. Philanthropic expenditures must be approved by my firm’s board of directors. (r)\(^a\)
2. I have complete authority to make decisions concerning corporate philanthropy.
3. The board of directors gives me complete discretion to engage in corporate philanthropy.

**Identity**

1. I think of myself as a philanthropist.
2. I am very concerned with philanthropy.
3. Philanthropy is an important part of who I am.

\(^a\) This item was dropped from the modified scale and all subsequent analyses.

**References**


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