

# Exploring Corporate Donation Behavior: A Case Study of Taiwan

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**ABSTRACT.** Given that funding from governments and donations from individuals have declined and are unstable, it is important for non-profit organizations to identify corporate donors' real motives for making contributions and potential corporate donors' reasons for not making contributions and to design appropriate marketing strategies accordingly. This paper utilized both in-depth interviews and a survey to explore these aspects with Taiwanese firms. The results indicate that, from these firms, Social Responsibility, followed by Top Management's Influences and External Solicitation, are the highest motives. It appears that enhancing Product Sales, Corporate Image, and Sales Promotion or Reducing Pressure from Competitors are not participant firms' primary motives when making corporate contributions. With regard to reasons for not making corporate contributions, the data reveal that Lack of Human Resources is the primary cause that leads participant firms to make no corporate contributions, followed by Insufficient Funds. This paper also develops scales for measuring motives of corporate philanthropy and reasons for not making corporate contributions. *[Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <<http://www.HaworthPress.com>> © 2004 by The Haworth Press, Inc. All rights reserved.]*

**KEYWORDS.** Motives, corporate philanthropy, collectivism, social responsibility, Taiwan, nonprofit organizations, cause related marketing

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## INTRODUCTION

A customer-oriented marketing strategy is important not only to profit organizations but also to nonprofit organizations, given the increasingly competitive environment in the nonprofit sector. The focal point of a customer-oriented marketing strategy is to understand its target markets. The target markets of nonprofit organizations usually include both contributors and consumers. This paper focuses on contributors' donation behavior, given its less explored nature.

Funding for nonprofit organizations comes from individuals, corporations, and the government. However, except for church, few nonprofit organizations obtain substantial gifts from wealthy individuals (Hoffman 1998). That the socio-economic and political legal climate has fostered the growth of privatization of public service (Frumkin and Kim 2001; Myers and Wijnholds 1990) indicates that an increasing number of governments intend to reduce their burden of supporting the nonprofit sector, making it more "businesslike" (Rees 1998; Thomas 2002). Because corporations are visible and easily accessible (Hoffman 1998), they make up an ideal target market for nonprofit organizations. This is especially true for most Asian countries where economic growth is outpacing government's capabilities to provide social services (McGrath 1995).

Firms have been selective in supporting nonprofit organizations. Furthermore, influenced by the Asian financial crisis and other factors, many enterprises are not as profitable as before, which may affect their willingness to make contributions to nonprofit organizations. Under such circumstances, nonprofit organizations need to first understand these corporations' donation behaviors in order to design appropriate marketing strategies and enable development professionals to be more effective in achieving their goals (File and Prince 1998).

In exploring corporate donation behavior, most current literature emphasizes only the motives of corporate philanthropy and related behavior, and ignores reasons for not making corporate contributions (Campbell, Moore, and Metzger 2002; Rees 1998). This one-sided knowledge may reduce the meaningfulness of nonprofit marketing models and prevent nonprofit organizations from designing better marketing strategies to expand their fund raising markets. Furthermore, most corporate philanthropy research is done in countries with high individualism, such as the U.S., U.K. and Canada. Given the potential influence of individualism on corporate philanthropy, investigation of corporate philanthropy from countries with low individualism (high collectivism) would help

our understanding of corporate philanthropy worldwide. Consequently, this paper investigates why some corporations make charitable contributions and others do not in Taiwan, which has high collectivism, and their preferred nonprofit groups. Building on existing work and based on the findings, this paper can improve the model of nonprofit marketing, and managerial implications can be addressed to help nonprofit organizations design efficient marketing strategies.

The article is organized as follows. First, a review of the literature regarding motives of corporate donations, reasons for not making corporate donations, and cultural values and corporate philanthropy is provided. Second, the methodology introduces the design of survey instruments and data collection process. Third, the results are presented and discussed. Finally, limitations and suggestions for future research are provided.

## ***LITERATURE REVIEW***

### ***Motives of Corporate Philanthropy***

Altruism and enlightened self-interest are probably the two corporate philanthropic motives most often discussed. It has been a well-recognized tradition to assume that the transfer of wealth from affluent individuals, as well as the companies they control, is an example of altruism (File and Prince 1998). Feldman (1985), investigating helping behavior/prosocial behavior, finds that corporations, with their enormous power and strength in society, are expected to help disadvantaged people. Similarly, Maddox (1981) suggests that pure benevolent motives are the extension of entrepreneurs' or top management's individual ideology and can be comprehended with Feldman's conceptual helping behavior. He also indicates that corporate social responsibility is an important altruistic motive that is considered by many to be a business obligation. That is, the business is expected by at least some of its publics to seek socially beneficial results in addition to a firm's economically beneficial outcomes (Frederick, Post, and Davis 1992). This obligation may come from the community's expectations (Hsieh and Young 1996).

Nevertheless, more recent thinking from several disciplines has suggested the role of self-interest (File and Prince 1998) or "pragmatic altruism" (Buhl 1996) in giving to nonprofit organizations. For example, the exchange paradigm, which underlies the marketing discipline,

suggests that some value is usually sought when other value is given, and giving to nonprofit organizations is no exception (Kotler and Andreason 2002). As a result, firms with enlightened self-interest motives make contributions hoping to get something in return in the future (Useem 1987), to maximize the firm's long term profit (Amato 1990), or to exchange for required resources with other organizations (Del Prete 1996; Galaskiewicz and Rauschenbach 1988). Required resources here may include superb corporate image and harmonious community relations (Cushman 1990; O'Hare 1991; Useem 1988). Galaskiewicz (1985, 1989) further suggests that all corporate philanthropic motives are self-interest oriented. These motives involve sales, competition, and tax-deduction.

To further explore the purposes of corporate philanthropy, Grahn, Hannaford, and Laverty (1987) classify the above motives into two categories based on their relation to marketing activities: marketing-related motives and nonmarketing-related motives. Marketing-related motives include promoting corporate image, complementing advertising, and sales promotion, whereas nonmarketing-related motives consist of tax-deduction, enlightened self-interest, owners' or top management's individual motives, and social responsibility. Although a conceptual framework for classifying philanthropy strategy and marketing strategy is provided in their paper, Grahn et al. (1987) did not conduct any empirical research to test their model.

Based on Grahn et al.'s (1987) motive classification, Hsieh and Young (1996) developed research questions and conducted in-depth interviews with nine firms in Taiwan. Their research results indicate that data collected from these Taiwanese firms do not fit into Grahn et al.'s (1987) classification of motives of corporate philanthropy well. For example, whether improving community relationship should be classified as marketing-related or nonmarketing-related motives is not clear. They suggest that motives of corporate philanthropy revealed by these Taiwanese firms involve increasing corporate brand recognition, promoting corporate image, reducing pressure from competitors or self-consciousness, and improving community relations.

Although Hsieh and Young's (1996) study reveals some Taiwanese firms' motivation to make corporate contributions, the significance of these motives to corporate philanthropy is unknown. Additionally, their small sample size is a limit to generalizing the results. Consequently, to make stronger theoretical and practical contributions, it is necessary to

distinguish the importance of these motives and conduct a random and larger sample survey.

### ***Reasons for Not Giving***

Current literature concerning the reasons that cause corporations not to give to nonprofit organizations is very limited. In Rees' (1998) complete review of journal articles concerning not-for-profit marketing in the US and the UK, only the works of Yavas and Riecken (1993) and Yavas, Riecken, and Babakus (1993) concern nondonors and sporadic donors. In examining the effectiveness of perceived risk as a correlate of reported donation behavior, they discovered that nondonors perceived significantly higher money risk than money donors to churches and educational institutions. Significant differences also emerged for social risk between money donors and nondonors. While there were no significant differences in risk perception between donors and nondonors to the United Way and political parties, nondonors' risk scores were generally higher than the donors. They, however, did not involve corporate donors and nondonors in their studies.

To realize the characteristics of organizations donating to the health care industry is one of the primary purposes in Petroschius et al.'s (1993) study. Their findings indicate that a much higher percentage of health care donors had sales revenues over \$100 million. Specifically, 17.9% of health care donors had sales of more than \$100 million, compared to only 3.8% of non-health care donors. They also discovered that non-health care donors tended to have fewer employees than donating companies. Additionally, health care donors differed significantly from non-health care donors in the perceived importance of economic conditions on contributions. Specifically, non-health care donors believed local and industry conditions have less important influence on donation budgets than donating firms. However, the reasons that non-health care donors do not make contributions are not addressed in their study.

It is clear that previous studies fail to explore the reasons for not making corporate contributions. A better customer-oriented marketing strategy should always pay attention to potential customers. Consequently, potential nondonors should not be ignored by nonprofit organizations. This is especially true when other sources of donation, such as governments and individuals, have been reduced or are unstable (Abramson and

Salaman 1997; Marks, Schansberg, and Croson 1999; Petroschius et al. 1993; Thomas 2002).

### *Cultural Differences and Corporate Philanthropy*

To describe cross-country cultural differences, Hofstede (1980) and Hofstede and Bond (1988) utilize five value dimensions: power distance, uncertainty avoidance, individualism, masculinity, and Confucian dynamism. Among these values, individualism and Confucian dynamism may influence corporate donation behavior. The opposite of individualism is collectivism, which refers to a tight social framework in which group members emphasize the common welfare and feel strong loyalty toward each other (Hellriegel, Jackson, and Slocum, Jr. 2002). With this cultural background, firms in countries with high collectivism (low individualism), such as Japan, Taiwan, and Korea, may contribute to nonprofit organizations based more on altruistic motive than on enlightened self-interest. Similar conclusions can be made for firms in countries with high Confucian values, such as Japan, Taiwan, and Korea, given their emphasis on gift giving and good manners.

To expand previous research and analyses, this paper focuses on the following research questions with respect to Taiwan:

1. What are the primary motives of corporate donations?
2. What are the reasons that potential contributors do not make corporate contributions?
3. Who are the preferred nonprofit organizations of these corporate donors?

### *METHOD*

Two primary measures of this study are motives of corporate philanthropy and reasons for not making corporate contributions.

#### *Measure of Reasons for Giving*

Motives of corporate philanthropy include: (1) social responsibility; (2) promoting corporate image; (3) the extension of entrepreneurs' or top management's individual ideology and interests; (4) sales promotion; (5) pressure from competitors; (6) product sales; and (7) social events and solicitation from well-known charitable institutions.<sup>1</sup>

1. *Social Responsibility*. Whether it is from exchange theory (Kotler and Andreason 2002) or from helping behavior/prosocial behavior theory (Feldman 1985; Frederick, Post, and Davis 1992; Maddox 1981) point of view, social responsibility has been found to be a primary motive for corporate contributions. Businesses constantly view social responsibility as an important goal (Hsieh and Young 1996; Smith and Alcorn 1991).
2. *Corporate Image*. Enhancing corporate image has been found to be a primary motive/benefit for businesses to make corporate contributions in a number of studies. For example, strategic giving (Hoffman 1998; Porter and Kramer 2002) or cause related marketing (File and Prince 1998) could create a favorable image for a corporation (Ross, Patterson and Stutts 1992).
3. *Top Management*. The extension of entrepreneurs' or top management's individual ideology and interests as another motive for corporate contributions has been proposed and/or tested by several scholars (Hsieh and Young 1996; Maddox 1981; File and Prince 1998). This type of motive may range from instrumental values, such as product promotion, to terminal values like aesthetic appreciation (File and Prince 1998).
4. *Sales Promotion*. Sales promotion here indicates making contributions in terms of the purpose of promoting product acknowledgment or corporate brand recognition. This motive/benefit has been well documented by a number of scholars. For example, Smith (1996) indicates that strategic charitable giving can enhance name recognition among consumers and Brown and Dacin (1997) discovered that consumers' perceptions of corporate contributions could effect their beliefs about and attitudes towards products provided by a company. Similarly, Hoffman (1998) reveals that strategic giving can raise public awareness that plain advertising cannot match.
5. *Product Sales*. Promoting product sales as a motive of corporate contributions is a hot issue in recent years. The cumulative forces of pressure for corporate profitability and increased corporate accountability exercised by rating agencies may have contributed to this emphasis (Mullen 1997; Porter and Kramer 2002). This tendency is also demonstrated by the popularity of cause related marketing among practitioners (Webb and Mohr 1998). Cause related marketing is defined by most scholars as corporate philanthropy organized around the marketing objectives of increasing product sales or enhancing corporate identity (DiNitto 1989). With cause related marketing, promoting product sales will be the primary motive for corporations to give to nonprofit organizations.

6. *Competition.* Pressure from competitors may be an unavoidable force motivating corporations to give to nonprofit organizations (Hsieh and Young 1996). Given the fact that benefits, such as better corporate image, higher employee morale, and increasing sales (Hoffman 1998; Petroschius et al. 1993; Smith 1996; Webb and Mohr 1998), usually come with corporate contributions and the proclivity of corporate philanthropy across various industries, firms that wish to stay in the market are sometimes forced to make contributions.
7. *External Solicitation.* As indicated by Panis (1984), the reputation of a soliciting organization may impact corporate contributions. The greater the reputation of a soliciting nonprofit organization, the more corporate donors desire to be associated with that organization. Hsieh and Young's (1996) research also confirms this argument. Additionally, they discovered that social events, such as accidents or disasters, also raise corporations' self-consciousness to make contributions.

### *Reasons for Not Giving*

Because current literature regarding the reasons that potential corporate donors do not make contributions is very limited, the questions for this research relied upon semi-structured in-depth interviews. In-depth interviews allow informants to tell us in their own words what is important to them. Results derived from these interviews may provide useful guidance for designing a more structured questionnaire focusing on reasons for not giving (Webb and Mohr 1998).

Informants were either presidents of corporations or heads of marketing or personnel departments. Within Taiwanese firms, these people are most likely to take charge of corporate contributions. Because these people are not easy to get in touch with, a snowballing approach, taking the initial informants as links to help secure next interviews, was adopted to select informants.

A total of 15 in-depth interviews, which were audiotaped, were conducted and later transcribed. These transcripts, along with interviewers' journals, were analyzed for emerging constructs and potential questions regarding reasons for not giving.

The interview data indicate that the reasons for not giving may include three constructs: (1) lack of a sense of responsibility; (2) insufficiency of human resources; and (3) insufficiency of funds.

1. *Lack of a Sense of Responsibility.* This construct primarily concerns who, the corporation or the government, should be responsi-



ble for philanthropic activities and whether the boss or top management supports corporate philanthropy. Among interviewed firms, some indicated there was no support from the top management, and others suggested philanthropy was the responsibility of governments.

2. *Insufficiency of Human Resources.* This construct mainly involves sufficiency of subject firms' human resources. To be more specific, the interview data revealed that in some cases there were no appropriate departments to take charge of and a lack of sufficient human resources to execute corporate philanthropy as potential reasons for not giving.
3. *Insufficiency of Funds.* Insufficiency of funds is another factor that hinders subject firms from making corporate contributions. Their concerns are surrounded by insufficiency of funds, questions about whether their contributions can make a difference for non-profit organizations, and whether there is a budget for corporate philanthropy within their corporations. Viewing themselves as lacking funds and not being able to make a difference due to the firm size, these corporations do not make contributions; some firms also claimed no budget for corporate philanthropy.

Scale items were developed by the author based on literature reviews, especially Hsieh and Young's (1996) study—given their similar emphasis on Taiwan, and 15 in-depth interviews. To avoid unnecessary semantic misunderstandings, the official language of Taiwan, Mandarin, was used when designing the questionnaire and conducting in-depth interviews. The data were translated to English by the author during the analysis and presentation stages.

Responses were obtained on seven-point Likert scales from disagree strongly to agree strongly for questions regarding motives of corporate philanthropy and reasons for not giving.

A question identifying whether participant firms have ever engaged in corporate philanthropy was addressed at the beginning of the questionnaire. By so doing, those participant firms that have had corporate philanthropy responded only to the section on Reasons for Giving, whereas those firms that had never made corporate contributions responded only to the section on Reasons for Not Giving.

To further understand whether subjects' and their firms' characteristics influence their reasons for giving and reasons for not giving, this study also included in the questionnaire questions such as subjects' gender, age, job classification, whether the firm has a public relation department, and whether the executive or top management is a board member of nonprofit organizations.

### ***Recipients of Corporate Giving***

As contributors' preferences for nonprofit organizations may be closely related to their donation behavior, it is important to investigate participant firms' preferred donation recipients. A question following the section on reasons for corporate giving was addressed in the questionnaire regarding the most frequent recipients of corporate giving.

### ***Sampling***

Being an island and lacking in natural resources, Taiwan's economic development has been linked to its exporting behavior since the 1950s. Relying heavily on the effort of exporting firms, Taiwan has accumulated the third largest foreign exchange reserve in the world, only next to Japan and mainland China (Hsieh 2002). This indicates that exporting firms may be the right target market for nonprofit organizations. Consequently, this study focuses its samples on these exporting firms. The questionnaire was distributed to firms listed in the membership directory of the Chinese National Export Enterprises Association in Taiwan. Starting from the first firm, every third firm was chosen, and 1,087 questionnaires in total were mailed to selected firms. Two weeks later a second wave of questionnaires was mailed to the selected firms with an accompanying letter indicating the importance of their responses. There were 236 returned and usable, and 30 undeliverable questionnaires by the cutoff date, contributing to a response rate of 22.45%.

### ***Nonresponse Error***

Demographics, such as subjects' gender, age, job classification, whether the firm has a public relation department, and whether the executive or top management is a board member of nonprofit organizations, of sample firms were compared to those of another systematically drawn sample from the same membership directory. The result indicated that none of these statistics reached 0.05 significance levels, suggesting nonresponse error may be under control.

### ***A Profile of Respondents and Sample Firms***

The profile of the sample firms is shown in Table 1. Table 1 indicates that 61% of respondents were male and 70% of them were between 31 and 50 years of age. Top managers accounted for 60% of the respondents. The data also revealed that about 60% of participant firms have

TABLE 1. A Profile of Respondents and Sample Firms

		Frequency	Percentage (%)
Respondents			
Gender	Male	139	61.0
	Female	89	39.0
Age	Below 30	28	12.0
	31-40	80	34.3
	41-45	34	14.6
	46-50	49	21.0
	Above 50	42	18.0
Job Class	Top management	133	57.6
	Middle management	62	26.8
	Lower management	19	8.2
Firms			
Have you ever made corporate contributions?			
	Yes	141	59.7
	No	95	40.3
Do you have a public relations department?			
	Yes	35	15.0
	No	199	85.0
Is your executive or top management a board member of nonprofit organizations?			
	Yes	64	27.4
	No	170	72.6

Note. Due to missing values, the total may not be equal to the sample size (236).

engaged in corporate philanthropy, and 40% of participant firms have never made corporate contributions. Only 15% of participant firms have a public relations department, and only 27% of the participant firms' executives or top management are board members of nonprofit organizations.

## ***FINDINGS***

Before analyzing participant firms' reasons for giving and for not giving, this paper examines the reliability and validity of the measured constructs.

### ***Reliability and Validity of Constructs***

The constructs of corporate philanthropy motive scales include Social Responsibility, Corporate Image, Top Management, Sales Promotion, Competition, Product Sales, and External Solicitation. The constructs of reasons for not giving involve Lack of a Sense of Responsibility, Insuf-

iciency of Human Resources, and Insufficiency of Funds. These constructs and their reliability test results are listed in Table 2 and Table 3. Churchill and Peter (1984) suggest that Cronbach's  $\alpha$  is 0.5 or greater for 85% of scales used in marketing studies. All of the scales in Table 2 and Table 3 have  $\alpha$ s greater than 0.5, indicating satisfactory reliability for these constructs.

TABLE 2. Reliability for Corporate Philanthropy Motive Scales ( $N = 236$ )

Construct	Sample Items	Number of Items	Cronbach's $\alpha$
Social Responsibility	Our corporate philanthropy is based on the motive of social feedback. Our corporate philanthropic motive is purely benevolent.	2	0.53
Corporate Image	Enhancing our corporate image is one of our corporate philanthropic motives. We make corporate contributions to enhance our corporate image.	2	0.81
Top Management	Our corporate philanthropy is primarily influenced by our top management. The interests and belief of top management strongly influence our corporate philanthropy.	2	0.53
Sales Promotion	Making contributions to those activities closely related to our products is a tool for our sales promotion. We make contributions to those activities popular among our potential customers in order to promote our corporate brand recognition.	2	0.81
Competition	We follow our competitors to make corporate contributions. Based on the motive of reducing pressure from competitors, we intend to use money as a major donation. The more competitive the industry is, the more aggressive a firm will be in making large scale corporate contributions.	3	0.62
Product Sales	Corporate philanthropy can increase our sales. We make corporate contributions to promote our sales.	2	0.90
External Solicitation	Occurrence of accidents or disasters will influence our corporate philanthropy decisions. Projects proposed by famous nonprofit organizations will influence our corporate philanthropy decisions.	2	0.75

Cronbach's  $\alpha$  for total questions = 0.79.

TABLE 3. Reliability for Reasons for Not Giving Scales ( $N = 236$ )

Construct	Sample Items	Number of Items	Cronbach's $\alpha$
Lack of a Sense of Responsibility	We do not think that corporate philanthropy is necessary. Philanthropic activities are the responsibilities of government. Our boss or top management do not support corporate philanthropy.	3	0.72
Insufficiency of Human Resources	We do not have appropriate department to execute corporate philanthropy. We lack human resources to execute corporate philanthropy.	2	0.76
Insufficiency of Funds	Lack of funds is the primary reason that we do not make corporate contributions. Our contributions cannot make any differences due to our firm size. We have no budget for corporate philanthropy.	3	0.60

Cronbach's  $\alpha$  for total questions = 0.65.

Factor analysis was performed to determine content validity of these constructs (Churchill 1979). We have greater confidence in these measures if individual items load on factors that correspond to conceptualized constructs. The results (with varimax rotation) revealed a good match between factors and conceptualized "corporate philanthropic motive" constructs and perfect correspondence between factors and conceptualized "reasons for not giving" constructs. This indicates high face validity of the measures. The results of the factor analysis are presented in Table 4 and Table 5.

### ***Emphases of Reasons for Giving and for Not Making***

The significance of individual "reason for giving" and "reason for not giving" constructs is judged by their mean scores and standard deviation, which are provided in Table 6. It is clear from Table 6 that these Taiwanese exporting firms emphasize the social responsibility motive most ( $M = 6.033$ ,  $SD = 0.812$ ), followed by top management's influences ( $M = 4.702$ ,  $SD = 1.476$ ) and external solicitation ( $M = 4.656$ ,  $SD = 1.361$ ). It appears that enhancing product sales ( $M = 2.776$ ,  $SD = 1.506$ ), corporate image ( $M = 4.117$ ,  $SD = 1.748$ ), and sales promotion ( $M = 3.640$ ,  $SD = 1.577$ ) or reducing pressure from competitors ( $M = 3.159$ ,  $SD = 1.116$ ) are not participant firms' primary motives when making



TABLE 5. Factor Analysis of Reasons for Not Giving Scales ( $N = 236$ )

Scale Items	Lack of a Sense of Responsibility	Insufficiency of Human Resources	Insufficiency of Funds
We do not think that corporate philanthropy is necessary.	0.910		
Philanthropic activities are the responsibilities of government.	0.881		
Our boss or top management do not support corporate philanthropy.	0.555		
We do not have appropriate department to execute corporate philanthropy.		0.848	
We lack human resources to execute corporate philanthropy.		0.726	
Lack of funds is the primary reason that we do not make corporate contributions.			0.847
Our contributions cannot make any differences due to our firm size.			0.794
We have no budget for corporate philanthropy.			0.752

TABLE 6. Means and Standard Deviation of Corporate Philanthropic Motives

Constructs	Means	Standard Deviations
Social Responsibility	6.033	0.812
Top Management	4.702	1.476
External Solicitation	4.656	1.361
Corporate Image	4.117	1.748
Sales Promotion	3.640	1.577
Competition	3.159	1.116
Product Sales	2.776	1.506

corporate contributions. Mean scores and standard deviation of original questions are shown in Appendix A.

Table 7 indicates that lack of human resources ( $M = 5.255$ ,  $SD = 1.419$ ) is the primary cause that leads participant firms to make no corporate contributions, followed by insufficient funds ( $M = 4.817$ ,  $SD = 1.205$ ). Interestingly, most firms do feel that corporate philanthropy is necessary ( $M = 3.188$ ,  $SD = 1.381$ ).

### ***Factors Influencing Reasons for Giving and for Not Giving***

This section examines whether subjects' and their firms' characteristics influence their motives for corporate philanthropy and reasons for not giving. Firms making corporate contributions are tested separately from firms making no contributions. The results indicate that subjects' gender, age, and job class are not related to their firms' motives for cor-

TABLE 7. Means and Standard Deviation of Reasons for Not Giving

Constructs	Means	Standard Deviations
Insufficiency of Human Resources	5.255	1.419
Insufficiency of Funds	4.817	1.205
Lack of a Sense of Responsibility	3.188	1.381

porate philanthropy. However, whether a firm has a public relations department is associated with its motives of corporate philanthropy. The result reveals that, among those firms making corporate contributions, firms with a public relations department are more likely to emphasize motives of Corporate Image ( $F = 16.07, P < 0.01$ ) and Product Sales ( $F = 11.24, P < 0.01$ ) than firms without public relations departments.

With regard to the reasons for not giving, the data show that, among those firms making no contributions, only subjects' gender is related to the reason of Lack of Human Resources. The result indicates that female managers are more likely to consider Lack of Human Resources ( $F = 8.31, P < 0.01$ ) a major hindrance to making corporate contributions than male managers.

### *Recipients of Corporate Contributions*

Nearly three-fourths (74%) of participant firms made contributions to charitable organizations, such as the Cancer Prevention Foundation and the Red Cross, and 54% gave to disadvantaged groups. This is followed by community development (36%), research institutions (25%), scholarships for students (22%), sporting events (19%), art organizations (11%), fellowships for college professors (4%), and others (14%). These statistics appear to be somewhat different from those provided in Olcott's (1995) paper, whose sample is from the U.S. The recipients of donations reported in Olcott's (1995) paper are local cultural organizations (61%), adopt-a-school (58%), community development and housing (55%), job training and internships (42%), children's funds (42%), environmental groups (38%), sporting events (29%), business development (19%), and rural and agricultural development (12%).

## **DISCUSSION**

Although literature reveals that altruism and enlightened self-interest are two most often discussed corporate philanthropic motives, the re-



sults derived from the current study indicate that participant Taiwanese firms place more emphases on altruistic motives. To be more specific, social responsibility is the most important motive emphasized by these firms. Although this finding may be somewhat contradictory to those studies proposing self-interests like product sales and corporate image as primary motives for corporate contributions, it is quite understandable within the society of Taiwan. Taiwan has a long history of following Confucius traditions whose ultimate goal is to create a harmonious society (Hsieh and Scammon 1993). Consequently, corporations, with their enormous power and strength in society, are expected to share some of their wealth with disadvantaged groups. This is more similar to the helping behavior/prosocial behavior that Feldman (1985) has proposed.

Also important are the influences of top management and external solicitation. These results are consistent with findings of Hsieh and Young (1996), Maddox (1981), and Panis (1984). The significance of top management and external solicitation cannot be ignored by non-profit organizations.

Although many scholars have argued that cause related marketing is becoming popular among corporate donors (Brown and Dacin 1997; File and Prince 1998; Webb and Mohr 1998), it, at least currently, is not commonplace among participant Taiwanese firms. Because most of exporting firms in Taiwan are small and mid-sized firms, this paper's findings are also contradictory to what File and Prince (1998) have claimed that cause related marketing is well accepted among mid-sized firms. Participant firms do not consider product promotion or sales the primary motive for corporate contributions. Again, this may be related to the traditional Confucius influence, which is contradictory to western firms' more individualistic orientation.

With regard to reasons for not giving, Lack of Human Resources is the factor that cannot be ignored, followed by lack of funds. Since participant firms are not against corporate philanthropy (actually most of them do think corporate philanthropy is necessary), it is important for nonprofit organizations to help these firms understand that some charitable activities do not demand many human resources and funds.

Among those participant firms that make corporate contributions, firms with a public relations department appear to emphasize motives of Corporate Image and Product Sales Promotion more than firms without a public relations department. Consequently, marketing strategies designed by nonprofit organizations appealing to former groups can

also address the benefits of enhancing corporate image and product sales when making corporate contributions.

Among those firms that make no contributions, because female managers are more likely to consider lack of human resources an obstacle to making corporate contribution, it is wise for nonprofit organizations to look for those firms with male managers as decision-makers or influencers of corporate philanthropy when volunteers are needed. Helping female managers identify ways to contribute that are not human resource intensive would also be beneficial.

It is also not surprising to discover that the percentage of corporate contributions to various nonprofit organizations in Taiwan is different from that in western countries (Olcott 1995). The percentages of contributions given to education and related activities (such as scholarships for students and fellowships for college professors) in Taiwan are much lower than its counterparts in the west. The importance of education is not only highlighted by Confucius values but also emphasized by Taiwan government. Educational budget used to account for as high as 15% of government's total budget. Although support from the government has been reduced in the past few years, comparatively huge amounts of money are still budgeted by the government to support various levels of education. Because of parents and government's support, schooling (including university and higher education) is much more affordable to students in Taiwan than in the U.S.

This paper also provides scales for measuring motives of corporate philanthropy and reasons for not giving. According to Churchill and Peter's (1984) and Churchill's (1979) criteria, these scales have satisfactory reliability and validity for exploratory work. These scales can be a contribution to the development of nonprofit marketing models and for cross-cultural studies of philanthropy. However, the Cronbach's  $\alpha$ s of some constructs, such as Social Responsibility, Top Management, Competition, and Funds, is not very high, indicating there is room for improvement in future research.

### ***Managerial Implications***

Given the boundless nature of fund raising activities, findings from this paper are useful for both Taiwanese and American nonprofit organizations. For nonprofit organizations to design effective marketing strategies, market segmentation is the first step that should be taken. When designing marketing strategies for those firms that have made corporate contributions, nonprofit organizations can emphasize the mo-

tive of social responsibility and pay attention to the influences of top management.

Timing is also important for nonprofit organizations to raise funds or ask for volunteers from these firms. Occurrence of accidents usually is a good timing for related nonprofit organizations to get in touch with these firms. Well-known nonprofit organizations have their advantages here. Famous nonprofit organizations appear to be more attractive to participant firms than less well-known organizations. Consequently, to stabilize their available fund, these nonprofit organizations should propose their projects to these exporting firms regularly, so that they become more familiar with managers.

Among their target markets that have already made corporate contributions, nonprofit organizations have to separate those firms with a public relations department from others. The advantages of enhancing Corporate Image and Product Sales should be addressed in the marketing strategy designed for those firms with public relations departments.

With regard to those firms that have never made corporate contributions, nonprofit organizations can emphasize the efforts and funds needed to make corporate contributions. The “foot-in-the-door” techniques may be appropriate and useful here. Again, possible decision-makers or influencers of corporate philanthropy should be identified among these firms. When volunteers are needed, it would be more efficient to appeal to those firms with male managers as decision-makers or influencers of corporate philanthropy.

For those nonprofit organizations such as charitable organizations and/or disadvantaged groups, Taiwanese firms constitute an ideal market for fund raising. This is especially true for those well-known charitable organizations and disadvantaged groups. Organizations like these should take advantages of Taiwanese firms’ preferences to donate to these groups.

### *Limitations and Suggestions for Future Research*

As suggested in the discussion session, some constructs’ Cronbach’s  $\alpha$ s are not very high. This may be an obstacle to further generalization. To improve these constructs’ Cronbach’s  $\alpha$ , researchers can use pre-tests to look for more suitable wording and contents suggested by subjects.

The subjects used in this study were from the exporting industry. There is no way to tell whether industry-specific characteristics have influenced the results. It would be wise for researchers to conduct cross-industry studies before making any further generalizations.

The issue of social desirability of response should also be paid attention to. Although the author ensured in the questionnaire the confidentiality of individual firms, it might be possible that subjects were reluctant to report selfish motives, given Taiwan's high collectivism orientation.

Caution should also be made when trying to generalize current findings to other countries. Cultural influence may play a role here. Based on Hofstede's (1980) and Hofstede and Bond's (1988) findings, countries with high collectivism and Confucian dynamism may be better targets to generalize the results.

This paper explores the motives of corporate philanthropy and reasons for not giving and proposes useful managerial implications. However, it would benefit nonprofit organizations even more and donating corporations as well, if these reasons for giving and for not giving were related to certain dependent variables, such as executives' or top management's level of satisfaction, creation of positive or supportive atmosphere within donating firms, satisfaction with the positive effect on corporate image, satisfaction with the contribution to community quality of life (File and Prince 1998), or even changes in sales and profits. These relationships appear to be an area that deserves further research.

#### NOTE

1. Some motive questions, such as tax deduction, cultivation of distinguished people, and improving community relationship that appear in the literature were deleted from the questionnaire in the pre-test stage due to their low correlation with total scores.

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#### APPENDIX A Means and Standard Deviation of Original Questions

Questions	<i>M</i>	<i>SD</i>
<b>Motives of Corporate Philanthropy</b>		
Our corporate philanthropy is based on the motive of social feedback.	6.17	0.82
Our corporate philanthropy motive is purely benevolent.	5.91	1.13
Enhancing our corporate image is one of our corporate philanthropy motives.	4.28	1.93
We make corporate contributions to enhance our corporate image.	3.96	1.85
Our corporate philanthropy is primarily influenced by our top management.	4.18	2.04
The interests and belief of top management strongly influence our corporate philanthropy.	5.12	1.56
Making contributions to those activities closed related to our products is a tool for our sales promotion.	3.39	1.68
We make contributions to those activities popular among our potential customers in order to promote our name recognition.	3.86	1.75
We follow our competitors to make corporate contributions.	2.26	1.33
Based on the motive of reducing pressure from competitors, we intend to use money as a major donation.	3.71	1.54
The more competitive the industry, the more aggressive a firm will be in making large-scale corporate contributions.	3.45	1.60
Corporate philanthropy can increase our sales.	3.08	1.74
We make corporate contributions to promote our sales.	2.46	1.41
Occurrence of accidents or disasters will influence our corporate philanthropy decisions.	4.78	1.51
Projects proposed by famous nonprofit organizations will influence our corporate philanthropy decisions.	4.52	1.54
<b>Reasons for Not Giving</b>		
We do not think that corporate philanthropy is necessary.	3.21	1.74
Philanthropic activities are the responsibilities of government.	2.95	1.67
Our boss or top management do not support corporate philanthropy.	3.43	1.72
We do not have appropriate department to execute corporate philanthropy.	5.30	1.54
We lack human resources to execute corporate philanthropy.	5.06	1.62
Lack of funds is the primary reason that we do not make corporate contributions.	4.27	1.87
Our contributions cannot make any differences due to our firm size.	4.36	1.84
We have no budget for corporate philanthropy.	5.73	1.14

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