

# Business for Good? An Investigation into the Strategies Firms Use to Maximize the Impact of Financial Corporate Philanthropy on Employee Attitudes

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**Abstract** Most research on the corporate philanthropy of organizations has focused on the external benefits of such initiatives for firms, such as benefits for firm reputation and opportunities. However, many firms justify their giving, in part, due to the positive impact it has on their employees. Little is known about the effectiveness of such efforts, or how they can be managed strategically to maximize impact. We hypothesize a main effect of office-level corporate philanthropy on average employee attitudes in that office, but also investigate three strategies that offices may use to enhance this impact. Testing our hypotheses with 3 years of data on attitudes of an average of 14,577 employees in 53 offices we find support for the main effect,

but mixed support for the specific strategies used to enhance impact.

**Keywords** Financial corporate philanthropy · Corporate social responsibility · Strategic partnerships

## Introduction

Evidence of corporations engaging in philanthropic activity is everywhere. From oil companies offering press releases about their donations supporting alternative energy initiatives to Coke cans emblazoned with World Wildlife Fund polar bears, corporate philanthropy plays a major role in the current strategies of many large corporations (Campbell et al. 2002; Margolis and Walsh 2003). One subset of corporate philanthropy is financial corporate philanthropy (FCP), defined as the “transfer, of a charitable nature, of corporate resources to recipients at below market prices” (Ireland and Johnson 1970). Organizations have long viewed this type of philanthropy as an easy way to enhance their external stakeholder relationships (Cornell and Shapiro 1987). Despite the potential for its use as a symbolic façade (Fleming and Jones 2013; Glavas and Godwin 2013), these external benefits of FCP have become well documented. For example, it has been shown to significantly improve organizational reputation (e.g., Brammer and Millington 2005; Turban and Greening 1996) and partnership opportunities (Post and Waddock 1995). Further, FCP also provides firms with several pragmatic benefits, such as stronger community relationships (Hall 2006) and more effective branding (Webb and Farmer 1996; Sharfman 1994; Fry et al. 1982). Given these advantages, the motivation for firms to engage in FCP has become well accepted, and is now widely viewed as an important part of firm strategy.

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However, in addition to the benefits of FCP for an organization's external stakeholders, many firms also tout the benefits of their FCP programs for the impact it has internally by enhancing employees' attitudes and well-being (e.g., Brummel and Smith 2012). Further, many have argued that changing workplace attitudes necessitates an increased focus on these types of socially responsible initiatives. For example, a recent article in the Washington Post argued that, to millennial employees (the newest generation in the workforce), "social responsibility isn't optional" (Nunn 2011), and in one study 45 % of employees said that they would take a pay cut to work for an organization that makes a social or environmental impact (Zukin and Szeltner 2012). These trends have further enhanced the motivation for organizations to engage in FCP.

Despite the chorus of enthusiasm for such philanthropic activity, very little research has been done to investigate the impact of FCP on internal employees (Aguinis and Glavas 2012). Further, to our knowledge, no research has examined how FCP can be strategically managed by organizations to maximize the impact of their giving on their employees. With this in mind, our study aims to evaluate not only the direct influence of FCP on internal employee attitudes but also to assess the effectiveness of various strategies that organizations have used in their philanthropic efforts.

We begin by examining the primary question of whether or not an office's FCP actually impacts its employees, focusing in on average employee attitudes across each office. Although work has not previously connected corporate philanthropy, financial or otherwise, with employee attitudes, a significant body of research has shown that a socially responsible culture and mission can positively influence employee attitudes more generally (e.g., Aguinis and Glavas 2012; Frank 1996; Turban and Greening 1996). We posit that FCP can specifically highlight the socially responsible spirit of the organization by demonstrating to employees the positive impact that their organization has around their community and world (Grant 2008b; Grant and Mayer 2009). In doing so, we hypothesize that employees will feel more positively about their office and their organization as a whole when their office engages in greater amounts of FCP.

Building on this foundation, we then examine three popular but unproven strategies that organizations have used to enhance the impact of each office's FCP on employee attitudes. These include (1) strategically targeting certain organizations as centralized targets for corporate giving (Porter and Kramer 2002), (2) providing organizational direction for employee giving (Muller and Kräussl 2011), and (3) providing opportunities for employees to interact with the beneficiaries of corporate

giving (Grant 2007). Each of these represents a different strategy that has been articulated in the literature as well as advanced in practice, and provides different paths for organizations to pursue when deploying their FCP.

With this focus, our paper aims to advance research on the strategic management of FCP by considering its direct effect on mean employee attitudes as well as how offices can more effectively deploy their FCP resources. We study these issues in the setting of all 53 U.S. offices (14,577<sup>1</sup> employees) of a large global financial services firm. In this organization, each office makes independent decisions about the amount and recipient(s) of FCP, which averaged \$332,498 per office each year during the 3 years we study (2009–2011). The results of our analyses provide support for the main effect influence of FCP on mean employee attitudes the following year, but mixed support for the strategies firms use to enhance these effects. We find that beneficiary contact and strategic targeting of specific partners for FCP each enhance the impact of corporate giving, but find no support for linking corporate giving with employee giving.

Our findings contribute to research in several ways. First, our results provide evidence in support of recent corporate attention (Nunn 2011) to FCP, showing that FCP advances firm interests not only by improving the firm's reputation (Brammer and Millington 2005) and branding (Porter and Kramer 2002), but also by improving internal employee attitudes with the firm. Thus, our work joins with others (e.g., Godfrey 2005) in providing evidence for the strategic benefits of FCP, but we also go further by assessing different strategies through which organizations can manage their FCP to maximize results. Our finding that two strategies can help magnify the effect of giving contributes to the growing literature on how organizations can manage their need to be not only profitable but also socially responsible (Margolis and Walsh 2001), providing several tangible directions for both practice and future research. Finally, we answer the call to explore the impact of organizational-level community practices on employees (Aguinis and Glavas 2012).

## Corporate Philanthropy and Employee Attitudes

Corporate philanthropy involves the charitable transfer of corporate resources to recipients at below market prices (Ireland and Johnson 1970). This can involve the direct giving of financial assets—which we define as FCP—as well as the donation of employee time, goods, or services. A great deal of research has considered the motivations of firms engaging in corporate philanthropy, which can be

<sup>1</sup> This number is the average of the years in our sample.

institutional, altruistic, political, or strategic (Campbell et al. 2002; Sanchez 2000; Sharfman 1994; Useem 1984). As a result, there are a variety of factors that predict whether, and the degree to which, a firm will engage in FCP. These include industry structure (Johnson 1966), performance (Gaslaskiewicz 1997), cash flow (Siefert et al. 2003), slack resources (Waddock and Graves 1997), firm size (Atkinson and Gaslaskiewicz 1988), board composition (Wang and Coffey 1992; Williams 2003), ownership structure and concentration (Wood and Jones 1995), and demographics (De Gilder et al. 2005).

The limited research that has moved beyond antecedents and investigated the consequences of FCP has largely considered the way it creates external benefits for firms (Post and Waddock 1995). Godfrey (2005) argues that it can generate positive moral capital among communities and stakeholders that can protect a firm's relationship-based intangible assets and contribute to shareholder wealth. This can translate into the generation of a positive firm reputation (Brammer and Millington 2005), stronger customer relationships (Hall 2006), and greater stakeholder satisfaction (Cornell and Shapiro 1987). This is then argued to have a positive impact on firm performance (Griffin and Mahon 1997; Wood and Jones 1995).

What is missing from this research is an explicit consideration of the impact of these activities on employees. Specifically, there is reason to believe that FCP will not only influence the organization's external constituencies but also their employees. In fact, a substantial body of research has argued that the organizational context in which employees reside significantly impacts employee attitudes, behaviors, and motivations. Philanthropic activities, in particular, are theorized to have such a positive effect. Hoffman (1981) argued that humans have a general tendency to help others in distress because natural feelings of empathy lead toward helping behaviors. The positive impact of philanthropy on individuals has been found in psychology (for reviews see Batson 1998; Piliavin and Charng 1990; Schroder et al. 1995) and in work on positive organizational scholarship (Cameron et al. 2003).

Our research builds on a long tradition of considering the impact of organization-level decisions and strategies on employee attitudes and behaviors. We suggest that FCP is likely to influence employees because philanthropy is a way for an organization to communicate values to constituencies. Organizations who communicate their prosocial images and characteristics are rewarded with increased commitment from both customers and employees (Grant et al. 2006).

Schneider's (1987) attraction-selection-attrition model of organizational behavior highlights the importance of value congruence between organizations and employees (Hunt et al. 1989). Prospective employees are attracted to,

and select to remain employed by, companies with similar values. In contrast, employees leave organizations when they perceive value incongruence. While individual differences may exist, this process leads to an organizational set of values that impacts individual employee attitudes and turnover (Mowday and Sutton 1993). FCP constitutes an important and visible representation of corporate values, ethics, and culture in the workplace, which are features of organizations known to have an impact on individual behavior (Hunt et al. 1989; Meglino et al. 1989; O'Reilly et al. 1991). In fact, the effect of value fit can be stronger than that of other factors such as pay or promotion opportunities (Jones et al. 2014). Hunt et al. (1989) demonstrate this in a study of marketers that showed the positive consequences of an organization's ethical climate. They found that those representing organizations that upheld more ethical values experienced higher levels of organizational commitment than those representing less ethical organizations.

When an organization engages in FCP, we posit that its employees will perceive that organization to be a good corporate citizen that cares about the well-being of its employees and others (Rupp et al. 2006). As a result, employees are likely to feel supported and cared for, engendering higher average levels of positive attitudes (Rich et al. 2010). In fact, Glavas and Piderit (2009) found that employees who perceive that their corporations are good corporate citizens are more engaged. These perceptions can also be influenced by the frame of reference used by employees. Those employees who exhibit higher commitment are also more likely to view the actions taken by their organizations in a positive light (Mowday and Sutton 1993).

Our predictions draw from, and parallel, a related stream of research that has focused attention on employee volunteerism, studying the attitudinal effects of employees donating time to philanthropic causes (De Gilder et al. 2005; Grant et al. 2006; Jones 2010; Turban and Greening 1996). In this work, giving time has been linked with improved work attendance (De Gilder et al. 2005), increased employee commitment (Turban and Greening 1996; Grant et al. 2006), intent to stay (Jones 2010), organizational citizenship behaviors (Jones 2010), and trust (Frank 1996). Although giving of money does not have the same participatory features as volunteering, we expect that giving is also likely to have similar positive effects on employee attitudes. Supporting this idea, research on emotions has shown similarities between the affective impact of giving time with the effects of giving money by demonstrating that people often get a rush of happiness from giving either of time or money (Williams and Lee 2007). In a study of job seekers, significant indirect effects on organizational attractiveness were mediated by

perceived value fit (Jones et al. 2014). Given these ideas, we hypothesize that when organizations commit money to FCP, such giving will connect emotionally with employees, positively influencing the average level of employee attitudes.

**Hypothesis 1** Increasing levels of an organization's FCP will positively influence average employee attitudes.

### The Moderating Influence of Philanthropic Giving Strategies

Our first hypothesis is focused on the overall influence of FCP on employee attitudes. Although this is an important starting point, there are many ways for an organization to engage in FCP, and each of these strategies could dampen or enhance the impact of such giving. In the following sections, we consider three potential strategies that have been proposed in the literature and have been used in practice, each of which could moderate this relationship. These include the degree to which the recipients of FCP are strategically targeted corporately, the degree to which the organization organizes employee giving to philanthropic initiatives, and the degree to which financial giving is paired with direct beneficiary contact with the organizations that receive funds.

#### Strategic Targeting of Partners

One strategy organizations use to enhance the impact of their giving is by specifically targeting key organization-wide partners as strategic beneficiaries for corporate giving. We define this strategy as the use of a centralized, corporate-level approach to the selection of the beneficiaries of corporate giving. This can be contrasted with a more decentralized approach in which the selection of beneficiaries is more driven by office-level preferences rather than corporate-level planning. In recent years, there has been a shift in the way that firms are engaging in giving, in that many are moving toward the centralization of FCP in an attempt to leverage those activities to target strategic goals (Post and Waddock 1995; Sanchez 2000). Such FCP initiatives often involve creating high-profile partnerships with established non-profit organizations, and limiting the firm's philanthropic program to those activities, as opposed to focusing on many smaller projects. Although this type of strategic partnering may benefit the firm by generating improved external relationships or enhancing specific impact, the consequences on the individual employees are less clear. When the decision around which charities are to receive funds is made at a corporate level, it precludes the offices from selecting targets themselves. This is likely to have several important implications for the link between giving and employee attitudes.

First, this can rob organizations of the ability to capture motivational benefits of participatory decision-making (e.g., Latham et al. 1994) that would result from input in the selection process. This could reduce the likelihood that employees will feel ownership over the philanthropic activities (Pierce et al. 2003) and that those activities will drive positive work attitudes and behaviors (Van Dyne and Pierce 2004; Vandewalle et al. 1995).

Second, in the case of large organizations, this process often involves the selection of national or international organizations as centralized philanthropic partners. Although many national charities engage in community-level work, by their nature, national partners disperse philanthropic work more widely across domains. In contrast, the selection of a local charity can allow a donation to remain in a specific community that was specifically selected by the organization, making the work less physically and socially distant (Krackhardt and Kilduff 1999) from the beneficiaries. A final byproduct of centralized partner selection is that it can narrow the portfolio of charities that an organization partners with, both within a given year and across a number of years. This decreased breadth reduces the opportunity for individual employees to find a direct connection (Ostrander 2007) between their own values, interests, and lives with the philanthropic efforts of their organization (Cohen 2002). For example, employees who have personal connections to children with disabilities might be impacted deeply by FCP directed toward an organization that serves children with Down Syndrome in ways that they might not be if the charity were directed toward adult literacy. As such, we argue that employees are less likely to experience attitudinal benefits of FCP when the targets of giving are determined by corporate offices and coordinated by upper management, highlighting a tradeoff between the external and internal consequences of FCP.

**Hypothesis 2** The positive influence of FCP on average employee attitudes will be weaker when more of this giving is directed toward strategically targeted partners.

#### Organizationally Directed Employee Giving

The second strategy we consider examines the different ways that organizations can structure FCP to drive employee attitudes from such initiatives. In this case, we explore a strategy firms can use to increase employee connection to philanthropic giving through personal sacrifice. This concept, known as 'skin in the game,' involves employees committing their own money to organizationally directed philanthropic initiatives. Many organizations offer such programs, in which the firm organizes, and often directly collects, donations that are directed to a specific

strategic partner (Romney-Alexander 2002). For example, a few widely recognized programs of this type direct donations to the United Way (Wright 2001) and the American Cancer Society (ACS 2009). We predict that creating programs that allow employees to give their own money in this type of employer-directed program can be an effective method of more deeply connecting employees with their organization.

The concept of skin in the game (Cremers et al. 2009) has been used in studies of finance as well as in entrepreneurship to consider the degree to which personal financial investments are made by founders of new ventures (Parker 2012). In entrepreneurship, work on skin in the game has argued that investors prefer ventures where founding entrepreneurs tie their personal wealth more deeply with their initiative, by putting personal funds at risk in a new venture, assuming that personal investments increase founder commitment to the venture (De Clercq and Sapienza 2006). This idea of increasing personal connection by putting personal money into an effort has meaning for FCP as well. When employees have the opportunity to pool their own earned money and contribute to corporate philanthropic initiatives, we expect that such employees will feel more of a personal connection to the effort and to the organization (Conti et al. 2011).

Moreover, related literature provides evidence that when employees are directly involved in socially responsible activities, there is a positive effect on their attitudes (Peterson 2004; Wild 1993). This may be because the more that employees are involved, the more it has a positive impact on their identity and self-concept (Kim et al. 2010). It also may be because employees feel a sense of ownership over FCP—in three studies conducted by Van Dyne and Pierce (2004), the authors tested previous theories of ownership and found that when employees feel that what they are doing is a result of their own choice and effort, they develop a sense of involvement, possession, and ownership of what they are doing resulting in positive attitudes (i.e., self-esteem, organizational citizenship behaviors, job satisfaction, organizational commitment). As such, we hypothesize that the relationship between FCP and employee attitudes will be stronger in offices where employees donate more of their own money through organizationally directed philanthropic programs.

**Hypothesis 3** The positive influence of FCP on average employee attitudes will be stronger when employees donate more of their own money to such initiatives.

### Beneficiary Contact

Finally, a third strategy organizations can use to maximize the impact of their giving is known in the literature as

“beneficiary contact.” Consistent with prior work, we define beneficiary contact as the phenomena of providing employees from the organization that is giving money with the opportunity to interact with individuals who are the recipients of such corporate giving. In this case, we draw upon theories of beneficiary contact (Grant 2007) to consider another variation on the deployment of FCP. Specifically, we expect that the positive impact of giving will be amplified when employees are able to personally observe their organization’s impact on others (Grant 2008a). Beneficiary contact is defined as the degree to which employees have the opportunity to interact with clients, customers, or other recipients of their work (Grant 2007). Grant (2012) argues that contact with beneficiaries makes the feelings about giving more available, cognitively accessible, and emotionally vivid (Schwarz 1998; Tversky and Kahneman 1973). He also suggests that contact with beneficiaries increases the credibility of an otherwise abstract initiative (Grant 2012). Grant (2012) demonstrated that beneficiary contact moderates the relationship between transformational leadership and performance (Grant 2012) by highlighting the impact employee behaviors have on the lives of others (Grant 2007, 2012; Thompson and Bunderson 2003).

The benefits of beneficiary contact have been demonstrated to influence employees through contact with customers (Grant 2007, 2012) and in the context of employee development activities (Maurer et al. 2002). Extending these ideas, we posit that beneficiary contact will also enhance the influence of FCP on employee attitudes. Given that the goals and the outcomes of FCP are at least partially aimed at helping others, it is likely that when employees have the opportunity to see the impact of such giving, this emotionally rich experience will further strengthen employee attitudes. As such, we hypothesize that FCP will have a stronger influence on average employee attitudes when such giving is coupled with activities that provide employees with the opportunity to connect with the recipients of corporate giving.

**Hypothesis 4** The positive influence of FCP on average employee attitudes will be stronger when there is personal contact between office employees and the organizations that receive such donations.

## Methods

### Setting and sample

To evaluate these hypotheses, we gathered information about all FCP conducted by the 53 offices of a large professional services firm in the United States in each year

from 2009 to 2011. We then paired this office-level giving data with large-scale survey data on the employee attitudes of over 14,000 employees at this firm during this time period along with archival data of average giving each year in the U.S. state where each office was located. At this firm, each office was encouraged to engage in FCP both by giving office-level funds directly to charities and by coordinating employee donations to charities. The total amount of FCP and the recipients of such contributions were left to the discretion of the individual offices. During this time, the central corporate office began an initiative to start encouraging local offices to increase their commitment to strategic corporate-designated national strategic partners. Individual offices varied in the degree to which they participated in this centralization initiative. For our work, the focus of all analyses is on office-level FCP and the resulting influence on average employee attitudes in these offices.<sup>2</sup>

### Independent variable

We measured our independent variable, FCP, for each office by dividing the total dollar amount of philanthropic giving from each office by the number of employees in each office (natural log transformed to correct for skew). Temporally, this was measured as cumulative office giving for the year prior to the measurement of the dependent variable—average employee attitudes. In our data, the 53 U.S. offices of the organization averaged \$332,498 per year in charitable donations.

### Moderators

#### *Strategic Targeting of Partners*

We assessed strategically targeted FCP as the amount of FCP that was directed to organizations that were identified by the organization's central headquarters as national strategic priority partners (scaled by office size). In this firm, the following six strategic partners were identified as national strategic partners: American Cancer Society, American Heart Association, American Red Cross, Junior Achievement, March of Dimes, and Multiple Sclerosis Society. On average, the offices in our sample donated \$40,965 a year to these strategic partner organizations.

<sup>2</sup> Our focus on the office level of analysis was also driven by a limitation in the data. Specifically, although data on employee attitudes was collected at the individual level, to preserve anonymity and ensure truthful answers, the outside vendor that collected this attitude data for the firm did not provide the organization with individual-level data. Thus, we focused our theorizing and research design at the office level of analysis, rather than a nested multi-level of analysis of offices and individuals (i.e., HLM modeling).

### *Organizationally Directed Employee Giving*

To assess the amount of personally earned money that individual employees put toward organizationally directed philanthropic giving, we collected data on average employee contributions to United Way (a national community service organization) in each office. These contributions were deducted from employee paychecks in a coordinated effort to collectively support the diverse work of United Way in each community. Like the independent variable, this (and all moderators) was measured as giving during the year prior to the measurement of the dependent variable. On average, offices in our sample donated \$3734 each year to United Way.

### *Beneficiary Contact*

As an indicator of the degree to which organizational FCP was paired with beneficiary contact, we collected data on the amount of money donated by each office that went to organizations that members of the office also volunteered to help in-person, scaled by office size. The organization tracked such volunteering to keep records on employee volunteer efforts. We then paired these volunteer records with the overall FCP data. What is unique about this form of FCP is that it provides personal interaction between office employees with financial donation recipients, providing an opportunity for office employees to personally meet the beneficiaries of office giving. These events would typically benefit local youth, community projects, or support the local chapter of a service organization. In this case, the organization did not simply write a check, but rather gave money to organizations that also benefited from employee volunteering. On average, each office in our sample donated \$37,721 to organizations that their employees volunteered to serve.<sup>3</sup>

### Dependent Variable

#### *Employee Attitudes*

To assess employee attitudes, we used four survey items that the focal organization uses to annually to assess "employee attitudes." These items originated from

<sup>3</sup> A potential concern in any paper is the degree to which the independent variables are each unique measures in the context of the data. In this case, the question involves the degree to which the amount of financial corporate philanthropy and the strategies used to direct such giving are independent from each other. In our data, the average dyadic correlation between these four measures is 0.15. Further, in principal components analysis, the four measures each load independently, with no single factor explaining a significant proportion of the overall variance.

Fortune's *Great Places to Work* survey and are collected annually, with the help of an external vendor, to assess their employee's attitudes and aggregated to the office level. This measure is used internally as a key metric for assessing office performance by the organization's corporate leadership. The four items were "I am proud to say that I work for [my organization]," "I rarely think about looking for a new job with another organization," "Overall, I would say this is a great place to work [organization]," and "Overall, I would say this is a great place to work [work group]." Responses to these items were made on a 10-point response scale from 1 = *rarely* to 10 = *always*. An average of 14,577 individuals across all 53 offices of the organization completed this survey each year to provide an estimate of office-level attitudes. The response rate for the survey was 74 % in 2009, 64 % in 2010, and 73 % in 2011. The alpha for these four items together in our data was 0.87.<sup>4</sup> The overall average level of office-level attitudes was 6.94 (standard deviation of 0.63).

Given the fact that this scale was provided to us by the organization, it has not been validated in the same way other attitudes scales have been validated in the literature, and was collected with the help of an outside vendor. As a result, we were cautious in our evaluation of the usefulness of this scale for our research. Most concerning was that although the organization referred to it as "attitudes," it was not entirely clear how well this specific measure maps onto the existing measures of attitudes in the work attitudes literature. Thus, we engaged in further exploratory analysis in order to assess the degree to which the vendor scale reflected the scholarly construct of attitudes and to validate the measure. In the analyses below, we refer to this as the "vendor scale."

To provide more clarity, we collected additional data from 224 working adults through an online survey. The data were collected from Amazon's M-Turk system, through which human intelligence tasks can be completed by a pool of individuals for modest financial compensation. In our case, we provided a \$1 incentive for U.S.-based working adults to complete a short survey about their current work attitudes. From the initial pool of 224 surveys, we rejected 17 surveys as they displayed poor response patterns such as not noticing reverse-coded manipulations,

or subjects completing the survey unreasonably quickly. This resulted in a final sample of 207 observations. The adults in this sample ranged in age from 18 to 68 with an average age of 32.6. These adults worked for both small and large employers, with the average respondent working for an organization that employed 8063 employees (though this was somewhat skewed, as the median organization employed 75). On average, these individuals had worked for their current employer for 6.1 years and 58 % of respondents were women. The survey items included both the four-item vendor scale and an established attitudes scale currently in use in the literature, the 18-item attitudes scale validated in great detail by Rich et al. (2010). The Rich et al.'s (2010) scale dimensionalizes attitudes into three distinct components with six items each—physical attitudes, emotional attitudes, and cognitive attitudes.

In this sample of 207 working adults, the four-item vendor scale holds together with an alpha of 0.88. When these four items are entered into a factor analysis, they load easily and obviously into only one factor. In addition, the full 18-item attitudes scale (Rich et al. 2010) correlates 0.66 with the 4-item vendor scale. However, a closer look at the dimensions of attitudes demonstrates that the 4-item vendor scale correlates with emotional attitudes (correlation of 0.76) much more strongly than physical or cognitive attitudes (correlating at 0.48 and 0.49, respectively). To examine the factor structure of these items in this sample, Tables 1 and 2 provide information about how these scales break down in factor analysis. When all 22 items are entered into factor analysis together (the 18 items from Rich and colleagues and the four items from the vendor scale), three distinct factors are evident. The three dimensions from the Rich et al.'s (2010) scale load onto three separate components (bolded in Table 1). In addition, all four items from the vendor scale also load onto the emotional attitudes factor (also bolded in Table 1). This evidence suggests that the vendor scale provides a reasonable measurement tool for the emotional attitudes dimension of the overall attitudes construct. Thus, we will move forward with this 4-item scale as our indicator of employee attitudes.

In addition, there is one other issue with this measure that deserves some attention. Our use of average office-level employee attitudes rather than individual-level positive employee attitudes responses had both theoretical and practical motivations. On a theoretical level, there is precedent to using office-level measures of employee attitudes as well as other measures of employee attitudes. According to Harter et al. (2002) "even though it is more common to study employee attitude data at the individual employee level, studying data at the business-unit level is critical because it is the level at which employee survey data are typically reported to client organizations" (p. 268).

<sup>4</sup> To further assess the internal consistency of this scale, we also conducted principal components analysis to investigate the factor structure exhibited in the measurement of these items. Only one factor emerged with an eigenvalue greater than 1.0, which accounted for 73 % of the variance (eigenvalue = 2.94). This provided further empirical evidence that these four items are best analyzed as a single construct. In addition, in a robustness sensitivity analysis, we examined models in which this extracted component was substituted for the 4-item scale as our indicator of employee work attitudes. Not surprisingly, we found the same pattern of results.

**Table 1** Attitudes items factor analysis: rotated component matrix<sup>a,b,c</sup>

	Component		
	1	2	3
Vendor_1	<b>.863</b>	.178	.116
Vendor_2	<b>.801</b>	.052	.199
Vendor_3	<b>.829</b>	.178	.119
Vendor_4	<b>.745</b>	.156	.108
Physical_1	.370	.308	<b>.637</b>
Physical_2	.275	.272	<b>.763</b>
Physical_3	.151	.251	<b>.817</b>
Physical_4	.334	.417	<b>.624</b>
Physical_5	.233	.478	<b>.601</b>
Physical_6	.130	.213	<b>.820</b>
Emotional_1	<b>.725</b>	.339	.298
Emotional_2	<b>.642</b>	.348	.348
Emotional_3	<b>.649</b>	.421	.267
Emotional_4	<b>.725</b>	.336	.186
Emotional_5	<b>.783</b>	.361	.213
Emotional_6	<b>.754</b>	.261	.341
Cognitive_1	.255	<b>.770</b>	.235
Cognitive_2	.189	<b>.805</b>	.261
Cognitive_3	.246	<b>.741</b>	.325
Cognitive_4	.297	<b>.652</b>	.290
Cognitive_5	.261	<b>.817</b>	.242
Cognitive_6	.260	<b>.783</b>	.265

<sup>a</sup> Extraction method: Principal component analysis. Rotation method: Varimax with Kaiser Normalization. Rotation converged in 5 iterations

<sup>b</sup> ‘Vendor’ items are from the 4-item scale developed by an external vendor for use at the studied organization as an indicator of workplace attitudes. The physical, emotional, and cognitive attitudes items are from the 18-item Rich et al. (2010) validated instrument

<sup>c</sup> Data: 207 working U.S. adults, ages 18–68 (avg. 32.6 years old), working in organizations with a median of 75 employees; average tenure of 6.1 years; 58 % female

Researchers have linked aggregated employee attitudes at the organization level (Denison 1990), school level (Ostrhoff 1992), and branch level (Ryan et al. 1996) to turnover and financial performance. In this study, studying employee attitudes at the mean office level also reflects our focus on the impact of FCP strategies, which are set at the office level. Further, perceptions in particular are often shared by members of the same office, and thus, the office level provides an appropriate theoretical and statistical level of analysis (Klein et al. 1994). On a practical level, we were not able to get access to uniquely identified individual-level data on a consistent basis across years, constraining our research design and analytical methods to the use of office-level measurement.

## Control Variables

Because our study focused on FCP across offices in one company, which inherently controls for industry effects, we focused our control variables on office leadership and office demographic characteristics that might provide alternative explanations for the average level of employee attitudes in individual offices. Research has suggested that significant differences in the demographic makeup of individuals in offices can influence office culture (Schein 1990). For example, important differences between the preferences of men and women (Parker et al. 1997), as well as employee attitudes toward FCP could motivate different levels of attitudes. Further, it is also possible that longer-tenured organizational members (Rhodes 1983) could exhibit different preferences and motivations. To control for these factors, we controlled for effects of each of these demographic makeup characteristics in each office, both at the leadership level (among partners of the firm located in each office) as well as the rank-and-file members of each office.<sup>5</sup> To partial out year-to-year differences, we also included dummy variables to account for factors associated with time. Finally, given that different offices were located in different regions of the country that could place a different emphasis on FCP, we controlled for average levels of charitable giving by U.S. state. These data on state-level financial donations were collected from tax records for U.S. taxpayers making over \$50,000, and is published by the *Chronicle of Philanthropy*. This Chronicle data provided average philanthropic giving by state as a percentage of income, helping to partial out the effects of regional philanthropic propensities.

## Analysis and Endogeneity

As our sample was structured as a panel of office-level differences in average employee attitudes over 3 years (2009–2011), we analyzed the data using time series regression. Specifically, we used generalized estimating equations (GEEs) with a first-order autoregressive correlation structure (AR(1)) to test our hypotheses. GEE models effectively account for the non-independence of observations in panel data (Liang and Zeger 1986), and have been widely used in prior literature for this type of data (e.g., Chatterjee and Hambrick 2007). All analyses were performed in Stata 12.

<sup>5</sup> We also controlled for office size. However, to avoid redundancies in the model in which office size was present in multiple terms (the scaled IV and moderator variables, as well as entered in as a control), we do not include office size as a control in our primary presented models. However, we tested the sensitivity of our models to the inclusion of office size in these models. The results are substantively unchanged with office size included or excluded from the models.

**Table 2** Attitudes items factor analysis: total variance explained in three components<sup>a</sup>

Component	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of variance	Cumulative (%)	Total	% of variance	Cumulative (%)	Total	% of Variance	Cumulative (%)
1	11.858	53.901	53.901	11.858	53.901	53.901	6.497	29.532	29.532
2	2.395	10.888	64.789	2.395	10.888	64.789	4.989	22.679	52.211
3	1.311	5.960	70.749	1.311	5.960	70.749	4.078	18.538	70.749
4	.924	4.200	74.949						
5	.659	2.998	77.947						
6	.594	2.701	80.648						
7	.527	2.397	83.045						
8	.432	1.963	85.008						
9	.410	1.865	86.874						
10	.358	1.626	88.500						
11	.329	1.496	89.995						
12	.310	1.408	91.403						
13	.279	1.268	92.671						
14	.263	1.195	93.866						
15	.221	1.004	94.870						
16	.216	.983	95.853						
17	.195	.884	96.737						
18	.176	.800	97.537						
19	.159	.722	98.259						
20	.142	.645	98.904						
21	.131	.593	99.497						
22	.111	.503	100.000						

<sup>a</sup> Extraction method: Principal component analysis

To control for potential for endogeneity in the allocation of resources to FCP, we examined whether certain conditions might influence both the office-level giving and employee attitudes. Following Wiersema and Zhang (2011), we ran a two-stage least squared model. We created the first-stage model by regressing office-level giving in each year on a set of lagged annual predictors that might influence such giving, including office size, demography, tenure, state-level average giving, and year dummies. Then, in the second-stage model, we used the residuals from this regression as our revised measure of FCP. These yielded nearly identical results to the models using the raw measure, indicating little influence of endogeneity in these models. Nonetheless, out of an abundance of caution we use these endogeneity-adjusted giving totals as our measure of office-level FCP in a given year.

## Results

Table 3 presents descriptive statistics and correlations for this data. Variance inflation factor tests showed that multicollinearity did not bias these models. Hypothesis 1

proposed that offices with higher levels of FCP would have higher average levels of employee attitudes. Table 4 Model 2 presents the results for this test, showing that FCP during the year has a positive and significant ( $b = .14, p < .05$ ) influence on attitudes ratings at the end of that year. Therefore, Hypothesis 1 was supported.

Hypothesis 2 proposed that the relationship between FCP and average employee attitudes would be weaker when the beneficiaries of such giving are strategic for the organization. In fact, we found the opposite effect. Specifically, the relationship between FCP and employee attitudes is stronger when the beneficiaries of such giving are strategic for the organization. Table 4 Model 8 shows that this interaction has a positive and significant ( $b = .09, p < .05$ ) influence on employee attitudes. Therefore, Hypothesis 2 was not supported.

Hypothesis 3 proposed that the relationship between FCP and employee attitudes would be strengthened when employees donate more of their own money. Table 4 Model 6 shows that this interaction is not significant. Therefore, Hypothesis 3 was not supported.

Hypothesis 4 argued that giving with beneficiary contact would strengthen the relationship between FCP and

**Table 3** Descriptive statistics and correlations<sup>a,c</sup>

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1 Employee attitudes (office)	6.94	0.63											
2 Percent female (office)	48.69	6.42	0.19										
3 Tenure (office)	6.58	0.96	0.22	0.21									
4 Percent non-white (office)	20.92	15.67	-0.08	-0.01	0.1								
5 Percent female (partners)	19.5	13.4	0.10	0.34	0.26	0.29							
6 Tenure (partners)	18.95	2.53	0.25	0.29	0.55	0.06	0.13						
7 Percent non-white (partners)	4.56	8.79	0.06	-0.04	0.10	0.82	0.29	-0.01					
8 U.S. state avg. philanthropy	0.05	0.01	-0.05	-0.31	-0.07	-0.12	0.04	0.09	-0.03				
9 FCP <sup>b,d</sup>	332.5	120.2	0.21	0.19	0.2	-0.03	0.14	0.12	0.03	-0.28			
10 Giving with beneficiary contact <sup>b,d</sup>	37.72	71.7	0.14	0.13	0.02	-0.05	-0.14	0.21	0.03	-0.21	0.36		
11 Org-directed employee giving <sup>b</sup>	3.73	4.17	-0.10	0.05	-0.01	-0.03	0.01	-0.03	-0.02	-0.06	0.08	0.03	
12 Strategic targeting of partners <sup>b</sup>	40.1	56.6	0.11	0.19	-0.07	-0.10	0.03	-0.12	0.13	-0.15	0.18	0.19	-0.05

<sup>a</sup> Data on 53 offices;  $n = 153$  office-year observations, except strategic philanthropy for which strategic breakout data was not available (46 offices;  $n = 132$ )

<sup>b</sup> FCP, beneficiary contact, employee person giving, and strategic philanthropy are each measures in the year prior to the evaluation of office-level positive employee attitudes

<sup>c</sup> Untransformed values are presented for means and standard deviations to aid interpretation

<sup>d</sup> Thousands of U.S. dollars

employee attitudes. Table 4 Model 4 shows that this interaction has a positive and significant ( $b = .01, p < .01$ ) influence on positive employee attitudes, supporting Hypothesis 4. For more detail on the significant interactions, Fig. 1 provides a plot of the Hypothesis 2 interaction and Fig. 2 provides a plot of the Hypothesis 4 interaction.

### Supplementary Analysis: Reverse Causality

To provide a robust assessment of this data, we also explored the possibility that there might be reverse causality among our variables. Specifically, does FCP drive high employee attitudes, or does the existence of high positive employee attitudes drive increased levels of FCP? Although there are theoretical reasons to expect a positive relationship between FCP and attitudes, it is also possible to argue the reverse; that when employees have more positive attitudes toward the organization, they are more likely to participate in FCP. The relationship between organizational citizenship behaviors and work attitudes provides one stream of evidence for this reverse causation. If the employee views FCP as a type of organizational citizenship behavior, it would be more likely prevalent among employees with more positive work attitudes (Podsakoff et al. 2000). Other studies in philanthropy have linked extraversion, emotional stability, openness to experience, social trust, and empathy to philanthropic donations (Bekkers 2003, 2006; Levy et al. 2002).

Table 5 presents the results for this supplementary analysis. Model 1 includes controls only. Model 2 adds the main effect of positive employee attitudes on FCP per employee in the subsequent year. For these analyses, we again used a lagged structure for predicting the dependent variable, with employee attitudes measured at time 1 and FCP measured through the following year. The results show that there is no significant relationship between the average employee attitudes in an office and subsequent FCP in this data. Thus, this analysis did not support reverse causality.

### Discussion and Conclusions

The purpose of this paper was to consider whether FCP influences office-level employee attitudes, and to explore the strategies firms can use to enhance this influence. Moving away from the traditional focus on external benefits for firms, we posited a main effect between the FCP of an office and the average level of attitudes of internal employees in that office. We then extended this further by hypothesizing three potential moderators of this relationship, outlining three strategies firms use in their philanthropic giving practices. Our results demonstrate that there are clear benefits from FCP for employee emotional attitudes and that these benefits can be further heightened with the use of specific FCP strategies. These findings contribute

**Table 4** FCP and employee attitudes<sup>a,c</sup>

Independent variables	Employee attitudes							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Percent female (office)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
Tenure (office)	0.06 (0.07)	0.05 (0.07)	0.06 (0.07)	0.06 (0.07)	0.05 (0.07)	0.06 (0.07)	-0.00 (0.09)	0.01 (0.09)
Percent non-white (office)	-0.02** (0.01)	-0.02* (0.01)	-0.02* (0.01)	-0.02** (0.01)	-0.02* (0.01)	-0.02* (0.01)	-0.02* (0.01)	-0.02* (0.01)
Percent female (partners)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.01)	0.00 (0.01)
Tenure (partners)	0.05+ (0.03)	0.05+ (0.03)	0.05 (0.03)	0.05* (0.03)	0.05+ (0.03)	0.05+ (0.03)	0.07* (0.03)	0.06+ (0.03)
Percent non-white (partners)	0.03** (0.01)	0.03* (0.01)	0.03* (0.01)	0.03** (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)	0.03* (0.01)
U.S. state avg. philanthropy	-4.68 (5.21)	-1.44 (5.34)	-1.29 (5.35)	-3.36 (5.30)	-1.44 (5.34)	-1.59 (5.31)	-3.11 (6.03)	-4.68 (6.16)
FCP <sup>d</sup>		0.14* (0.06)	0.14* (0.06)	0.02 (0.07)	0.14* (0.06)	0.15* (0.06)	0.20** (0.07)	0.20** (0.07)
Giving with beneficiary contact <sup>d</sup>			0.00 (0.00)	-0.01* (0.00)				
Beneficiary contact × FCP <sup>d</sup>				0.01** (0.00)				
Organizationally directed employee giving <sup>d</sup>					0.00 (0.03)	-0.02 (0.04)		
Org-directed employee giving × FCP <sup>d</sup>						0.04 (0.06)		
Strategic targeting of partners <sup>d</sup>							-0.03 (0.05)	-0.01 (0.06)
Strategic targeting of partners × FCP <sup>d</sup>								0.09* (0.04)
Constant	5.95** (0.67)	5.93** (0.66)	5.93** (0.66)	5.86** (0.65)	5.93** (0.66)	5.91** (0.66)	6.04** (0.74)	6.12** (0.75)
Observations	153	153	153	153	153	153	132	132
Number of offices	53	53	53	53	53	53	46	46
Wald $\chi^2$ <sup>e</sup>	78.28	86.46	86.48	112.0	86.47	87.44	75.41	84.21

<sup>a</sup> Standard errors in parentheses; \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.10$

<sup>b</sup> Multiplied by 100 for readability

<sup>c</sup> Year dummies included but not shown

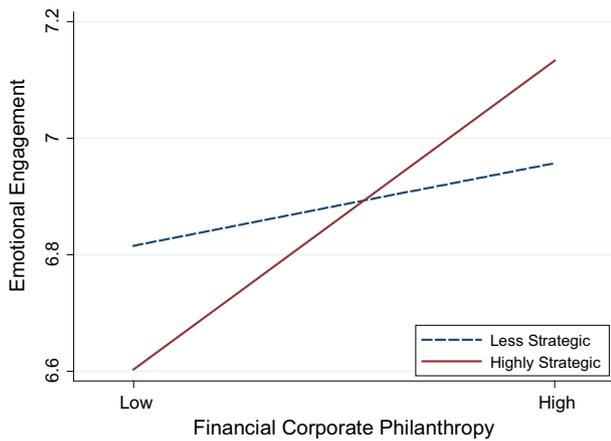
<sup>d</sup> Independent variables and moderators were lagged, measured for the year prior to the office-level attitudes

<sup>e</sup> All Wald  $\chi^2$  are significant at  $p < 0.001$

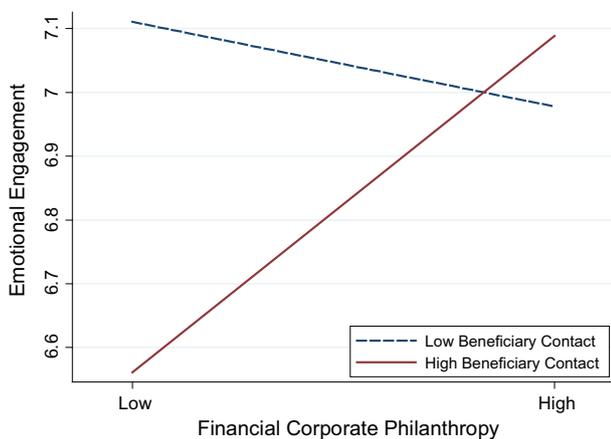
to understanding of both the impact of FCP and the strategic management of such giving. We also provide actionable insights for organizations seeking to maximize the benefit of their corporate philanthropic initiatives.

First, our findings demonstrate that there are significant internal benefits to firms that engage in FCP, beyond the well-established external benefits of such giving. This finding fills a clear gap in the literature on FCP, where the

emphasis of empirical inquiry has been at the organizational level of analysis considering the antecedents of corporate giving (e.g., Wang, and Coffey 1992; Williams 2003) or its benefits for firm reputation (Brammer and Millington 2005) and opportunities (Post and Waddock 1995), but rarely considering the implications of such giving for employees. Although there is clear evidence that employees giving their time to corporate philanthropic



**Fig. 1** Interaction of strategically targeted partners with FCP



**Fig. 2** Interaction of giving with beneficiary contact with FCP

initiatives has positive implications for commitment and performance (e.g., Grube and Piliavin 2000), this study is the first, to our knowledge, to directly investigate the effects of FCP on positive employee attitudes.

This evidence contributes to the growing literature on micro-foundations of strategy [see Foss (2011) for a review]. When the extant strategy literature has focused on individual-level issues, it has been primarily related to internal firm policies and actions such as resource-based theory (e.g., Abell et al. 2008; Lippman and Rumelt 2003; Teece 2007; Wright et al. 2001). We explore how strategy directed toward the treatment of others outside the firm impacts employees inside the firm. This also answers the call for research into the impact of a firm's activities in the community on its employees (Aguilera et al. 2007; Lindgreen and Swaen 2010). Numerous studies have explored the relationship between corporate social performance and macro-level outcomes (e.g., Barnett and Salomon 2006; Chatterji and Toffel 2010; David et al. 2007; Hillman and Keim 2001; Hull and Rothenberg 2008; McWilliams and

**Table 5** Reverse causation: employee attitudes to FCP<sup>a,b,c</sup>

Independent variables	FCP	
	(1)	(2)
Percent female (office)	−0.00 (0.02)	−0.01 (0.02)
Tenure (office)	0.06 (0.11)	0.06 (0.14)
Percent non-white (office)	−0.02+ (0.01)	−0.02 (0.01)
Percent female (partners)	0.01 (0.01)	0.01 (0.01)
Tenure (partners)	0.03 (0.04)	0.08 (0.06)
Percent non-white (partners)	0.03 (0.02)	0.02 (0.02)
U.S. state avg. philanthropy	−22.71** (7.97)	−26.26** (10.15)
Employee attitudes <sup>d</sup>		−0.06 (0.16)
Constant	6.45** (1.01)	6.77** (1.71)
Observations	153	94
Number of offices	53	47
Wald $\chi^2$	29.43**	16.50+

<sup>a</sup> Standard errors in parentheses; \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.10$

<sup>b</sup> Year dummies included but not shown

<sup>c</sup> Due to the lag structure described below in (d), fewer observations were available for assessment of the second model

<sup>d</sup> For this model, office-level employee positive attitude was lagged, measured prior to the FCP the following year

Siegel 2000; Surroca et al. 2010; Waddock and Graves 1997). However, in a review of the literature, Aguinis and Glavas (2012) found that only 4 % of studies included an understanding of employees in such analyses. Our work helps address this shortcoming directly.

We also found, to our surprise, that there seems to be little downside to the recent trend toward centralized forms of strategic partner selection for FCP programs. We had expected that more localized giving, deployed to targets selected by the offices themselves, would have a greater impact on employee attitudes. In our hypothesis arguments, we suggested that firms engaging in FCP might have to choose between high visibility strategic targets that might have reputational benefits and local targets with a more personal connection to the office. The evidence from this research suggests that this is not the case. Employee attitudes, on average, were higher when giving was directed at strategic targets. This finding makes sense in light of the

findings of social identity theorists, who have long argued that partnering with large, visible, and credible organizations can facilitate stronger employee identification and pride in one's employer (Dutton et al. 1994). This benefit to individual work attitudes has also been shown to support positive workplace behaviors, such as organizational citizenship behaviors (Mael and Ashforth 1992). From this perspective, strategic FCP can help build a positive firm reputation, enhancing employees' emotional connection to their employer as employees feel proud to be associated with such organizations. As a result, we expect that when organizations engage in FCP, this giving will be more impactful when it is directed toward strategically targeted partners for the firm.

Our research also supports Grant's (2008a) work on beneficiary contact as a strategy through which prosocial impact can be realized. Our direct test of giving with beneficiary contact (the positive and significant interaction in Table 4 Model 4) was consistent with the literature, suggesting that having the opportunity to have direct contact with those organizations to which donations are made enhances the effects of giving. However, in Fig. 1 we were surprised by several details. First, in the low beneficiary contact/low FCP condition, high employee attitudes were quite high. Further, in cases of low corporate giving, high beneficiary contact is actually linked with lower employee attitudes. These results may suggest a cautionary tale for scholars who hope to extend the ideas of prosocial behavior and beneficiary contact beyond the context of workplace roles. In the case of charitable giving, providing opportunities for employees in less generous offices to see the recipients of their limited giving may do more harm than good. One potential reason for this is that faced with the unmet needs of charity recipients, employees may feel guilty in light of their office's limited giving and perceive that their office is not doing enough to have an impact. While further research is certainly needed to unpack these relationships, our study seems to provide some evidence of potentially negative unintended consequences of beneficiary contact.

Another surprising finding was the lack of effects regarding the donation of employees' own dollars as a strategy to enhance the impact of FCP on employee attitudes. Given the focus on the influences of skin in the game effects in the fields of entrepreneurship (Parker 2012) and governance (Cremers et al. 2009), the fact that offices where employees donated their own money did not enhance the positive effects of FCP was surprising. This may have been due to the low overall level of this type of FCP in our data (about 1 % of total office FCP). It is also possible that, in this setting, the individual and corporate donations were decoupled such that individuals did not consider their individual donations to be part of corporate

giving. Finally, it is possible that employees may not get the same sense of donating money because using payroll deduction creates additional cognitive distance. With United Way, donations are automatically deducted and the slightly lower net pay becomes the new status quo or the reference point (Kahneman and Tversky 1979; Tversky and Kahneman 1991). In this way, our measure of skin in the game—donations through the United Way—may have limited our ability to find this effect.

### Managerial Implications

Our research can be helpful for managers who are making strategic decisions about how to develop and deploy their philanthropic activities by providing new evidence regarding the efficacy of three potential strategies. Specifically, we find that the impact of giving on positive employee attitudes is higher when firms direct giving toward strategically designated partners. This suggests that our findings might be paired with others that have shown the benefits of targeted giving for organizational reputation (Brammer and Millington 2005) and social impact (Tracey et al. 2005). In a sense, this emphasizes how helpful it can be to target specific partners for giving, as this type of targeted giving improves both organizational reputation and employee attitudes. More work is needed to establish boundary conditions for this finding, however. For example, if an organization were to completely focus their giving on only big national charities as partners, they might achieve the benefits of FCP and strategic giving, but miss out on the benefits of giving with beneficiary contact. In the organization we studied, the average office gave a similar proportion of their overall FCP to organizations with beneficiary contact (about 11 % of total FCP) and national strategic partners (about 12 % of total FCP). If this was more out of proportion, or if either were significantly larger as a percentage of the total, the effects may have been different. This provides an opportunity for future research.

Executives who are mindful of these results may be able to design their philanthropic initiatives to capture a more substantial internal benefit from corporate giving. This could be done by explicitly emphasizing the prosocial impact of strategically targeted FCP. Emphasizing the connections between employees and the beneficiaries of their work can enhance the prosocial impact of the giving (Grant 2007; Grant and Campbell 2007), by letting people see that their actions have tangible and meaningful consequences. In fact, Grant (2008b) demonstrated that among fundraisers in a call center, even short-term exposure to the recipients of donations had significant positive implications for employee motivation and performance. Organizations wishing to ensure that their giving has the maximum internal and external impact can provide opportunities for

employees to see the on-the-ground impact of the giving either/or through employees' beneficiary contact. Pairing these strategies together, one could imagine an organization realizing substantial benefits associated with increasing their focus on strategically selected partner organizations, and then providing their employees with the opportunity to visit/volunteer at these organizations to see the impact of their organization's giving.

### Limitations and Opportunities for Future Research

As with all research, our work has limitations that provide opportunities for future research. First, our study focuses on a single organization. Although our office-level measures allow for the exploration of a large population of individuals within this company and allows for office-level variation, we were unable to examine between-organization features that might influence our hypothesized relationships. This research does not exclude the possibility that the effect of FCP might be different in organizations that have different populations, cultures, education levels, geographic concentrations, or operate in different industries or countries. Second, although we base our arguments on the moderating effects of beneficiary contact, we were not able to directly measure the amount of beneficiary exposure that actually occurs. Because our measure does not quantify the amount of contact between employees and beneficiaries, it is possible that we are missing differences between low and high levels of such contact. Additionally, each of the strategic partners that this particular organization identified was a large umbrella charity and widely recognized. It is unclear as to whether our findings would hold if the strategic partners were smaller or less visible, or if they were more strategically important to the business interests of the firm rather than major charitable organizations.

One boundary condition of this research is that it begins with an implicit assumption that FCP represents a substantive attempt at engaging in activities that benefit the recipients. However, organizations often use FCP in order to legitimize profit-making activities that do not actually benefit their recipients or society as a whole (Fleming 2015). For example, Enron used FCP to win awards as a socially responsible company (Glavas and Godwin 2013) and thus legitimize what was essentially an ideology rooted in exploitation. While Enron is an extreme example, many corporations engage in FCP while not truly altering their business model (Aguinis and Glavas 2013). Moreover, Bradshaw and Zwick (2014) argue that if scholars are naïve in assuming that organizations sincerely engage in FCP, then we as scholars are also contributing to the problem by further legitimizing (sometimes insincere) FCP. Therefore, future research should explore more deeply not only the true ideologies of organizations, but also whether

employees are aware of such ideologies or believe misdirection to be occurring. We recommend qualitative studies, especially ethnographic, in order to explore why and how employees form attitudes and behaviors in relation to FCP. In our study, we used quantitative analyses that provide insight into broad patterns, but can be limited in understanding intervening mechanisms or contradictory cases. Nevertheless, we believe we make a contribution in showing that employees, on average, do react positively to FCP in meaningful ways. However, future studies should explore more deeply which employees react most positively or negatively to FCP if symbolic misdirection is regularly suspected. For some, FCP might be about rationalizing that they are actually doing good in the world, while in reality the organization is really not benefitting society. For others, FCP might be a genuine attempt and, at its core, be about consciously—or even subconsciously—finding a newer and deeper purpose of work.

### Conclusion

In conclusion, we see our work as an important step toward a deepened understanding of how organizations can use FCP strategies to improve firm outcomes. By considering our work in the context of the existing stream of research in this domain, it becomes clear that FCP has important positive influences on organizations—both inside and outside the firm. We hope that our work will spur additional research into the critical next step for executives to realize these benefits—a deepened understanding of how organizations can manage such FCP more strategically to make best use of their resources.

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