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Taken for Granted or Taken with Gratitude? An Examination of the Differential Effects of Donations of Time and Money on Consumers' Evaluation of Corporate Philanthropy

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Taken for Granted or Taken with Gratitude? An Examination of the Differential Effects of Donations of Time and Money on Consumers’ Evaluation of Corporate Philanthropy

by

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A dissertation submitted in partial fulfillment of the requirements for the degree Doctor of Philosophy
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DEDICATION

This journey would not have been possible without the love and support of family and friends. To my fiancée Morna, thank you for your love, support and importantly, your patience. Thank you to my brother Colin for always believing in me. To my friend and mentor, Dr. Ron Hill, who first saw in me the potential for a career in academia. I am eternally grateful to you for giving me my start. Lastly, thank you to my fellow doctoral students for making the difficult times more tolerable and the good times truly memorable.

This dissertation is dedicated in loving memory to my mom, Karen Langan.
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ABSTRACT

This dissertation examines the potential for two forms of corporate philanthropy, donations of time and money, to have differential effects on consumers’ response to corporate giving. Drawing upon indirect-reciprocity theory I show that corporate donations of time compared to money elicit a greater desire to reciprocate on the part of consumers. It is found that the influence of corporate donations on consumers’ desire to reciprocate occurs through serial mediation, whereby donations of time are perceived as being more effortful than monetary donations. This in turn leads to more altruistic motive attributions, and ultimately greater admiration towards the firm and a stronger desire to reciprocate on the part of consumers. I find that consumers’ desire to reciprocate is strengthened when the relative cost to the firm for making a donation is higher. Additionally, this research advances the emotion gratitude as a mechanism through which corporate giving leads to a desire to reciprocate and more broadly, a catalyst through which indirect reciprocity occurs. Finally, the influence of consumers’ personality traits on their response to corporate philanthropy is examined. Corporate donations of time and money lead to stronger feelings of gratitude and a greater approval of a company’s philanthropic actions when consumers possess higher levels of empathetic concern. Conversely, consumers who embody narcissistic traits are significantly less inclined to experience feelings of gratitude or approve of a company’s philanthropy.
Chapter One

Introduction

Corporate philanthropy is now recognized as a conventional business practice. In 2012 total giving to charitable organizations was 316 billion dollars (Charity Navigator, 2012). In recent years, the nature of corporate giving has begun to change. Corporate philanthropy, whereby a corporation donates a portion of its’ resources to a societal cause, has become more focused and strategic in its’ execution (Ricks, Jr., 2005; Corporate Philanthropy, 2012). In an era where businesses relentlessly seek greater efficiencies, it has become increasingly crucial for managers of philanthropic initiatives to understand and be able to justify their resource expenditures. To that end, there is a need for a deeper understanding of the underlying processes that drive returns from CSR related activities (Bhattacharya et al., 2009, p. 258).

Changes in philanthropic giving are evidenced by the fact that, while monetary donations remain the most prevalent form of giving, donations of products are growing at a faster rate than cash (Philanthropy, 2012). Moreover, a recent survey conducted by Forbes, found that 72 percent of the 300 executives surveyed make the decision to support a particular charity based on whether or not it will facilitate employee volunteerism (Forbes, 2012). Taken together, this suggests that in order to compete, companies have begun to reevaluate, not only which causes to support, but also the manner in which they support them.
An array of research has examined how corporate philanthropy (or more broadly CSR) is perceived by consumers. Within this stream of research, a number of factors have been found to significantly influence how consumers perceive corporate philanthropy. Some of those factors include: a company’s reputation (Szykman, Bloom and Blazing, 2004; Strahilevitz, 2003), the perceived fit between the company and the cause (Rifon et al., 2004; Alcaniz, Caceres and Perez, 2010), the size of the donation (Strahilevitz, 1999), proximity of the donation (Russell and Russell, 2010) and the way the charitable message is framed (Chang, 2008; Kim and Lee, 2009). Despite the valuable insights put forth by these studies, a recognition of how and when consumers reward firms for their philanthropic activities remains incomplete. This dissertation will focus on two common forms of corporate philanthropy, time and money, to examine how they may differentially affect consumer’s desire to reciprocate.

In this research I submit that the emotion ‘gratitude’ plays an instrumental and previously undelineated role in consumers’ desire to reciprocate for a firms’ philanthropy. Following McCullough, Kimeldorf, and Cohen (2008, p.281) I define gratitude as “a positive emotion that typically flows from the perception that one has benefitted from a costly, intentional, voluntary action of another person”. Feelings of gratitude are known to be an essential component of social relationships and reciprocal behaviors (McCullough et al., 2001). Additionally, Adam Smith (1759) noted in his Theory of Moral Sentiments that gratitude is essential in that it motivates people to reward others for acts of kindness. It follows then that companies who are able to elicit feelings of gratitude on the part of consumers are more likely to benefit from their desire to reward a firm for their philanthropy. It is surprising then, that gratitude has only recently been introduced into the domain of marketing and corporate philanthropy (Andersson,
Given its recent introduction, little is known about which types of philanthropy are most likely to engender feelings of gratitude and a desire to reciprocate. To address this gap, I examine the potential for corporate donations of time and money to elicit feelings of gratitude and a desire to reciprocate on the part of consumers. Secondarily, I seek to contribute to research in the area of corporate philanthropy by identifying and examining the different moderators that can influence the extent to which consumers experience feelings of gratitude and a desire to reciprocate in response to corporate philanthropy. These moderators include aspects that relate to the firm, the cause, and the consumer. This research seeks to make a theoretical contribution by introducing indirect reciprocity theory to explain how corporate philanthropy leads to a desire to reciprocate on the part of consumers.

Of further interest is the potential for consumers’ preference for donations of time and money to vary depending upon their psychological distance to the cause. Research in the area of construal-level theory has shown that the extent to which people perceive a focal object to be psychologically near or distant influences their evaluations and choices in a systematic manner (Fiedler, 2007). At its core, construal-level theory posits that as psychological distance from an object increases, people tend to construe the object in higher-level, more abstract terms. Importantly, a match between the level of one’s mental construal of a focal object and relevant features associated with the focal object have been shown to enhance the persuasiveness of the information (Dhar and Kim, 2007). If we consider that time may be perceived as being more abstract than money (Okada and Hoch, 2004), then the potential exists for consumers preference for donations of time or money to vary depending upon consumers’ psychological distance to the
cause. Thus, another key focus of this research is to examine how abstractness, brought on by social distance or lack of cause involvement leads to a change in preference for the type of donation consumers would like companies to make.

Research Questions

To advance the stream of research focused on how consumers perceive corporate philanthropy (see Peloza and Shang, 2011 for a review), I empirically test hypotheses related to five broad research questions:

Essay 1

- Which form of corporate philanthropy, time or money, is more likely to foster a desire to reciprocate on the part of consumers?
- What role does gratitude play in the relationship between corporate philanthropy and consumers’ desire to reciprocate?
- What factors serve to strengthen or attenuate the relationship between corporate philanthropy and consumers’ desire to reciprocate towards a company?

Essay 2

- How does a match between a consumer’s construal level (abstract, concrete) and the abstractness or concreteness of the donation type influence their preference for the type of donation?
- What mechanisms explain why a matching effect between construal level and donation type leads to a preference change?
Research Overview

Guided by indirect-reciprocity theory, essay 1 demonstrates the potential for donations of time and money to differentially influence consumers’ desire to reciprocate for the firms’ actions. The first study examines the extent to which the perceived effort consumers ascribe to a firm’s actions influences their perception of the firms’ motive for engaging in philanthropy and in turn, their desire to reciprocate. In the second study I introduce the emotion gratitude as a process measure and examine the extent to which consumers’ approval of corporate philanthropy and their desire to reciprocate vary depending upon the relative cost of the donation to the firm and the perceived benefit to the cause. Finally, the role of consumer characteristics, namely narcissism and empathetic concern, in strengthening or diminishing the gratitude and desire to reciprocate consumers experience in response to corporate philanthropy is explored.

Essay 2 examines how psychological distance influences consumers’ perceptions of corporate philanthropy. Informed by construal-level theory (Trope and Liberman, 2003), an experiment is designed to illuminate the parallel effects of social distance and cause involvement on two forms of corporate philanthropy (time and money). It is proposed that abstract construal levels, brought on by greater psychological distance, interacts with the relative abstractness of donations of time and money, leading to more favorable evaluations of and a greater preference for donations that match consumers’ construal level. I further assess the mediating influence of consumers’ idealistic orientation on their preference for donations of time versus money. If supported, these relationships extend CLT literature by demonstrating an interaction effect between psychological distance and the relative abstractness of two forms of philanthropy (time and money).
To provide a context for our research, the following chapter begins with a review of literature related to corporate philanthropy. Next, a theoretical foundation for our predictions is provided by exploring Indirect Reciprocity theory, followed by a summary of research on gratitude. Chapter 2 concludes with three studies designed to examine the differential effects of monetary and time donations on consumers’ desire to reciprocate.
Chapter Two

Review of Corporate Philanthropy

Today businesses operate in an environment where nearly 90% of consumers believe businesses should try to achieve their goals while improving society and the environment. Moreover, a full 83% of consumers believe companies should support charities and nonprofits with financial donations (Forbes, 2010). Growth in philanthropic investments has also been burgeoned by the fact that companies have become increasingly sophisticated at focusing their philanthropic investments towards areas that make strategic sense. Goldman Sachs for example shifted its philanthropic giving in recent years, from a portfolio of education grants, to multi-year initiatives focused on economic empowerment and job creation for underserved small business owners (Goldman Sachs, 2011).

For corporate philanthropy to be successful, consumers must believe that a company is supporting the cause for the right reasons. In fact, prior research suggests that consumers’ evaluation of companies engaging in corporate philanthropy is heavily influenced by the motives they ascribe to a company for supporting the cause (Forehand and Grier, 2003; Ellen, Webb and Mohr, 2006). In particular, a number of studies have found evidence to suggest that consumers’ motive attributions mediates the relationship between corporate philanthropy and a variety of psychological and behavioral responses on the part of consumers (Rifon et al., 2004; Ellen, Webb and Mohr, 2006; Folse, Niedrich and Grau, 2010; Groza, Pronschinske and Walker, 2011). This research offers further support to attribution theory, which suggests that people use
information gleaned from observations, prior experience, etc. to make causal inferences in order to understand the world around them (Heider, 1944; Jones and Davis, 1965; Kelley, 1973). In the case of corporate philanthropy, these inferences about a company’s motive tend to be seen as being primarily firm-serving or public-serving. Firm-serving motives may be described as those initiatives that are viewed by consumers as being designed primarily to benefit the organization (e.g. increase profit, exposure). Conversely, public-serving motives are characterized as those initiatives seen by consumers as being more altruistic initiatives, intended to benefit a particular cause or improve the welfare of others.

When it comes to evaluating corporate philanthropy and making motive attributions, consumers often take a variety of factors into account. Chief among those factors is a company’s reputation. Strahilevitz (2003) finds for example that consumers are more likely to attribute public-serving motives to cause-related marketing efforts when the firms are seen as ethical. A related study by Bae and Cameron (2006) found that consumers viewed corporate charitable giving to be mutually beneficial when the company had a good reputation; however inferences towards charitable giving were seen as a self-interested activity when the company had a bad reputation. Similarly, Szykman, Bloom and Blazing (2004) discovered that subjects who viewed an anti-drinking and driving message sponsored by mothers against drunk driving (MADD) inferred public-serving motives. The same message, sponsored by a beer company, was seen as having firm-serving motives.

Another factor, widely explored in the domain of corporate philanthropy is that of perceived fit or congruence between the company and the cause. Within this stream of research there exists wide support for the view that a close alignment between a cause and brand leads to
more positive perceptions of the brand. This support follows numerous studies in which a good fit between a company and a cause is found to improve consumers’ perception of the company (Rifon et al., 2004; Pracejus and Olsen, 2004; Westberg and Pope, 2005; Barone, Norman and Miyazaki, 2007; Nan and Heo, 2007; Samu and Wymer, 2009; Roy, 2010). The premise that “more is better” when it comes to brand-cause fit is not, however, universally held. A study by Jagre, Watson and Watson (2001) indicates that a moderate fit between the brand and cause is most likely to lead to positive consumer perceptions of the company. Alternatively, Lafferty (2009) finds that neither perceptions of the brand-cause fit, nor the relative importance of the cause significantly influence consumers’ attitude or purchase intentions. In both cases, an explanation for these findings may be found in a study by Menon and Kahn (2003), who suggest that a consumer’s preference for cause-brand fit depends on the extent to which consumers elaborate on the relationship between the brand and the cause; with high fit cause-brand alliances leading to more positive evaluations when there is greater elaboration.

Consumers may also consider the donation amount or magnitude when they evaluate corporate philanthropy. An early study by Strahilevitz (1999) on the topic of donation magnitude found that consumers prefer charity incentives (e.g. percentage of the proceeds donated to charity) over discount incentives (e.g. 10% off) when the magnitude of the incentive is relatively small. However, when the incentive magnitude is relatively high, consumers tend to exhibit a preference for discount incentives over charity incentives. The donation magnitude may also influence how consumers perceive a company’s motives for supporting a cause. Dahl and Lavack (1995) found for example that consumers tend to view a company’s motives as being more exploitive when the donation amount is relatively small (1/4 cent for each juice sold) compared to situations in which a larger donation is made (10 cents per juice sold). Drawing on
Friedstad and Wrights’ (1994) Persuasion Knowledge model, Folse, Neidrick and Grau (2010) find that the relationship between the donation amount highlighted in a cause-related marketing campaign and consumers’ intention to participate in the campaign is mediated by consumers’ inference about a company’s motive for engaging in cause-related marketing.

Consumers’ attitude towards corporate giving may also be influenced by how the donation is framed. Subtle changes in the way a corporate donation is expressed (e.g. percentage of the profits, portion of the proceeds) may significantly influence consumers’ understanding of the campaign and ultimately influence their choice decision (Pracejus, Olsen, and Brown, 2004). Chang (2008) finds that cause-related marketing donations framed in absolute dollar terms is more effective than donations framed as a percentage of sales. The study further reveals that these framing effects are more effective when the product is frivolous compared to practical and that these effects tend to diminish as the magnitude of the donation increases. Similarly, cause-related marketing campaigns are found to be more effective when the donation size is stated objectively compared to subjectively (Kim and Lee, 2009). Finally, depending upon the size of the donation and level of consumers’ emotional involvement, charitable donations may be seen as either an important element of a campaign or little more than a peripheral cue (Hajjat, 2003).

Additional factors such as the timing or proximity of a donation are also known to influence consumers’ perception of corporate philanthropy. For example, “reactive” donations made in response to external forces (e.g. natural disaster, boycotts) tend to elicit greater elaboration on the part of consumers relative to proactive donations. These thoughts are often more negative, leading to deleterious effects on the company’s credibility, consumers’ motive attributions and ultimately consumers’ desire to support an initiative (Becker-Olsen, Cudmore, and Hill, 2006; Groza, Pronschinske and Walker, 2011). Across multiple studies, Russell and
Russell (2010) find that consumers prefer local or domestic donations over donations made abroad. Their study further reveals that these preferences are moderated by the salience of a consumers’ identity (e.g. global, group). Similar results were also found in an earlier study by Grau and Folse (2007), who find support for the hypothesis that attitude and purchase intentions will be greater for low cause involvement consumers when donations are made locally rather than nationally.

Lastly, the type of donation made on behalf of a company may also significantly influence consumers’ desire to reward a company for their philanthropy. Of special interest to the current research are two forms of corporate philanthropy, time and money. The remainder of this section considers the general differences in the characteristics of time and money, and the extent to which those differences may influence how consumers perceive corporate philanthropy.

**Time vs. Money**

Among U.S. companies, donations of cash remain the most prevalent form of philanthropy; however donations of time (in the form of employee volunteerism) are on the rise (Forbes, 2011). From an economic perspective, consumers should not have a preference between these two forms of giving if the donation values are equivalent. In a seminal paper by Becker (1965), the author suggests that individuals should value the cost of time in much the same way as money. The assertion that donations of time and money are somewhat interchangeable has found empirical support (Devoe and Pfeffer, 2007). In fact, when in equilibrium, Duncon (1999) argues that gifts of time and money should be deemed perfectly substitutable.
While there are economic reasons why consumers should value equivalent donations of time and money similarly, there exist psychological reasons why they do not (Soster, 2011). One such reason research has found is that, compared to money, time is commonly viewed as a renewable resource. Consequently, people tend to exhibit steeper discounting for future investments of time relative to money (Zauberman and Lynch Jr., 2005). Differences also exist regarding the certainty with which people view the two resources. A study by Okada and Hoch (2004) finds that the ambiguity surrounding time influences consumers’ risk tolerance, leading to a greater willingness to spend more time than money on high risk options. This ambiguity not only makes it more difficult for people to calculate the opportunity cost of time, it also leads to a greater tendency to use heuristics when making decisions involving time compared to money (Hoskin, 1983; Saini and Monga, 2008).

When it comes to preference for giving of one’s own time or money, a person’s self-identity plays a significant role. Research by Reed, Aquino and Levy (2007) finds that people who wish to be seen as more “moral” prefer to donate their time to charity in lieu of money. Indeed, merely asking individuals to consider a donation of time or money to a cause may activate different mind-sets; leading to different beliefs about one’s happiness and in turn their willingness to donate (Liu and Aaker, 2008). In closer alignment with the present research, Reed, Aquino and Levy (2007) further reveal that corporations who give time (vs. money) are perceived to be more caring, better corporate citizens, and more socially responsible.

Considering the instrumental role that the emotion gratitude plays in peoples’ desire to reciprocate for acts of kindness, it would be of theoretical and managerial interest to extend the work of Liu and Aaker (2008), Reed, Aquino and Levy (2007) and others to include an understanding of how donations of time and money serve to engender feelings of gratitude and a
desire to reciprocate on the part of consumers. To gain theoretical insights into how observing corporate giving may lead to feelings of gratitude and a desire to reciprocate, I turn to Indirect Reciprocity theory.

**Reciprocity**

In this research, I submit that companies who engage in corporate philanthropy choose to support non-profit causes, at least in part, with the expectation that they will derive future benefits for their altruistic acts. An act is said to be altruistic if “it is costly to perform but confers a benefit on another individual” (Nowak and Sigmund, 2005). Until recently, models attempting to explain altruistic behaviors from an evolutionary biology perspective have relied almost exclusively on the concept of *direct* reciprocity, where an individual’s behavior towards an exchange partner depends upon what the exchange partner has done for them. In his seminal work, Trivers (1971) draws upon economic principles to account for “reciprocally altruistic behavior” between non-kin actors. In his model, Trivers sought to explain the altruistic acts that occur between cleaner fish and their host, warning calls among birds, and human acts of altruism. According to Trivers’ model, in each of these environments, reciprocal altruism is likely to occur when the cost to a donor is less than the benefit to the recipient and importantly, the donor believes the recipient is likely to return the favor. The result of such an exchange is a net benefit to both parties involved. Therefore, reciprocal altruism in a ‘direct’ sense may be defined as “an exchange of altruistic acts between the same two individuals so that, in total, both obtain a net benefit” (Nowak and Sigmund, 2005 p.1291).

Numerous studies have explored and found support for reciprocal altruism (Komorita, Parks and Hubert, 1992; Stephens, McLinn and Stevens, 2002; Cox, 2004). Common among many of these studies, which are often modeled as repeated Prisoner’s Dilemma games, is the
assumption of anonymity (Sigmund, 2012). With this understanding, along with a recognition that they will not interact with the same person twice, players in these experiments are often able to exploit and ultimately outperform their more altruistic exchange partners by neglecting to reciprocate for the benefits they have received. Under natural conditions however, we recognize that anonymous interactions among exchange partners are uncommon. Even in the seemingly anonymous world of the internet, people are generally able to assess whether or not a person has been “cooperative” in the past. At Amazon.com and other related e-commerce sites for example, consumers may view a profile of the person or merchant from whom they are considering a purchase from. Anonymity is further reduced in that consumers may also provide feedback following an exchange that is visible for future exchange partners to see. Thus I find that while Trivers work has become the standard for explaining the evolution of cooperation between two unrelated individuals (Panchanathan and Boyd, 2003), it fails to account for exchanges within a system where information is known about the exchange partner.

To address this limitation of Trivers model and determine which strategies are most successful when information is known about an exchange partner, Axelrod and Hamilton (1981) invited professional game theorists to take part in a computer tournament. The tournament called for game theorists to submit a program which incorporates a rule to select a cooperative or noncooperative choice for each move. The strategies from each entrant were then paired off against other entrants to see which would perform the best overall. Fourteen programs were submitted from five disciplines, including psychology, political science, economics, sociology, and mathematics. The winning strategy, and ironically the most basic program, turned out to be Tit For Tat (TFT). The Tit For Tat approach starts with a cooperative choice, and thereafter does what the other player did on the previous move (Axelrod, 1984). The TFT decision rule has
some of the most desirable properties in that it is simple, while at the same time, relatively
difficult to exploit.

Since Axelrod and Hamilton first hosted their famous computer tournament, numerous
iterations of the repeated prisoner’s dilemma experiment have been performed (Boyd and
Lorberbaum, 1987; Nowak and Sigmund, 1993). Despite the advancements these studies
afforded, there remains inherent limitations associated with reciprocal altruism. In particular,
each of the aforementioned strategies requires a stable dyadic exchange, which ignores processes
such as communication among multiple individuals, mobility, reputation, and the influence of
interested third parties (Panchanathan and Boyd, 2003). As a result, they fail to explain how
reciprocity works within a social system. According to Roberts (1998, p.429) “the link between
performing an altruistic act and receiving a benefit is likely to become less direct if the
individuals both use information gained from watching others interacting and act so as to be
observed”.

In a social system, people may use information about others (e.g. reputation) to
distinguish which members of their social network are known to “cooperate” (they reciprocate
when they have benefited from an altruistic act), from who tend to “cheat” (they enjoy the
benefit of receiving an altruistic act without enduring the cost of reciprocating). A system where
information is available to make distinctions between “cooperators” and “cheaters”, also called
“discriminate altruism”, relies on the reputation of members, along with a sophisticated system
of communication (e.g. rumors) to transfer social information about the extent to which members
are cooperating or cheating; thus allowing interested third parties the ability to reward friendly
acts and punish those acts deemed to be exploitive (Engelmann and Fischbacher, 2009; Ohtsuki
and Iwasa, 2004; Enquist and Leimar, 1993).
**Indirect Reciprocity Theory**

The evolution in cooperation from “you do something for me and I will do something for you” to “you do something for me and someone else may do something for you” has led scholars to a new understanding of why members of a society may wish to develop a reputation of cooperation (Arrondel and Masson, 2006). If we find that reputation becomes more important than short term gains, then one who invests in altruism may derive a competitive advantage (Roberts, 1998). Trivers (1971) alluded to this concept, referring to it as “generalized reciprocity”; however Alexander (1987) is widely credited as having advanced this notion by coining the term and proposing the theory of “indirect reciprocity”. Indirect reciprocity theory refers to “those cases in which the dividends from social investments are likely to come from individuals other than those helped (or hurt) by the original actor” (Alexander, 1985, p.9)

![Figure 1](Attachment)

Figure 1 – Upstream and Downstream Indirection Reciprocity

Indirect reciprocity (IR) comes in two forms: upstream and downstream (figure 1). Upstream reciprocity occurs when an individual who has received a donation feels compelled to donate to someone other than the benefactor. This form of reciprocity is often referred to as a “pay it forward” form of reciprocity. Of interest to the current study however is the concept of downstream reciprocity. Downstream reciprocity relies upon reputation and status, whereby an individual (A) helps another individual (B) with the expectation that they will subsequently
receive help from a third party (C) as a result of their altruistic behavior. According to Alexander (1987) indirect reciprocity involves “members of a social group being continually assessed and reassessed by interactants, past and potential, on the basis of their interactions with others” (p.87).

Alexander (1987) further suggests that indirect reciprocity is a consequence of direct reciprocity in the presence of interested audiences; audiences who evaluate other members of society as possible future interactants. In alignment with this premise, companies who engage in corporate philanthropy do not expect to benefit from the cause directly (direct reciprocity); rather the benefits they seek come in the form of an enhanced reputation. Consumers may therefore choose to evaluate the altruistic acts of companies as a means of assessing whether or not they wish to consider that company’s product or services in the future. Viewed broadly, the process of indirect reciprocity may be seen as an integral facet of society in that it motivates individuals (or entities) to make contributions within their social network (Gu et al., 2009).

To formalize the process by which indirect reciprocity is achieved, a variety of mechanisms have been suggested. One such approach is that of image scoring, proposed by Nowak and Sigmund (1998). In image scoring, a person’s image $s$ is influenced by having either benefited from an altruistic act $b$ or through the cost associated with providing a benefit $c$. In their simulation, the score of a donor increases by one unit if he or she performs an altruistic act. Alternatively, if a player withholds support and does not confer a benefit ($b$) on another, their image score will decrease by one unit. This tactic is referred to as “defecting”. In either instance, the image score of the recipient does not change. Starting with an image score of zero, Nowak and Sigmund find that below a minimum level of encounters, defectors are able to yield the highest payoff. After only a few rounds however, indiscriminant altruists (those who always
cooperate) and discriminant altruists (those who cooperate only with those who have a positive image score) are able to outperform defectors; with maximally discriminant players achieving the greatest success over time. Thus, cooperation based on indirect reciprocity depends on the ability of a person to estimate the image ‘score’ of another member of society (Brandt and Sigmund, 2005). A similar experiment by Wedekind and Milinski (2000) also found that donations were given more frequently to those who had been generous in the presence of others during prior interactions.

The robustness of image scoring was subsequently called into question by Leimar and Hammerstein (2001). Leimar and Hammerstein argue that the conditions under which image scoring holds are too restrictive, and question the premise of lowering the image score of a player following their refusal to help an individual with a low image score. Instead, the authors advocate a strategy initially proposed by Sugden (1986) called “good standing”. This strategy suggests that each player starts from a position of good standing. Those in good standing are said to be entitled to cooperation from others. Players remain in good standing as long as they cooperate, however if they defect (either intentionally or accidentally) they lose their good standing. A player in this position can expect opposing players to defect during their interactions with them. Good standing can be regained however if a player chooses to cooperate in a subsequent round. Leimar and Hammerstein (2001) found that the strategy “cooperate when your opponent is in good standing, otherwise defect” has evolutionary stable properties and generally outperforms image scoring.

A study by Panchanathan and Boyd (2003) offers further insights into the differences between image scoring and good standing. The authors believed that additional information beyond that provided by image scoring was needed to stabilize indirect reciprocity, and sought to
make a distinction between actions and intentions. According to the authors, image scoring only reflects *actions* in that individuals who donate in a prior round will have a good image score; whereas those who do not donate will have a bad image score. Alternatively, the *intentions* underlying a person’s actions are said to be accounted for using the good standing strategy. Like image score, a donation by an actor in a prior round will leave that person in good standing. Deviating from image score, a refusal to donate using the good standing strategy may be qualified as either a justified or unjustified defection. A refusal to donate is unjustified when a person does not help a person in good standing. A defection becomes justified if the refusal to help is in relation to someone in bad standing. Consequently, unjustified defections results in a bad standing, whereas a justified defection has no effect on an actor’s standing¹. The results of Panchanathan and Boyd’s experiment offers support for the good standing strategy, suggesting that it is less important for individuals to attend to their own standing or image when considering a course of action than it is for them to be able to discern the motivations behind an observed defection.

Finally, adding to the image score and good standing explanations of indirect reciprocity, Brandt and Sigmund (2004) offer a third, and arguably stricter, account of IR by introducing the concept of “Judging”. As mentioned, in good standing actors are not punished when they refuse to donate to a person with a bad image. A judging strategy goes beyond good standing, by punishing those who help a player with a bad image score. Under judging (or stern-judging), refusing to help a good individual and helping a bad individual reduces ones standing, while helping a good individual and refusing to help a bad individual improves ones standing (Pacheco, Santos, and Chalub, 2006). The results of their study indicate that stern-judging is a more preferred strategy compared to either image scoring or good standing.
Beyond advancing our understanding of why people behave altruistically when a direct reciprocal exchange is not anticipated, indirect reciprocity is further theorized as a basis for moral systems within society (Alexander, 1985). Acknowledging the lack of precision in his description, Alexander (1985) views courses of action to be *immoral* when an act helps ourselves or hurts others, while acts that “hurt” ourselves or help others are deemed *moral*. Alexander further suggests that the long-term existence of complex patterns of indirect reciprocity may enable individuals to seem more altruistic than is perhaps the case. What is more, these patterns of IR may also influence others to act in an altruistic manner that is beneficial to the moralizer. The origin of IR is then argued to have arisen out of a search for interactants and situations in which altruistic actors may benefit from profitable, social reciprocal exchanges. In this complex social system, the ability to identify and judge individuals as attractive for future reciprocal interactions may have led to an essential ingredient for success. “In such a milieu, a modicum of indiscriminate altruism would arise as social investments, because of benefits to individuals of being viewed as altruists” (Alexander, 1985). Of note, these acts of indiscriminate altruism must not be seen as self-serving social investments, but as a net-cost altruistic act. When successful, this pattern of behavior is hypothesized to have contributed to the rise of universal indiscriminate altruism as a social objective and an ideal of morality.

To date, research examining the mechanisms through which indirect reciprocity occurs has focused exclusively on cognitive processes (e.g. image scoring, good standing). In the current study, I go beyond cold cognition aspects of indirect reciprocity and consider the role of affect. In particular, I maintain that the emotion gratitude plays a central role in motivating and maintaining relationships involving indirect reciprocity. In the following section I seek to
contribute to indirect reciprocity theory by discussing the role of gratitude in society and empirically testing the role of gratitude in the context of corporate philanthropy.

*Role of Gratitude*

Feelings and expressions of gratitude are widely considered to be beneficial for individuals, interpersonal relationships, and society overall. Gratitude is one of the most basic social emotions, and is one that is experienced frequently by most people in nearly every country (McCullough et al., 2001). The word gratitude is derived from the Latin words “gratia”, meaning favor and “gratus”, meaning pleasing. I define gratitude in the present research as “a positive emotion that typically flows from the perception that one has benefitted from a costly, intentional, voluntary action of another person” (McCullough, Kimeldorf and Cohen, 2008, p.281). The significance of gratitude may be found in its ability to not only enhance peoples´ sense of happiness and well-being, but also act on a much broader scale to serve as a force for maintaining a pro-social society based on goodwill (McCullough et al., 2001; Emmons and McCullough, 2004). In his *Theory of Moral Sentiments*, author Adam Smith (1759) argued that for society to prosper, moral capital is needed. Smith further noted that gratitude is essential in this regard, in that it promotes stability and motivates us to reward others for acts of kindness.

Despite its ubiquity and importance, the study of gratitude has been largely neglected by social scientists (McCullough, Kimeldorf and Cohen, 2008). In fact, there is no mention of gratitude in the index of the *Handbook of Emotions*, nor is it addressed in the *Encyclopedia of Human Emotions* (Levinson, Ponzetti, and Jorgensen, 1999; Lewis, Haviland-Jones and Barrett, 1993). Renowned scholar, Richard Lazarus, once lamented “I have ignored gratitude-though with some misgiving, because in some instances, it may be a strong emotional state” (1991
In general, gratitude is said to be one of the most understudied emotions in psychological science (Emmons and McCullough, 2004).

A renewed interest in positive psychology has cast new light on the study of gratitude, however inquiries related to gratitude date back centuries. The first known discourse on gratitude can be traced back to the Roman philosopher Seneca, whose work entitled “On Benefits” goes into great detail about how benefits ought to be given and received. Seneca states for example that “above all we should give willingly; quickly, and without any hesitation; a benefit commands no gratitude if it has hung for a long time in the hands of the giver, if he seems unwilling to part with it, and gives it as though he were being robbed of it” (book II, p.21. Seneca goes on to state that hesitating to give is similar to a refusal to give, thus destroying all claim to gratitude. In the Middle Ages, the topic of gratitude was considered by a number of philosophers. Thomas Aquinas viewed gratitude as a descending order of debts ranging from mankind’s debt to God to a recipient’s debt to benefactor (Emmons and McCullough, 2004). Alternatively, German philosopher Samuel Pufendorf believed that gratitude is the result of a dyadic exchange between benefactor and receiver (Emmons and McCullough, 2004). English philosopher Thomas Hobbes extended the benefactor, beneficiary view of gratitude to include gratitude as an element of a social contract. For Hobbes and other rationalist philosophers like Locke and Rousseau, gratitude was seen as a necessary condition to ensure that inherently self-interested people will do things for other members of society (Cohen, 2006).

As mentioned, philosopher, economist and author of The Wealth of Nations, Adam Smith also gave considerable thought to the meaning and influence of gratitude. Smith’s Theory of Moral Sentiments provided unique insights into the situational factors that elicit feelings of gratitude. Smith reasoned for example that beneficiaries of an altruistic act are more likely to
experience gratitude when the benefactors intended to benefit them and are able to sympathize with the beneficiaries feelings of gratitude. In the words of Smith (1759), “our hearts must adopt the principles of the agent, and go along with all the affections which influenced his conduct, before it can entirely sympathize with, and beat time to, the gratitude of the person who has been benefited by his actions (Ch. IV, II.I.18). Like Hobbes, Smith also extends his analysis beyond a dyadic relationship between a benefactor and beneficiary to include a third, impartial spectator. To answer the question of how we are to judge whether or not a beneficiary’s expression of gratitude is appropriate, Smith suggests that each of us have the ability to evaluate the merits of others emotions by viewing them from the perspective of an indifferent third-party spectator. In this way, Smith maintains that individuals have the capacity to judge themselves as they would judge others, or others would judge them. Fundamentally, Smith considered gratitude to be a human phenomenon that plays a vital role in building and maintaining social relationships.

Drawing from the insights put forth by Smith and others, contemporary research is aimed at clarifying the conceptualization of gratitude and exploring its implications beyond the costly exchange of benefits, to include its social impact (Bono, Emmons, and McCullough, 2004). Gratitude is typically a pleasant experience, one that is commonly linked to happiness, contentment, and hope. The goal-based model of emotional appraisals introduced by Ortony, Clore and Collins (1988) also conceptualizes gratitude in a positive light, characterizing gratitude as a blend of admiration and joy. Gratitude in their view occurs when one approves of another’s praiseworthy actions and feels joy for the desirability of the outcome. Similarly, Tangney, Stuewig and Mashek (2007) categorize gratitude as a positive, “other-praising” emotion. The authors maintain that people are inclined to feel gratitude in response to benevolent acts directed towards them. They further suggest that gratitude is distinct from indebtedness in that gratitude
represents a positive affective state, whereas indebtedness implies an obligation towards the benefactor, which often leads to a negative affective state.

Advancing the notion of gratitude as an “other-praising” emotion, an early study by Baumgarten-Tramer (1938) asked more than 2000 Swiss children to imagine someone giving them something they had always wanted. Common among many of the children’s responses was a desire to repay the action in some way, and also a wish to form a closer connection with the benefactor (e.g. engage in an activity together). More recently, a study by Algoe and Haidt (2009) demonstrates how other-praising emotions such as elation, gratitude and admiration differ from other positive emotions (amusement and joy). In particular, the authors note that subjects in the ‘other-praising’ condition (elation, gratitude and admiration) tended to focus their thoughts and motivations on people other than themselves. In contrast, subjects in the “joy” condition focused on themselves and their own feelings. In a prior study Algoe, Haidt and Gable (2008) find that recipients in a gratitude inducing gift giving exercise subsequently reported more positive relationship ratings, even after controlling for other relevant positive emotions. Finally, to maintain these relationships over time, Shiota, Campos and Keltner (2004) explore the influence of positive emotions, and identify three processes in which emotional experiences and expressions serve to shape social interactions. The first process is as a source of information about the sender’s current emotions, intentions and perceptions of the target. Second, they evoke emotional response (e.g. complimentary or matching emotions). The third process is that of an incentive function. Displays of positive emotions tend to reward people for behaviors perceived to be desirable.

Another compelling development in the conceptualization of gratitude is the growing consensus that gratitude represents a moral affect. According to McCullough et al. (2001),
gratitude constitutes a moral affect because it stimulates behavior that is motivated by a concern for the well-being of another. Drawing from evidence found in a variety of personality, developmental, social, and evolutionary psychology studies, McCullough et al. (2001) submit that gratitude serves three primary functions: as a (1) moral barometer, (2) moral motive, and (3) moral reinforce. As a moral barometer, gratitude is said to offer an “affective readout” of changes in one’s social relationships. To provide this readout, social-cognitive input is needed. In line with prior research, gratitude as a moral barometer is said to be sensitive to (a) benefits of significant value (b) the effort and cost expended on the part of the benefactor (c) the intentionality associated with the effort or cost, and (d) the extent to which the effort or cost on their behalf was altruistic or gracious. As a moral motive, gratitude is hypothesized to have a motivational value, in that it can prompt people experiencing feelings of gratitude to behave prosocially themselves. Specifically, people who are made to feel grateful by the actions of another are more likely to contribute to the welfare of another or a third party in the future. Finally, the moral reinforcement function of gratitude facilitates future prosocial behaviors on the part of the benefactor. According to the study, expressions of gratitude on the part of recipients provide encouragement for the benefactor to act benevolently in the future.

Given its function in the moral domain, gratitude has been likened to empathy, sympathy, shame and guilt (Emmons, McCullough and Tsang, 2003). Despite the comparisons, these emotions remain distinctly different from gratitude. Gratitude occurs when a person acknowledges that they have benefited from a prosocial behavior; whereas sympathy and empathy operate when a person has an opportunity to respond to someone in need or distress and shame and guilt arise when one has failed to meet a moral obligation or standard (Emmons, McCullough and Tsang, 2003).
Research exploring the social implications of gratitude has looked at the antecedents of gratitude, its direct effects, and its role as a process measure. Three of the most robust predictors of gratitude according to Tesser, Gatewood and Driver (1968) are (1) the recipients’ perception of the benefactors’ intentions, (2) the cost in providing the benefit, and (3) the value a recipient places on the benefit. Two of these three antecedents are echoed in a study by Algoe, Haidt and Gable (2008) who maintain that gratitude stems from the perception that the benefactor is being thoughtful and responsive to the needs of the beneficiary, and the beneficiary likes the benefit. In addition, the expectations of benefactor also influence feelings of gratitude. Increased expectations of a return from a gift on the part of a benefactor are shown to increase feelings of indebtedness on the part of the receiver, but decrease feelings of gratitude (Watkins et al., 2006).

Guided by Brown and Levinson’s politeness theory, Okamoto and Robinson find that the greater the imposition is for a benefactor to provide a benefit to the beneficiary, the more the beneficiary will be inclined to thank the benefactor (in the form of polite responses). This effect is found to be amplified when the imposition is caused by the beneficiary. Additionally, a study by Bar-Tal et al. (1977), finds that the relationship between a giver and receiver also predicts the likelihood a receiver will experience feelings of gratitude. In particular, the study reveals that the closer the relationship between giver and the receiver, the less gratitude is expressed when the giver offers to help the receiver. Consequently, a parent offering to help a child is less likely to be met with appreciation than an offer to help from a new acquaintance.

Gratitude has been shown to have a variety of direct effects. A number of studies for example have found that gratitude is strongly related to people’s sense of well-being (Emmons et al., 2003; McCullough, Emmons, and Tsang, 2002; Toussaint and Friedman, 2009; Wood, Froh, and Geraghty, 2010). In addition to the mediating effects of gratitude on purchase intentions,
prior research has also highlighted the direct effects of gratitude on purchase intentions (Kolyesnikova, Sullivan-Dodd, and Callison, 2011), repurchase intentions (Soscia, 2007), and purchasing behaviors (Kolyesnikova and Sullivan-Dodd, 2008). What is more, an experiment by Andersson, Giacalone and Jurkiewicz (2007) found that when employers are hopeful, grateful employees demonstrate greater concern for corporate social responsibility than employees who do not experience high levels of gratitude on a daily basis. In a related study, Giacalone, Paul, and Jurkiewicz (2005) show that hope and gratitude increase sensitivity to corporate social performance. Finally, Dunn and Schweitzer (2005) conduct multiple experiments to ascertain the influence of different emotions on trust. The authors conclude that emotions characterized as “other-person controlled” such as anger and gratitude influence trust in another significantly more than personal-controlled emotions (e.g. pride, guilt) or situation controlled emotions like sadness.

A review of the gratitude literature also reveals a number of instances in which gratitude acts as a process measure. Three studies in particular explore the mediating influence of gratitude on helping behavior and giving. In a study in which the emotions of the subjects were manipulated, Bartlett and DeSteno (2006) found that subjects experiencing gratitude (compared to amusement) towards the benefactor were willing to exert more effort when asked by the benefactor to help with a task. Adding further support to McCullough et al.’s 2001 conceptualization of gratitude as a moral, pro-social emotion, Tsang (2007) found that feelings of gratitude, and not indebtedness, mediated the relationship between favors granted and reciprocating behaviors towards the benefactor. Subjects in the study were given either high value or low value lottery tickets either as a favor or by chance. As predicted, those who received the lottery tickets as a favor relative to chance, experienced higher reported measures of
gratitude and, and were subsequently more inclined to distribute their raffle tickets when given the opportunity. In a departure from prior studies in which individuals report higher levels of gratitude in response to hypothetical favors with a larger value (Lane and Anderson, 1976; Tesser, Gatewood and Driver, 1968), the model proposed by Tsang (2007) suggests that the value of the favor has little influence on the amount of gratitude experienced by the beneficiary. The authors do note however that ceiling effects associated with self-reported measures of gratitude may have had an effect on their findings. Finally, a third study examining the influence of gratitude on helping behavior by DeSteno et. al. (2010) extends the role of gratitude as a motivator of pro-social behavior, to include a facilitator of cooperative economic exchanges. By manipulating both the emotion gratitude and the exchange partner subjects interacted with, DeSteno and his colleagues were able to conclude that higher levels of gratitude decrease the probability of selfish economic actions. Further, this effect was found to be consistent among those who had previously helped the participant and complete strangers.

The mediating effects of gratitude also affect consumers purchase intentions. For example, unexpected positive changes in the quality or price of a product alter consumers’ purchase intentions through feelings of gratitude (Janakiraman, Meyer, and Morales, 2006). Similarly, Palmatier, Jarvis and Bechkoff (2009) emphasize the integral role of gratitude as a process measure in the performance of relationship marketing investments. Multiple experiments indicate that RM investments lead to higher levels of gratitude, trust, and customer commitment, which in turn engenders greater financial performance in the form of purchase intentions, share of wallet, sales revenue and sales growth. Similar effects on purchase intentions have been found in the context of sport sponsorship. A study by Kim, Smith, and James (2010) found that feelings of gratitude are positively influenced by the extent to which the sponsors’ motive for
supporting the event are seen as benevolent compared to profit-driven. However contrary to Tsang (2007), Kim, Smith and James find support for the premise that the perceived value of the sponsorship positively affects feelings of gratitude. These varying outcomes may stem from the fact that when it comes to personal favors “it’s the thought that counts”, however for corporations, the amount given to the cause makes a difference. In closer alignment with the present research, Romani, Grappi, and Bagozzi (2012) explore gratitude in response to CSR activities. Adapting the model put forth by Palmatier, Jarvis and Bechkoff (2009), the authors find that a company’s ethical actions positively influence consumers’ feelings of gratitude, company evaluation, and customer-company identification. Each of these in turn impact consumers’ positive word of mouth.

In this research, I submit that down-stream indirect reciprocity helps to explain why companies engage in corporate philanthropy. I further suggest that gratitude is an important mechanism through which the relationships predicted by indirect reciprocity occur. Notably, not all altruistic acts in the presence of interested others will lead to feelings of gratitude and a desire to reward the company for their philanthropy. In the following section I seek to further our understanding of how and when corporate philanthropy elicits feelings of gratitude and a desire to reciprocate on the part of consumers.

Study 1: Differential Effects of Time and Money

In their study, Reed, Aquino and Levy (2007) maintain that the importance of one’s moral identity accounts for why consumers may prefer to offer their own time instead of money. The authors further suggest that it is a consumer’s moral identity that also leads to their preference for corporate donations of time relative to money. In this research I advocate for a
second explanation for these findings, specifically I posit that the perceived effort associated with a philanthropic act may influence consumers’ motive attributions. Following Mohr and Bitner (1995), I define perceived effort as “the amount of energy an observer believes an actor has invested in a behavior.”

Common wisdom tells us that hard work is often rewarded. This mantra is bolstered by empirical evidence, which suggests that greater effort leads to positive evaluations. Mohr and Bitner (1995) show that greater effort on the part of employees during a service transaction leads to greater satisfaction on the part of consumers. Similarly, Specht, Fichtel and Meyer (2007) find that perceived effort leads to greater customer satisfaction, even after controlling for service outcome. Additionally, a series of experiments by Morales (2005) finds that consumers not only prefer firms who exert more effort, they are willing to pay more for their products. In a departure from prior studies which suggest that higher levels of effort lead to more positive evaluations on the part of the beneficiary, Morales (2005) reveal that consumers are likely to show a preference for firms who exert greater effort, even when the effort is not directed towards them.

By definition, an act is said to be altruistic if “it is costly to perform but confers a benefit on another individual” (Nowak and Sigmund, 2005). One might conclude from this definition that (a) acts that do not come at a cost to the benefactor are less likely to be seen as altruistic and (b) acts that come at a greater cost to the benefactor are more likely to be seen as altruistic. Offering support to this premise, Kruger et al. (2004), find that people are more influenced by effort when the quality of the object being evaluated is difficult to ascertain (e.g. motive attributions). Finally, Ellen, Mohr and Webb (2000) maintain that consumers evaluate cause
marketing initiatives more positively when the company is perceived as having expended more effort in the implementation of the initiative.

In closer alignment with the current research, Barone, Miyazaki, and Taylor (2000) incorporate donations of time and money in their manipulation of motive attributions. In their study, the authors choose to manipulate motive attributions by varying the intentions described in the scenarios, therefore it remains unknown what influence the donation type alone has on consumer’s motive attributions. The differential effects of time and money are accounted for in a study by Reed, Aquino and Levy (2007), who find that when the value of two resources are held constant, consumers will perceive giving of their time as a more moral act than giving money. The authors further note that, not only will consumers be more inclined to donate their time when they wish to be seen as more moral, they also value companies who do the same. In a second experiment, Reed, Aquino and Levy (2007) extend their findings to include how consumers judge corporations who donate time or money. The authors do not capture consumers’ assessment of why they believe the company engaged in corporate philanthropy, however they do find that corporations who donate time rather than money are perceived as being more caring, better corporate citizens and more socially responsible.

Once again, I extend Reed, Aquino and Levy’s (2007) explanation that a consumer’s moral identity predicts their evaluation of a firm engaging in corporate philanthropy, to include the perceived effort and motives associated with the act. Specifically, I predict that donations of time compared to money will be perceived as being a more effortful act. I further maintain that philanthropic acts that are seen as being more effortful, will lead to more altruistic motive attributions. Taken together, this leads to the prediction that perceived effort mediates the relationship between corporate donations and consumers’ motive attributions, with donations of
time leading to more altruistic motive attributions compared to money. I put forth the following hypotheses to test this rationale.

**H1** Corporate donations of time will lead to higher levels of perceived effort compared to monetary donations

**H2** The relationship between donation type (time, money) and perceived motive is mediated by perceived effort

Once formed, motive attributions are likely to influence consumers’ overall evaluation of the philanthropic act and the organization providing assistance. In fact, when it comes to corporate philanthropy, consumers may care more about why a company is supporting a cause than what they are supporting (Gilbert and Malone, 1995). In this research, perceived motive is defined as the extent to which consumers view a firm’s motive for supporting a cause to be altruistic (versus egoistic). Prior research has shown that the attributions consumers’ make about a firm’s motive for supporting a cause can be even more complex than the altruistic-egoistic perspective suggests. In their research, Ellen, Webb and Mohr (2006) find that self-centered motives can be classified as being either strategic or egoistic, whereas other-centered motives can be differentiated as being either values or stakeholder driven. In this study, I seek to understand how corporate donations of time and money vary in their influence on consumers’ desire to reciprocate and their approval of a company’s actions. The link between strategic and stakeholder motives and consumers’ desire to reciprocate and approval of a company’s actions is not established in the literature, therefore these motives are not included in our model.

Despite widespread agreement about the importance of motive attributions, the precise role motive attributions play remains decidedly mixed. One stream of research conceptualizes
motive attributions as a moderating variable (Barone, Miyazaki and Taylor, 2000; Bae and Cameron, 2006; Barone, Norman and Miyazaki, 2007; Atkin, McCardle and Newell, 2008). Alternatively, a second stream of research offers support for motive attributions as a mediating variable. A study by Yoon, Gurhan-Canli and Schwarz (2006) for example finds that the salience of the benefit to the cause and the source through which consumers become aware of the philanthropy both influence motive attributions and in turn, those motive attributions can either enhance or diminish consumer’s perception of the company.

Similar research has also shown that motive perceptions go beyond perceptions, to include an influence on purchase intentions and choice (Barone, Miyazaki and Taylor, 2000; Becker-Olsen, Cudmore and Hill, 2006). Other factors such as the purchase quantity, location of giving and perceived fit between the brand and cause have also been shown to influence motive attributions (Rifon et al., 2004; Folse, Niedrich and Grau, 2010; Groza, Pronschinske, and Walker, 2011). In each of these instances, perceived motive is found to mediate the relationship between corporate philanthropy and consumer evaluations. Following this stream of research, I predict:

**H3** Perceived motive mediates the relationship between perceived effort and (H3a) desire to reciprocate and (H3b) admiration towards the firm

![Figure 2 - Conceptual Model Study 1](image)
Method

Exploratory Study. Prior to study 1, an exploratory study was performed to discover whether or not corporate donations of time compared to money would differentially influence consumers desire to reciprocate. Data for the exploratory study was collected in a field setting, offering additional external validity to our study.

Subjects and Design. 50 subjects (M_{age}= 39 years, SD = 15.18) were recruited at random from a downtown area in a mid-sized Southeastern city. No monetary rewards were given for taking part in the study. Subjects in this between-subject design field study were randomly assigned to one of two conditions: corporate donations of time or money.

Procedure. In both conditions, subjects were asked to identify the supermarket they frequent the most. Next, subjects were asked to imagine a hypothetical scenario related to their supermarket. In the monetary condition, subjects learned that the supermarket they regularly go to supports a program designed to clean up trash along a nearby waterfront. Subjects were further informed that in the prior year, the supermarket they frequent most donated $120,000 to the program.

Subjects in the time condition were also asked to imagine a hypothetical scenario related to the supermarket they frequent the most. In the time condition, subjects were informed that the supermarket they frequent most provides paid time off for their employees to clean up trash along the nearby waterfront. To ensure the donation amounts were perceived approximately equal, the monetary donation amount ($120,000) was divided by an average employee salary of $8.00 per hour to derive the donated hours of service. Therefore, subjects in the time condition were informed that in the prior year, the supermarket they frequent the most donated 15,000 hours of service.
Analysis. Five research assistants, blind to the research hypotheses, were trained to classify the coded responses to the open-ended questions. After merging and randomizing all of the coded responses from both conditions (time and money), raters were asked to carefully review each of the coded responses provided by the open-ended questions. Raters were informed that desire to reciprocate refers to “a desire to do (something) in an effort to reward an organization for something they have done”. Given this definition raters were asked to classify each of the coded responses based on the extent to which the response reflects a desire to reciprocate. Each response was classified dichotomously, as either depicting a desire to reciprocate or not.

Results and Limitations. The coders’ rate of agreement was 83.4 %, and disagreements were resolved through discussion. A Kappa coefficient of .834, indicates a significant level of agreement (Landis and Koch, 1977). On average, coders found that subjects response to corporate donations of time (n=22) conveyed a greater desire to reciprocate for the company’s actions than donations of money (n=10) ($\chi^2 = .082, p=.00$). This finding offers some support (and

Figure 3 – Exploratory Results

Comments provided

- “Go out of my way to shop there”
- “Use store exclusively”
- “Encourage others to do so”
- “Recommend to a friend”
- “I would switch to that store”
external validity) to the premise that donations of time elicit a greater desire to reciprocate than
monetary donations; however there are notable limitations inherent in our field study. The
surveys for the exploratory study were collected from individuals, seemingly at random;
nevertheless, the process was not truly randomized. Our efforts to make the donation scenarios
as realistic as possible came at the expense of equivalency; the donation in one condition depicts
a monetary value, whereas the other condition portrays the number of hours donated. Other
limitations include a failure to control for prior attitudes, emotions, and brand effects.

To address these limitations and formally test hypotheses 1 thru 3, I conducted the
following study.

Main Study

*Design, Subjects and Procedure.* One hundred and eight subjects were offered a monetary
reward for participating in an online survey panel (*M* _age_ = 37 years, SD = 11.66), of which 56%
were female. Thirteen subjects were later removed for not completing the survey or failing to
correctly identify the type of donation. Subjects in the study were randomly assigned to one of
two possible donation conditions, time or money.

To enhance subjects’ involvement in the study the choice was made to incorporate the use of
companies that subjects were familiar with and a cause that subjects on average believed to be
important. Furthermore, a recent survey conducted by Consumer Reports finds that consumers
are willing to switch to a competing supermarket for a variety of reasons. The survey finds that a
full one-third of consumers surveyed had quit shopping at a nearby grocery store in the past year
(Consumer Reports, 2014). This report suggests that consumers’ desire to reciprocate and
admiration towards a company possess important managerial implications. With this in mind,
subjects were given a URL address, leading them to an online questionnaire. The first question
asked subjects to write the name of the supermarket they frequent most. The name of the supermarket they frequent the most was then used (populated) later in the survey for both the time and money donation manipulations as well as the measures. After providing the name of the supermarket, subject would later read for example “please imagine that you’ve come to learn that <name of supermarket they frequent most here> supports…”.

Next, the importance of the cause was primed by asking subjects in both conditions to read an article purportedly published by ABC News. The article describes a Craigslist posting from a young woman who came across a stray dog that had been badly mistreated. The article goes on to describe how the Craigslist post, written with the intention of admonishing the person or persons responsible for the appalling act, went viral and received tremendous support from the community at large.

Following the prime, subjects read a brief description of the Humane Society and the work that they do. After reading about the Humane Society, subjects were informed that they were going to read about a partnership between the Humane Society and the supermarket they frequent most. Following these instructions, subjects were assigned to a scenario in which the supermarket they frequent most made either a monetary donation or a donation of time. Those in the time condition read:

For a moment, please imagine that the you have come to learn that <supermarket they frequent most> supports the Humane Society. Every year <supermarket they frequent most> supports a program whereby <supermarket they frequent most> provides paid time off for employees throughout the company to volunteer their time to help the Humane Society. Last
year <supermarket they frequent most> helped the Humane Society reach their goal of providing direct care to more than 100,000 animals – their biggest total yet.

Alternatively, subjects in the monetary condition read:

For a moment, please imagine that you have come to learn that <supermarket they frequent most> supports the Humane Society. Every year <supermarket they frequent most> supports a program whereby <supermarket they frequent most> gives money to sponsor the Humane Society. Last year <supermarket they frequent most> helped the Humane Society reach their goal of providing direct care to more than 100,000 animals – their biggest total yet.

Following the manipulation, subjects answered a series of questions related to the partnership portrayed in the description.

Measures. A measure adopted by Mohr and Bitner (1995) was used to assess perceived effort. Subjects were asked to rate the amount of “energy” and “effort” put forth by the firm in support of the cause, along with the extent to which they believe the company was “trying to support” the cause on a 7-point scale. Using a 7-point semantic differential scale adopted from Szykman, Bloom, and Blazing (2004), perceived motive was measured by asking subjects to rate the extent to which they believed the company is “Pure/Impure”, “Selfish/Unselfish”, “Self-serving/Society-serving”, “Involved/Uninvolved”, “Proactive/Reactive” and “Caring/Uncaring”. Desire to reciprocate was measured using items derived from the exploratory study. Subjects were asked to rate on a 7-point scale, ranging from 1= not at all to 7 = very, how motivated they are to do each of the following: “frequent the supermarket more often”, “encourage others to go
to that supermarket”, “go out of your way to shop there” and “shop at that supermarket exclusively”. Finally, a scale put forth by Algoe and Haidt (2009) was adapted to measure admiration. On a 7-point Likert scale, subjects were asked whether they “respect”, feel “awe” towards, and feel “inspired” by the firm. Each of the measures were shown to be reliable (perceived effort $\alpha = .79$, perceived motive $\alpha = .90$, desire to reciprocate $\alpha = .93$, and admiration $\alpha = .86$).

**Analysis.** To test hypotheses H1 thru H3, two regression models were examined using the Process macro (model 6; Hayes, 2013). Donations of time were coded as zero and monetary donations as one. Both models predict serial mediation involving perceived effort and perceived motive in the relationship between donations of time or money and consumers’ desire to reciprocate and their admiration toward the firm (figure 4).

In model 1, results show that respondents perceived donations of time to be .272 units more effortful (on the perceived effort scale) compared to monetary donations, a difference that is statistically significant ($\bar{t} = -.272; t = -2.24, p < .05$). The effect of perceived effort on perceived motive was also significant ($\bar{t} = .947; t = 8.16, p < .05$). The indirect effects of donation type on desire to reciprocate, through perceived effort and perceived motive was also significant, as indicated by a 95% bootstrap confidence interval between -.504 and -.046. Lastly, the direct effects of donation type on desire to reciprocate were not significant ($\bar{t} = .024; t = .100, p = .92$), offering support for full mediation.
Model 2 is identical to the first, however in this model admiration towards the firm serves as the dependent variable. Again, the procedure put forth by Hayes (2013) was used to test the hypothesized effects. The direct effects remain the same as those specified in the prior model. I find once again that the indirect effect of donation type on consumers’ admiration towards the firm is significant. Specifically, results show that the indirect effects of donation type on admiration towards the firm, through perceived effort and perceived motive, are significant using a 95% bootstrap; as indicated by a confidence interval of -.377 thru -.029. Finally, non-significant findings for the direct effects of donation type on admiration towards the firm offers support for full mediation ($\beta = -.222; t = -1.20, p = .23$). Taken together, this evidence supports H1 thru H3.

**Discussion**

Findings from study 1 show that the relationship between donations of time or money and consumer’s desire to reciprocate and their admiration towards the firm is fully mediated by perceived effort and their motive attributions. These results offer further support to prior research which suggests that consumers’ motive attributions play an integral role in how consumers’ evaluate corporate philanthropy (Groza, Prionschinske and Walker, 2011; Folse,
Evidence of serial mediation further extends this stream of research by shedding light on the previously unexplored role of perceived effort in the formation of attributions. I find that corporate donations of time, relative to money, are more likely to be seen as a more “effortful” act by consumers. In turn, philanthropic acts perceived as being more effortful, are more likely to have altruistic motives ascribed to them. Ultimately, philanthropic acts that are perceived as being more effortful and altruistic (in this case donation of time), are more likely to lead to a greater desire to reciprocate and greater admiration towards the firm on the part of consumers.

In the second study I examine the role of consumer gratitude in this relationship and the extent to which gratitude may be influenced by manipulating consumer’s perception of the cost / benefit ratio associated with an act.

**Study 2: Strength of Gratitude – Relative Cost and Perceived Benefit**

In his influential paper, Trivers (1971) proposed a model to account for altruistic behavior within the system of natural selection. In his model, Trivers refers to the *costs* associated with an altruistic act as “the degree to which the behavior retards the reproduction of the genes of the altruist”. In this research, I adopt a decidedly different view of costs in the context of corporate philanthropy. In our view, cost represents the degree to which a philanthropic act appears to inhibit firm-serving benefits, in that it is seen as a burden on corporate resources without the prospect of directly benefiting the organization. Following this view, I define relative cost as “the ratio of costs associated with a philanthropic act in proportion to the resources available to the company making the philanthropic donation”. It is important at
this juncture to make a distinction between the “relative cost” to the organization and the “donation amount” provided by the organization to the cause. The two concepts are related in that larger donation amounts are likely to be perceived as a greater relative cost to the organization; however this is not always the case. Consumers for example are likely to perceive the cost of a $500,000 donation from Johnson & Johnson quite differently than a $500,000 donation from a locally owned hardware store. While the donation amount remains the same, consumers are likely to view the burden on corporate resources to be much greater for the hardware store compared to a well-resourced Johnson & Johnson.

I also adopt a different view of the concept of “benefits” compared to Trivers (1971). In his work, Trivers referred to benefits as “the degree to which the behavior increases the reproduction of the genes of the recipient”. In this research, I define benefit (hereafter referred to as perceived benefits) as “the extent to which a philanthropic act improves the welfare or advances the cause of the recipient”. In this way, a philanthropic act will be seen as beneficial based on the extent to which it is able to provide all of the resources required to alleviate or eliminate a stated need, irrespective of the degree of need. Accordingly, a two million dollar donation, credited with eradicating a disease, will likely be perceived as a greater benefit than an equivalent donation used to fund a grant that will begin research on that same disease.

Prior research has found that both the costs and benefits associated with an altruistic act may serve to foster feelings of gratitude (Smith, 1759; McCullough et al., 2001). While both factors are important, they are not entirely essential (McCullough et al., 2001). People may experience feelings of gratitude when there is little or no cost associated with the act and when someone has unsuccessfully tried to benefit them. Notably, while an absence of either doesn’t prevent feelings of gratitude from occurring, a higher relative cost and greater perceived benefit
are likely to lead to elicit more gratitude towards the benefactor. This premise is evidenced by a study conducted by Tesser, Gatewood and Driver (1968), who find that gratitude is a function of the cost incurred by the benefactor and the value of the benefit to the recipient. Finally, this relationship is further illuminated by Trivers (1971) who suggests that in the context of natural selection, feelings of gratitude are especially sensitive to the cost-benefit ratio of the altruistic act, with relatively costly behaviors eliciting higher levels of gratitude.

Recognizing that gratitude is an “other-praising” emotion (Tangney, Stuewig and Mashek, 2007; Algoe and Haidt, 2009); one that has been characterized as a blend of admiration and joy (Ortony, Clore and Collins, 1998), I predict that donations representing a higher relative cost to the firm or a greater perceived benefit to the cause will lead to a greater approval of the company’s actions on the part of consumers. Prior research has also informed us that feelings of gratitude motivate people to reward others for acts of kindness (Smith, 1812; Cohen, 2006). Therefore, I also anticipate that donations representing a higher relative cost to the firm or a greater perceived benefit to the cause will lead to a stronger desire to reciprocate on the part of consumers. To test this premise I propose the following hypotheses:

**H4** For a given cost arising from corporate philanthropy, higher levels of relative cost to the company will lead to (H4a) a stronger desire to reciprocate and a (H4b) greater approval of a company’s actions compared to lower levels of relative cost

**H5** For a given benefit arising from corporate philanthropy, donations that are perceived by consumers to be improving the welfare of a cause to a greater (versus lesser) extent will lead to (H5a) a stronger desire to reciprocate and a (H5b) greater approval of a company’s actions
According to Emmons, McCullough and Tsang (2003), laws and social contracts are often insufficient when it comes to regulating and ensuring reciprocity among individuals, gratitude fills this void by serving as a reminder to people of their need to reciprocate. A study by DeSteno et al. (2010) offers support for the role of gratitude as a facilitator of cooperative economic exchanges. In particular, the authors find that higher levels of gratitude decrease the probability of selfish economic actions. In the context of corporate philanthropy, Romani, Grappi, and Bagozzi (2012) find that a company’s CSR activity positively influence consumers’ feelings of gratitude and in turn, their advocacy behaviors. Feelings of gratitude are also known to lead to a desire to reciprocate. Tsang (2007) finds for example that feelings of gratitude mediate the relationship between favors granted and reciprocating behaviors towards the benefactor. Drawing upon this research, I maintain:

\[ H6 \text{ The relationship between corporate donations and (H6a) a desire to reciprocate and (H6b) approval of a company’s actions is mediated by consumer’s gratitude towards the firm} \]

Method

Study 2 uses a scenario-based study to illustrate how the strength of the relationship between philanthropic donations and feelings of gratitude may be altered by manipulating the cost/benefit ratio associated with the philanthropy.

Pretests. To test the relative cost to the firm manipulation, undergraduate students (n =29) were given a description of two hypothetical coffee shops. One coffee shop was described as a small, local coffee shop; the other a large, national coffee shop. For each coffee shop subjects were asked to provide an open-ended response to what they believe would be a donation amount by
the coffee shop to a cause that is “too low”, “low”, “acceptable”, “high”, and “excessive”. Using a donation amount derived from the average of the “low” donation amount for a national coffee shop and “high” donation amount for a local coffee shop, a donation of $10,000 was selected.

To pretest the “relative cost to the firm” manipulation, a second experiment was administered to an online survey panel (n=50). In the between-subject design pre-test, half of the subjects read a description of the small coffee shop making a $10,000 donation to a fictitious cause that provides school supplies to underserved schools (Good Start). The remaining subjects read a description in which the same donation was made to Good Start, however in this condition, the $10,000 donation was made by a large, national coffee shop. When asked to describe the donation on a 5-point scale, ranging from 1 = too low to 5 = excessive, the same donation made by a large, national coffee shop was perceived to be significantly lower than the donation from a small, local coffee shop ($M_{l}=2.96, M_{s}=4.12, F(1,48)=41.19, p<.05$).

The third pretest was carried out to determine the number of employee volunteer hours deemed equivalent to the donation amount revealed in the second and third pretest. In this pretest (n=25), subjects were told that a coffee shop made a $10,000 donation to Good Start. The size of the coffee shop was not identified in the description. After reading the description, subjects will be asked “if the coffee shop decided to offer paid time off for employees to volunteer to help the cause instead of a monetary donation, approximately how many hours of paid time off would be equivalent to the monetary donation?” One thousand hours was selected by 74% of the respondents as being equivalent to a $10,000 monetary donation. The next highest was 2000 hours (13%), followed by 500 hours (8.7%).

The final pretest was designed to identify high and low levels of the manipulation “perceived benefit to the cause”. Once again subjects were recruited using an online panel
(n=50) for a between-subject design. In line with pretests two thru four, a description of the coffee shop was provided. In both conditions subjects were told that the coffee shop made a donation to the cause Good Start. Once again, the size of the coffee shop was not stipulated. In the high perceived benefit condition, subjects read “You've come to learn that a coffee shop recently made a $10,000 donation to Good Start, a non-profit organization that provides school supplies to underserved schools. The coffee shop's donation helped Good Start achieve 85% of their fundraising goals”. In the low perceived benefit condition, subjects learned that the donation helped Good Start achieve 5% of their fundraising goals. I found that the perceived benefit was greater in the high benefit condition (Mh=4.92) relative to the low benefit condition (Ml=4.08, F=6.56, p=.014).

**Design, Subjects and Procedure.** Subjects in this study were randomly assigned to one of eight conditions in a 2 donation type (time, money) x 2 relative cost to the firm (high, low) x 2 perceived benefit to the cause (high, low) between-subject design. The data for this study was collected through an online survey panel. Two hundred and sixty three subjects took part in the study in exchange for a monetary donation (Mage= 33 years, SD= 10.34). A total of sixty six subjects were excluded from analysis as they either failed the manipulation check or did not complete the survey.

The following is an example of a stimuli used in study 2. The donation type was manipulated by showing subjects a description of a firm engaging in either a monetary donation or a donation of time. Holding the donation amount constant, relative cost to the firm was manipulated by describing the coffee shop as either a small, local coffee shop or a large, national coffee shop. Finally, perceived benefit to the cause was manipulated by altering the percentage
of the cause’s goal that was attained. Subjects in the monetary donation, high relative cost, low perceived benefit condition for example read:

*You’ve come to learn that a small, local coffee shop recently made a $10,000 donation to Good Start, a non-profit organization that provides school supplies to underserved schools. The coffee shop’s donation helped Good Start achieve 5% of their project goals.*

Alternatively, subjects in the time donation, low relative cost, high perceived benefit saw the following description:

*You’ve come to learn that employees from a large, national coffee shop recently volunteered 1000 hours to help Good Start, a non-profit organization that provides school supplies to underserved schools. The coffee shop’s volunteer efforts helped Good Start achieve 85% of their project goals.*

Subjects were then asked to give their impression of the coffee shop using a series of measures.

**Measures.** Three measures were taken following the description. A measure afforded by McCullough, Emmons, and Tsang (2002) was used to capture consumers’ gratitude towards the firm. On a seven-point scale, with 1=not at all and 7=a great deal, subjects were asked the extent to which they felt “grateful”, “thankful” and “appreciative” towards the company for their actions. A measure adapted from Russell and Russell (2010) was used to assess consumers’ approval of the company’s action. Ranging from 5=strongly agree to 1=strongly disagree, subjects were asked to rate how much they approve of what the coffee shop is doing, how much they think the actions are worthwhile and whether or not they think it is good that the coffee shop sets high standards for itself. Desire to reciprocate for the coffee shops actions was derived by asking subjects to rate on a 7-point scale, ranging from 1= not at all to 7 = very, how motivated they are to do each of the following: “frequent the coffee shop more often”, “encourage others to go to that coffee shop”, “go out of your way to shop there” and “shop at that coffee shop”.
exclusively”. The Cronbach’s alpha for each of the measures was assessed and found to be acceptable (gratitude $\alpha=.93$, approval of actions $\alpha=.89$, and desire to reciprocate $\alpha=.92$).

**Results**

*Manipulation Check.* To determine the success of the manipulation of the independent variables, an analysis of variance was performed. For relative cost to the firm, subjects were asked to rate the extent to which the donation from the coffee shop was $1 =$ too low to $5 =$ excessive. The results indicate a significant difference in mean values between a $10,000$ donation from a small, local coffee shop ($M=3.86$) compared to a large, national coffee shop ($M= 3.13$, $p = .000$). Similarly, subjects were asked to rate how much the donation from the coffee shop appeared to benefit Good Start on a six point scale, where $1=$ not at all and $6 =$ tremendously. As predicted, those in the high perceived benefit condition ($M=5.34$) believed the donation was of greater benefit to the cause than those in the low perceived benefit condition ($M=3.74$, $F(1,195) = 139.13$, $p = .000$).

*Hypotheses.* To test how the relative cost to the firm influences consumer’s desire to reciprocate and their approval of a company’s actions, a MANOVA was performed. Diagnostic plots and a non-significant Box’s M test suggest the data is both normally distributed and approximately equal in variance across conditions. Multivariate analysis found significant differences between high and low relative cost across subjects’ desire to reciprocate and approval of company actions (Pillai’s trace $=.033$, $F(2,183) = 3.57$, $p = .030$). Subsequent one-way ANOVA tests show that a higher relative cost to the firm leads to a significantly greater desire to reciprocate ($F(1,186) = 6.70$, $M_{HRC}=4.75$, $M_{LRC}=4.15$, $p = .010$). Higher relative cost to the firm also had a notable
influence on participant’s approval of a company’s actions ($F(1,186) = 3.77, M_{HRC}=4.55, M_{LRC}=4.38, p = .054$). Therefore, full support was found for H4a and marginal support for H4b.

In a departure from the predictions made in hypotheses H5a and H5b, results show that perceived benefit to the cause does not have a significant effect on desire to reciprocate or approval of company actions (Pillai’s trace = .002, $F(2,183) = .157, p = .854$).

Table 1

<table>
<thead>
<tr>
<th>Source</th>
<th>MANOVA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pillai’s Trace</td>
</tr>
<tr>
<td>Relative Cost</td>
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</tr>
<tr>
<td>Perceived Benefit</td>
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</tr>
</tbody>
</table>

Note. *p<.10, **p<.05, ***p<.01

Table 2

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Relative Cost</th>
<th>Perceived Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Values</td>
<td></td>
</tr>
<tr>
<td>Desire to Reciprocate</td>
<td>High</td>
<td>4.75 (1.41)</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>4.15 (1.73)</td>
</tr>
<tr>
<td>Approval of Company Actions</td>
<td>High</td>
<td>4.55 (5.75)</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>4.38 (.068)</td>
</tr>
</tbody>
</table>

Further tests were conducted to examine the mediating role of gratitude in the relationship between corporate donations and consumer’s desire to reciprocate and their approval of a company’s actions. The bootstrapping test for mediation put forth by Preacher and Hayes (2008) shows that the relationship between the type of corporate donation and consumers’ desire to reciprocate is mediated by consumers’ feelings of gratitude towards the firm. This is evidenced by the fact that the direct effects of corporate donations on consumers’ desire to
reciprocate was not significant ($t=.651, p > .05$), however the confidence intervals for the indirect effects did not include zero ($LL= -.5711, UL= -.0024$). Thus offering support for full mediation and H6a. Similarly, no direct effects were found between corporate donations and consumers’ approval of a company’s actions ($t=.264, p > .05$), however the indirect effects were significant ($LL= -.1993, UL = -.013$). These results provide evidence to support H6b.

Table 3 - Mediating effects of gratitude

<table>
<thead>
<tr>
<th>Model</th>
<th>X (donation) -- Y (desire to reciprocate) Mediated by gratitude</th>
<th>X (donation) -- Y (approval of actions) Mediated by gratitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Path a ($X \rightarrow M$)</td>
<td>Path b ($M \rightarrow Y$)</td>
<td>Path c ($X \rightarrow Y$)</td>
</tr>
<tr>
<td>$\beta$</td>
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<td>$0.78$</td>
</tr>
<tr>
<td>p-values / CI</td>
<td>$0.026$</td>
<td>$0.000$</td>
</tr>
</tbody>
</table>

Discussion

Study 2 offers further insights by demonstrating how the mediating effects evidenced in study 1 extend beyond cognitive attributions, to include the emotion “gratitude”. In particular, I find that the relationship between corporate donations and consumers’ desire to reciprocate and their approval of company actions is fully mediated by feelings of gratitude towards the firm. Study 2 was also designed to show that consumers’ desire to reciprocate and approval of a company’s actions can be influenced by company controlled or directed efforts, namely the relative cost to the firm to provide the donation and the perceived benefit(s) to the cause. I find that only relative cost to the firm significantly influences consumers’ desire to reciprocate and to a lesser extent their approval of a company’s actions.

In study 2, a significant relationship was not found between donation benefit and consumers’ desire to reciprocate or their approval of a company’s actions. These results do not
coincide with prior research which suggests that people are sensitive to both the costs and benefits associated with an altruistic act (Trivers, 1971; Tsang, 2007). One explanation for these findings may be that in the context of indirect reciprocity, consumers place more value on a firm’s motivation for supporting the cause than the benefit provided; thus adding credence to the notion that “people care less about what others do than about why they do it” (Gilbert and Malone, 1995). From an experimental design perspective, a likely explanation for these results may also lie in the cause employed in the study. To control for the effects of prior knowledge and experience, a fictitious cause (Good Start) was chosen for study 2. It is reasonable to believe that participants in the study would not be overly concerned about the extent to which a cause they are entirely unfamiliar with (or may even recognize as a fictitious cause) benefits from a donation. If this premise is correct, it helps to explain why the perceived benefit manipulation did not influence participants approval of the company’s actions or their desire to reciprocate.

In our third study, I extend research in the area of corporate philanthropy by demonstrating how consumer traits influence the extent to which consumers approve of corporate philanthropy and the degree to which they experience feelings of gratitude and a desire to reciprocate in response to corporate giving.

*Study 3: Strength of Gratitude - Personality Traits*

Empathy is widely considered to be a higher-order emotion, consisting of cognitive and affective components. Recently, the empathy construct has received renewed attention from psychologists for its role in fostering positive behaviors (Zhou, Valiente and Eisenberg, 2003). Hoffman (1981) hypothesized that empathy has a biological basis and serves as a catalyst for prosocial behavior. According to Davis and Oathout (1987), the general nature of empathy suggests that both cognitive and affective functions likely play a role in one’s response to the
experiences of another. Accordingly, the authors propose a multidimensional representation of the construct, to include: perspective taking (ability to see things from another’s point of view), empathetic concern (tendency to experience feelings of sympathy and compassion for others), and personal distress (tendency to experience personal feelings of distress and anxiety in the presence of distressed others). In this research, I focus on the dimension of empathy believed to have the greatest influence on promoting feelings of gratitude and a desire to reciprocate, namely empathetic concern. Following Davis & Oathout (1987 p.398) I define empathetic concern as “the tendency to experience feelings of sympathy and compassion for others”.

Lazarus and Lazarus (1994) maintain that gratitude represents an “empathetic emotion” whose roots lie in the capacity to empathize with others. Moreover, feelings of gratitude occur when one recognizes and appreciates an altruistic act (McCullough et al., 2001). According to Lazarus and Lazarus, for someone to recognize and appreciate an altruistic act, they must be able to empathize with the benefactor’s expenditure of effort on behalf of the beneficiary. I agree with this assertion and submit that an affinity towards a particular cause is helpful when it comes to eliciting feelings of gratitude; however consumers may experience feelings of gratitude towards a company supporting a cause they have little affinity towards, simply because they are generally compassionate for others in need and they appreciate the effort put forth by the company.

In addition to feelings of gratitude, empathy is also predicted to influence consumer’s desire to reciprocate. Higher levels of empathy are associated with a variety of prosocial behaviors (see Batson, 1991, for a review of over 20 experiments). Despite some debate regarding the strength of this relationship and the motivation for these behaviors (Underwood and Moore, 1982; Cialdini, Schaller and Houlihan, 1987; Eisenberg and Miller, 1987), a great
deal of support has been found for the empathy-altruism hypothesis, which claims that empathetic concern for a person in need produces altruistic motivation to relieve that need (Batson et al., 1988). In the present research, I seek to extend the empathy-altruism hypothesis into the domain of indirect-reciprocity, to suggest that people with greater empathetic concern are not only motivated to relieve those in need, but also motivated to reward others who do so. Specifically, I test the premise that consumers with higher levels of empathetic concern will experience stronger feelings of gratitude and will be more motivated to support the cause (in a contextually permissible way), by demonstrating a desire to reciprocate for the company’s action. The following hypothesis is put forward to test the moderating effect of empathetic concern on consumer’s feelings of gratitude and desire to reciprocate.

**H7 The relationship between corporate donations of time and money and (H7a) consumer’s feelings of gratitude towards the firm, (H7b) approval of a company actions and (H7c) desire to reciprocate for a company’s actions is moderated by consumer’s empathetic concern, such that the relationship between corporate donations and consumer gratitude, approval of company actions and desire to reciprocate will be stronger among consumers with higher levels of empathetic concern**

Narcissism is a personality trait characterized by grandiose self-views, a relative lack of intimacy with others, and the use of self-enhancing self-regulation strategies (Finkel, Campbell and Buffardi, 2009). Research on the topic narcissism has found a negative relationship between narcissism and organizational citizenship behavior (Yildiz and Oncer, 2012). Moreover, evidence further suggests that people with narcissistic traits tend to be less empathetic (Wallace and Baumeister, 2002; Brown et al., 2010). Finally, McLeod et al. (2005) offer support to the
premise that trait gratitude is negatively associated with narcissism. To ascertain whether or not narcissism also inhibits state gratitude, I propose the following hypothesis.

**H8 Consumer narcissism moderates the relationship between corporate donations of time and money and (H8a) gratitude towards the firm, (H8b) approval of company actions and (H8c) desire to reciprocate for a company’s actions, such that the relationship between corporate donations and consumer gratitude, approval of company actions and desire to reciprocate will be weaker among narcissists**

**Method**

*Subjects and Design. This study was conducted using an online survey panel, consisting of two hundred and forty subjects. To replicate our findings from the second study, the same descriptions of monetary and time donations will be employed once again in the third study. To enhance the generalizability of our findings, the nature of the firm was changed to banking institutions. After identifying the name of the bank they frequent most, subjects were assigned to a description of their bank engaging in either a monetary donation or a donation of time. Following the manipulation, subjects were asked to evaluate their bank’s philanthropic initiative through a series of measures. Finally, after completing a distractor task, subjects were asked to respond to a measure to assess their empathetic concern and narcissism.*

*Measures. Approval of company actions was measured using a scale adapted from Russell and Russell (2010). Subjects were asked on a 5-point scale anchored by 1= strongly disagree to 5= strongly agree, to respond to the following statements: “I would approve of what my bank is doing”, “I would think my banks actions were worthwhile” and “It would feel good that my bank
sets high standards for itself”. Once again, the scale put forth by McCullough, Emmons, and Tsang (2002) was used to measure consumers’ gratitude towards the firm. Using a scale developed in this research, desire to reciprocate for the bank’s actions was measured by asking subjects to rate on a 7-point scale, ranging from 1= not at all to 7 = very, how motivated they are to do each of the following: “encourage others to go to the bank”, “go out of their way to use the bank” and “use the bank exclusively”. To measure empathetic concern, I adopted a six-item scale proposed by Davis (1980). On a scale, ranging from 1=disagree to 7=agree, subjects were asked questions such as “I often have tender, concerned feelings for people less fortunate than me” and “I am often quite touched by things that I see happen”. To assess the degree to which respondents possess narcissistic traits, the 16-item NPI self-report inventory of narcissism from Ames, Rose and Anderson (2005) was employed. Respondents were asked on a 7-point Likert-style scale how much they agreed or disagreed with statements such as “I like to be the center of attention”, “I think I am a special person” and “I know I am good because everybody tells me so” (see appendix A for a full listing of items). Measures of scale reliability were as follows: approval of company actions $\alpha = .87$, desire to reciprocate $\alpha = .92$, gratitude $\alpha = .96$, empathetic concern $\alpha = .86$ and narcissism $\alpha = .92$.

Results

Analysis. According to Johnson and Neyman (1936), the study of an interaction between a categorical variable and one or more continuous variables calls for a specific form of analysis. Unlike spotlight analysis, which provides a test of significance at designated values along continuous variable, floodlight analysis illuminates the entire range of significant and non-significant data points when meaningful break-points do not exist (Spiller et al., 2013). In this research, MODPROBE (Hayes and Matthes, 2009) was used to perform floodlight analysis.
Regressing consumer gratitude on corporate donations and their interaction with consumers’ empathetic concern and narcissistic traits, revealed a significant overall model ($F(5,111) = 4.84$, $p = .000$). Individually, I find that the interaction between corporate donations and empathetic concern is significant ($\beta = -.856$, $t(3,113) = -2.39$, $p = .018$). Further, empathetic concern has a significant and positive effect on consumer gratitude ($\beta = 1.85$, $t(3,113) = 3.53$, $p = .001$). These results offer support for H7a. The interaction between corporate donations and narcissism on gratitude is also significant ($\beta = .645$, $t(3,113) = 2.05$, $p = .043$), with narcissism having a marginally significant, negative influence on gratitude ($\beta = -.970$, $t(3,113) = -1.96$, $p = .053$). These findings provide partial support for H8a.

Similar results were found for approval of company actions. Once again, estimates for the regression model $Y = \beta a + \beta ax + \beta az$, where $Y$=approval of company actions, $a$=corporate donation, $x$=empathetic concern and $z$=narcissism was significant ($F(5,111) = 3.16$, $p = .011$). Consistent with H7b, the interaction between corporate donation and empathetic concern is significant ($\beta = -.263$, $t = -2.33$, $p = .021$), with empathetic concern having a significant and positive effect on consumers’ approval of company actions ($\beta = .482$, $t(3,113) = 2.92$, $p = .004$). Once again, the interaction between corporate donations and narcissism is also significant ($\beta = .212$, $t = 2.23$, $p = .028$), with higher levels of narcissism having a marginally significant, negative effect on consumers’ approval of a company’s actions ($\beta = -.268$, $t(3,113) = -1.80$, $p = .075$). Thus offering partial support for H8b.

The model with desire to reciprocate regressed on to corporate donation and its interaction with empathetic concern and narcissism is significant at alpha .10 ($F(5,111) = 1.95$, $p = .091$). In a departure from the predictions put forth in H7c and H8c, interaction between corporate donation and empathetic concern ($\beta = -.487$, $t = -1.12$, $p = .219$) and the interaction between corporate
donations and narcissism ($\beta = .345, t = .567, p = .572$) were not significant. Therefore, evidence was not found to support H7c or H8c.

Table 4 - Moderating Effects of Empathy and Narcissism

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>SE</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gratitude</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Donation x Empathy</td>
<td>-0.856</td>
<td>0.357</td>
<td>-2.39</td>
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<tr>
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<tr>
<td>Approval of Actions</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Donation x Empathy</td>
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<td>0.113</td>
<td>-2.33</td>
<td>0.021</td>
</tr>
<tr>
<td>Donation x Narcissim</td>
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<td>0.095</td>
<td>2.23</td>
<td>0.028</td>
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<tr>
<td>Desire to Reciprocate</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donation x Empathy</td>
<td>-0.487</td>
<td>0.393</td>
<td>-1.12</td>
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<tr>
<td>Donation x Narcissim</td>
<td>0.345</td>
<td>0.331</td>
<td>.567</td>
<td>0.572</td>
</tr>
</tbody>
</table>

Discussion.

Study 3 revealed mixed support for our hypotheses. Consumers’ empathetic concern was shown to moderate the relationship between corporate donations (time, money) and consumers’ feelings of gratitude and approval of a company’s actions. The interaction was not significant in relation to consumers’ desire to reciprocate. Overall, this suggests that the extent to which consumers embody empathetic concern as a personality trait influences their thoughts and feelings towards corporate donations. These findings augment prior research related to the empathy-altruism hypothesis, by suggesting that people who are more empathetic not only are more inclined to take part in pro-social behavior, but also respond more favorably to others who do so (Eisenberg and Miller, 1987; Batson, 2009).

Compared to empathetic concern, this study finds that the influence of narcissism as a personality trait on consumers’ response to corporate donations is less definitive. In particular, only limited support is found for the moderating effects of narcissism on the relationship between corporate donations and consumers’ feelings of gratitude and their approval of a
company’s actions. In both instances, narcissism was shown to have a modest, negative effect on consumers’ feelings of gratitude and their approval of a company’s actions. This preliminary evidence adds to our understanding of how consumers’ personality traits influence how they respond to corporate donations. It also serves to qualify the work of McLeod et al. (2005), by suggesting that, while narcissistic individuals are less inclined to possess feelings of gratitude as an inherent trait, they may be capable of experiencing situational feelings of gratitude.

*General Discussion.*

When do consumers reward a company for its philanthropy? Research investigating consumers’ desire to reciprocate in response to corporate philanthropy (or more broadly CSR) remains sparse (Sacconi, 2007; Russell and Russell, 2010; Luo and Zheng, 2013). In this research, I find that not all forms of corporate philanthropy are equal when it comes to fostering a desire to reciprocate on the part of consumers.

In study 1 I propose and offer support for a model depicting serial mediation to explain the differential effects of time and money on consumers’ admiration and desire to reciprocate for a company’s actions. By demonstrating these effects, I was able to contribute to the robust stream of literature on the topic of motive attributions. In particular, I further our understanding of this topic by showing that consumers’ motive attributions may be influenced, not only by a company’s reputation (Bae and Cameron, 2006) how a messages is framed (Atkin, McCardle and Newell, 2008), the perceived “fit” between the company and the cause (Barone, Norman and Miyazaki, 2007), the timing of the donation (Becker-Olsen, Cudmore and Hill, 2006), the donation amount (Folse, Niedrich and Grau, 2010), and the consumers’ level of skepticism (Forehand and Grier, 2003), but also the amount effort consumers believe went into executing
the initiative. Our study shows that from a consumers’ perspective, the more effort a company expends on their philanthropy, the less likely they are to be doing it for firm-serving reasons.

In contrast to the assertion that financially equivalent donations of time and money should be substitutable (Duncon, 1999), I find that corporate donation of time compared to money are generally perceived as being more effortful and therefore more likely to lead to altruistic motive attributions. Once formed, consumers’ motive attributions go on to influence their admiration towards the firm and their desire to reciprocate. These results also advance the notion put forth by Morales (2005), who finds that perceived effort on the part of a company leads to feelings of gratitude on the part of consumers. This research diverges from their findings, which involve either a direct or indirect benefit to the consumer, by showing that gratitude may also occur when consumers are not the recipient of the benefit and merely witness effort expended on behalf of the beneficiary.

To be able to predict and explain this outcome, downstream, indirect reciprocity is introduced as a theoretical foundation (Alexander, 1987). Prior studies have offered compelling cognitive processes (e.g. image scoring, good standing) to explain the mechanisms through which indirect reciprocity occurs. In this research I provide evidence to suggest that the emotion gratitude also plays a central role in motivating and maintaining relationships involving indirect reciprocity. In union with findings from Kim, Smith and James (2010) and Romani, Grappi and Bagozzi (2012), I find that gratitude acts as an important catalyst in corporate philanthropy.

According to Kim, Smith and James (2010), the perceived amount of a philanthropic investment positively influences feelings of gratitude. I also find that consumers consider the investment amount; however I deepen our understanding of this relationship by showing that
consumers consider corporate donations in the context of a firm’s resources. This “relative cost” view of corporate giving has implications for companies like Walmart for example. A donation that may otherwise be viewed quite positively from another, less resourced company may not seem as generous coming from Walmart. In this instance, a company like Walmart may wish to either reevaluate the donation amount or consider a form of philanthropy that is perceived as being more effortful. Alternatively small to midsize firms, who fear that making a modest donation to a cause will be viewed with indifference or seem inconsequential relative to donations from larger firms, may find that their “modest” donation is viewed quite favorably as consumers account for the size of the firm making the donation.

Lastly, this study’s findings show that consumer-related factors also play a significant role in how consumers perceive corporate philanthropy. In particular, I find evidence to suggest that consumer personality traits, in the form of empathetic concern and narcissism, influence how they respond to corporate philanthropy. For marketing managers, who are increasingly making use of sophisticated CRM software to develop customer profiles, these findings offer practical insights. Today, marketing messages have become increasingly targeted in their execution. A significant interaction between corporate donations (time, money) and consumers’ empathetic concern was identified. Managers may be able to leverage this knowledge by not only directing their philanthropic investments towards segments of their target market that they believe to be more empathetic to the focal cause or whose profile indicates a history of making personal donations, but also provide avenues for them to reward the firm for its philanthropy. Companies may choose to notify these customers of a designated website with a discussion board for them to share their thoughts or to further facilitate customer engagement; companies could create social media content on the topic for consumers to share within their network.
Modest support for the moderating effects of the personality trait narcissism on the relationship between corporate donations and feeling of gratitude and approval of company actions also calls for marketing managers to capture personality trait information in their customer profiles and to incorporate this information when making philanthropic decisions. Our findings suggest that for this segment of consumers, a more traditional strategy is called for. Marketing managers may wish to employ a pull strategy (e.g. discount, value-add) or emphasize what the product can do for consumers whose profile exhibits higher levels of narcissism.

The findings from the exploratory field study add legitimacy to our assertion that corporate donations of time lead to a greater desire to reciprocate on the part of consumers than monetary donations. Nevertheless, there are limitations to this research. One of the limitations lies in our use of scenario-based experiments. In the experiments, subjects were asked to consider real companies that they do business with (e.g. supermarket, bank), thus enhancing the external validity of our findings. However, in a real-world setting, subjects are likely exposed to hundreds of messages on a given day. Consequently, consumers may not always dedicate the same cognitive resources towards evaluating a philanthropic initiative as they did in this research. Future studies may wish to employ survey-based field data to capture consumers reciprocating behaviors following corporate donations of time and money.

This research is cross-sectional in nature. Therefore, questions about the long-term impact of various forms of corporate philanthropy remain unanswered. How long do consumers experience feelings of gratitude? For what period of time do they possess a desire to reciprocate? Answers to these and other questions necessitate the use of longitudinal research to understand the lasting impact of corporate philanthropy.
It is worth noting that companies have a variety of choices when it comes to the causes they support and the methods they use to offer their support. In this research, I limited the focus to two prevalent forms of philanthropy, time and money. It is recommended that subsequent research consider the influence of other forms of philanthropy (e.g., product donations, cause-related marketing, intellectual properties) as well. Additionally, the causes chosen for the studies in the present research were held constant across conditions. I suspect the degree to which consumers experience feelings of gratitude and a desire to reward firms for their philanthropy is heavily influenced by consumers’ affinity towards the cause. Exploring the interplay between consumers’ identification with the company and the cause may yield insightful findings.

Finally, further research may also be needed to assess the interpersonal role of emotions in indirect reciprocity theory. Through the use of confederates, subjects could be asked to complete a series of measures to capture their emotions and desire to reward a benefactor, after having witnessed what they believe to be a random (non-experiment related) act of kindness between two strangers. This type of study would allow for the development of a more comprehensive model of indirect reciprocity, to include both cognitive and affective processes.

Limitations notwithstanding, I believe this research offers scholars and practitioners valuable insights into processes and conditions in which different forms of corporate philanthropy give rise to a desire to reciprocate on the part of consumers.
Chapter Three

Introduction

Anonymous corporate donations to charitable causes are relatively uncommon. Companies operating in today’s competitive, global landscape are seldom in a position to make charitable donations simply because they believe it is the “right” thing to do. Instead, CEO’s have come to view corporate philanthropy in more strategic terms. For companies like Google, who last year donated 10.3% of their pre-tax profits, there is a need to realize a return on their investments. To that end, companies have begun to focus their giving on business-related causes. According to a recent study published by Forbes Insights, the number one philanthropic issue being addressed by businesses today is social issues related to bottom line performance (Forbes, 2011).

Recent concern over “Pinkwashing”, the belief that there are too many pink ribbon products and promotions on the market, suggests that not every cause will be well-received by consumers. Companies who are able to support the right cause, in the right way, stand to benefit from a variety of positive relational outcomes. Depending upon how it is perceived, corporate philanthropy may foster greater trust, increased loyalty, more positive word of mouth, and greater purchase intentions on the part of consumers (Sen and Bhattacharya, 2001; Brammer and Millington, 2005; Du, Bhattacharya and Sen, 2007).

Instrumental, to how consumers perceive charitable giving is the extent to which they feel psychologically near or far to the philanthropic initiative. In general, psychological distance
refers to the extent to which an object or event is detached from a person’s direct experience (Eyal, Liberman and Trope, 2009). Prior research at the intersection of psychological distance and corporate philanthropy (or CSR initiatives), finds that the abstractness of consumers’ goals (Rabinovich et al., 2009), vividness of the message (Chang and Lee, 2010), proximity of the donation (Grau and Folse, 2007), and temporal orientation of the consumer (Tangari et al., 2010) may all influence how corporate philanthropy is perceived.

For companies who invest in philanthropic initiatives, the manner in which consumers perceive and respond to different forms of philanthropy is of central importance. Therefore, the purpose of this research is to examine how psychological distance influences consumers’ evaluation of different forms of corporate philanthropy. Guided by construal-level theory (Trope and Liberman, 2003), this essay puts forth an experiment to illuminate the parallel effects of psychological distance and cause involvement on two forms of corporate philanthropy (time and money). I further assess the mediating influence of consumers’ idealistic or pragmatic orientation on their preference for donations of time versus money. This research extends CLT literature by demonstrating an interaction effect between psychological distance and the relative abstractness of two forms of philanthropy (time and money). Taken together, this research suggests that companies should consider not only which causes to support, but also how to support them.

**Construal level theory**

According to construal level theory, individuals can represent information related to an object or event at either a more detailed cognitive level (low-level construal) or a more abstract level (high-level construal) (Freitas, Salovey and Liberman, 2001). One’s construal level
depends in large part on a person’s psychological distance to a particular object or event.

Psychological distance, according to Trope and Liberman (2010), accounts for “the perception of when an event occurs, where it occurs, to whom it occurs, and whether it occurs”. An entity is said to be “psychologically distant” when it is detached from a person’s direct experience, and “psychologically near” when it is sensed by him or her (Eyal, Liberman and Trope, 2009).

Construal level theory (CLT) rests on the premise that psychological distance from an object or event increases the tendency to construe it in high-level, rather than low-level terms. Trope and Liberman (2010) further suggest that as we move from a concrete representation of an object to more abstract representation, we tend to retain the central features of the object and omit features that, through the act of abstraction, are deemed incidental. By moving from a concrete activity such as “yoga”, to a more abstract representation (e.g. exercise), we omit some of the details related to yoga. Finally, according to Trope and Liberman (2010), concrete representations provide the opportunity for multiple abstractions; whereas abstract representations tend to align with one’s goals.

Of interest to marketing scholars and practitioners, CLT has been shown to influence people’s evaluations and choices in a systematic manner (Fiedler, 2007). When people process information containing elements consistent with their construal of a focal object, they are more likely to evaluate the target favorably (Lee, 2012). A person who employs a more abstract, high-level mental representation of a distant or unfamiliar entity tends to construe stimuli using a more decontextualized representation, in order to extract the gist from available information (Eyal, Liberman and Trope, 2009). An individual taking a trip from New York to Madrid may represent their flight in abstract terms, such as “travel”. This representation, according to CLT is more likely to occur if the trip is scheduled to take place in the distant future or if one is
considering the flight plans of an acquaintance. In contrast, someone who construes stimuli at a low-level, make use of a more contextualized representation of information, to include subordinate and incidental features. In keeping with the prior example, a person who is considering a flight for the following week may represent their flight in more concrete terms, such as the type of plane they will be flying. In both instances, a match or congruence between the level of one’s mental construal (e.g. concrete) and relevant features (e.g. flight amenities) has been shown to enhance the persuasiveness of information (Dhar and Kim, 2007), willingness to pay (Forster and Higgins, 2005), purchase intentions (Mogilner, Aaker, and Pennington, 2008), brand attitudes (Lee, Keller, and Sternthal, 2010), and willingness to donate (Fujita et al., 2008). Consequently, people using high-level mental representations tend to be more influenced by abstract and general stimuli; whereas, people who incorporate low-level representations will be more persuaded by concrete, detailed features of an object.

*Corporate philanthropy: time versus money*

Corporate philanthropy has been described as an act, whereby a corporation donates a portion of its resources to a societal cause (Ricks, Jr., 2005, p.122). When it comes to choosing how to allocate charitable giving, companies have a variety of options, ranging from cash and product donations, to sponsorships and corporate (or employee) volunteerism. In this research I focus on two broad forms of giving, namely donations of time and money.

According to one stream of research on the topic of time and money, consumers should not have a preference between the two forms of giving, if they were to adopt a strictly economic perspective. In his theory about the allocation of time, Becker (1965) maintains that when it comes to the pursuit of utility, people should value the cost of time and money (goods) in much
the same way. More recently, Duncon (1999) argues that gifts of time and money should be
deemed perfectly substitutable when in equilibrium.

Alternatively, Liu and Aaker (2008) find that simply asking people to donate time
activates a different mindset relative to those who are asked to donate money. In particular, Liu
and Aaker note that donations of time activate goals related to emotional well-being, while
monetary donations serve to suppress emotional goals and instead activate goals related to
economic utility. Additionally, Reed, Aquino and Levy (2007) demonstrate that relative to
monetary donations, corporate donations of time are perceived as being more caring, better
corporate citizens and more socially responsible.

One reason time and money may be viewed differently stems from the fact that time is
often viewed as a renewable resource. Because people believe they will always have more time
in the future, they tend to discount the value of time relative to money, particularly for distant
future events. Evidence of this phenomenon was demonstrated by Zauberman and Lynch Jr.
(2005), who found that people tend to exhibit steeper discounting for future investments of time
relative to money. Another reason time and money may be perceived differently lies in the
ambiguity surrounding time relative to money. In general, the concept of time is perceived to be
more ambiguous than money. This ambiguity has been shown to influence people’s judgment
and decision making (Okada and Hoch, 2004). In particular, ambiguity surrounding time not
only makes it more difficult for people to calculate the opportunity cost of time relative to money
(Hoskin, 1983), it also leads to a greater tendency to use heuristics when making decisions (Saini
and Monga, 2008).

Construal level theory posits that different distance dimensions can by unified under one
psychological space (Trope and Liberman, 2003; Kim, Zhang and Li, 2008). Following this
premise, I submit that the ambiguity surrounding donations of time and the relative concreteness of monetary donations will interact with consumers’ psychological distance from the beneficiary of the donation and the cause, leading to changes in preference for the type of donation, depending upon the psychological distance. In the following section, I explore the parallel effects of psychological distance and cause involvement on two forms of corporate philanthropy (time and money).

*Moderating role of social distance on donations of time and money*

CLT predicts that people use higher level, more abstract construals to represent objects as psychological distance increases. One such dimension of psychological distance, proposed by Trope and Liberman (2003), is that of “social distance”. In the context of interpersonal relationships, social distance predicts that people are more likely to employ higher level construals when a person is socially distant (e.g. stranger) compared to someone who is socially near (e.g. sibling, parent). Anecdotal evidence for this effect lies in the abstract generalizations people commonly make about groups they are unfamiliar with. From an empirical standpoint, prior research finds that relative to in-groups, out-groups are described in more abstract terms (Werkman, Wigboldus and Semin (1999), and are perceived as being more homogeneous (Judd, Ryan and Park, 1991; Linville, Fischer and Yoon, 2006). Social distance may also reflect different levels of knowledge (Trope and Liberman, 2010) or power (Smith and Trope, 2006), however in the context of corporate philanthropy, I believe social distance is most likely to stem from the degree to which the beneficiary of the cause is more or less similar to oneself.

Research by Liviatan, Trope and Liberman (2008) found that the less similar someone is to oneself, the more socially distant they appear, and the more likely their behavior will be
represented using a higher level construal. In the case of in-groups and out-groups, Simon (1993) show that compared to in-group members (socially near), out-group members are construed using more abstract concepts, such as general traits and stereotypes. Using a dictator game in which subjects were able to either keep or give away prize money to fellow students, Stephan, Liberman and Trope (2011) find that higher construal levels increase social distance, leading subjects to perceive peers as being less familiar and allocate fewer resources towards them. A related stream of research by Kim, Zhang and Li (2008) suggests that a match between one’s construal level and the representation of a focal object also enhances the persuasiveness of product-related messages. In particular, Kim, Zhang, and Li (2008) find that when social distance is proximal (e.g. an event involving one’s self or an event tomorrow) consumers’ product evaluations were greater when the product features were described in negative high-level terms (why use the product) and positive low-level terms (how to use the product). Alternatively, when social distance was distal (an event involving another, an event next year) product evaluations were greater when the product was described in positive high-level terms and negative low-level terms. Once again, a match between one’s construal level (concrete vs abstract) and relevant features of the focal object led to enhanced evaluations. Similarly, a study by Nan (2007) shows that a societally framed (versus individually framed) public service announcement becomes more persuasive when people make judgments about socially distant entities.

Study One: Social Distance, Cause Involvement, Idealism and Pragmatism

Guided by this stream of research, I predict that the abstractness associated with socially distant entities will interact with the relative abstractness of time donations (compared to monetary donations) to influence consumers’ evaluations of corporate donations to those entities.
An alignment between social distance and donation type is predicted to enhance evaluations of the philanthropic initiative and the company making the donation. Thus, when it comes to causes in which the beneficiaries of the cause are perceived to be socially distant, donations of time are expected to be favored over monetary donations. However, when the social distance is near (e.g. friend, relative), consumers will have a more positive attitude towards firms who makes a monetary donation compared to a donation of time.

**H1** The effect of donation type (time, money) on consumers’ attitude towards a philanthropic act will be moderated by social distance, such that donations of time will lead to a more positive attitude towards the firm compared to monetary donation when the cause is socially distant; however when the cause is socially near, monetary donations will result in more positive attitudes towards the firm compared to donations of time.

*Moderating role of cause involvement on donations of time and money*

Following Harben (2009), I define cause involvement as “a state of interest, motivation, or arousal”. According to Broderick, Jogi and Garry (2003), a consumer’s level of involvement with a cause influences the intensity with which they process marketing messages featuring a charity claim, with high involvement eliciting greater scrutiny. In general, prior research suggests that consumer’s involvement with a cause positively influences their perception of companies who support the cause (Harben, 2009; Bester and Jere, 2012). One such study by Alcaniz et al. (2010) offers support for an interaction between consumer’s involvement with a social cause and their identification with the company. Specifically, their results suggest that the influence of customer-company identification on purchase intentions and support for non-profit
organizations is greater when consumer’s involvement with a social cause is high. Adding further support to the premise that involvement with a cause can shift how consumers perceive corporate philanthropy, Hajjat (2003) found support for the prediction that consumers prefer cause-related marketing over traditional marketing when there is a match between their level of involvement with the cause and the donation amount. Consumers highly involved with a cause prefer larger donation amounts, whereas low involvement consumers prefer smaller donation amounts. The author’s reason that those highly involved with the cause prefer larger donation amounts, given their desire to benefit the cause. Consumers who are not involved with the cause, the authors argue, prefer small donations because it fulfills their need to feel altruistic, whereas large donations are perceived as a means for the company to appear as though they are helping society, while the excess donation amount is passed on as an expense to consumers. A consumer’s involvement with a cause may also shift their preference for where a donation is made. Grau and Folse (2007) find that consumers who are less involved with a cause exhibit greater intentions to participate in a campaign when the donations are made on a local, compared to national level. For more involved consumers, donation proximity did not change their intentions to participate in the campaign.

Viewing the Grau and Folse (2007) study from a construal-level perspective, it is reasoned that local donations act as a mechanism for making causes that are inherently distant from a psychological perspective appear psychologically near. Consumers who are more involved with a cause on the other hand are already psychologically near to the donation, thus a proximal donation is not required for the campaign to be perceived as psychologically near. Suedfeld, Bluck and Ballard (1994) note that psychological distance and cause involvement appear to be inversely related to one another, in that greater psychological distance of a cause
leads to a reduction in cause involvement. The authors point out that this is not always the case. One may for example become very emotionally involved with distant strangers, as evidenced by the widespread support for victims of the 2011 Tohoku earthquake in Japan (high psychological distance, high emotional involvement). At the same time, someone may show little or no sympathy in response to the plight of an individual living in their own community or neighborhood (low psychological distance, low emotional involvement).

According to CLT theory, corporate philanthropy should be perceived more positively when the nature of giving (e.g. time, money) matches a consumer’s construal of the beneficiary of the philanthropy. Following this logic, I maintain that consumers with low cause involvement will exhibit a preference for donations that match their broad construal level. Alternatively, high cause involvement consumers will seek to match their preference for donations that are more concrete. Therefore in the abstract, donations of time may be preferred over donations of money for causes that people have moderate, little, or no involvement with the cause. However, when cause involvement is high, monetary donations are expected to be viewed more favorably than donations of time. To test whether changes in consumers’ donation preference reflects varying levels of cause involvement, I propose the following hypothesis:

**H2** The effect of donation type (time, money) on consumers’ attitude towards a corporate philanthropic act will be moderated by cause involvement, such that donations of time will lead to a more positive attitude towards the firm when cause involvement is low; however when cause involvement is high, monetary donations will enhance consumers’ attitude towards the firm more than donations of time.
Thus far, our findings have reinforced the premise that matching consumers’ level of mental construal with the abstractness of the donation type leads to more favorable evaluations of the donation. Having established two of the factors that serve to either strengthen or weaken the relationship between donation type and consumers’ attitude towards the philanthropic act, I turn in the following section to an examination of the mechanism underlying this relationship.

Mediating role of idealism

In his research, Fiedler (2007) contemplates whether a consumer, who is emotionally close and tightly committed to a desired good, might shift their construal of an object from its inherent value to one that assesses the object in more pragmatic or feasible terms. I define idealism in this research as “a mental representation that places principles and values above practical considerations” (adapted from Kivetz and Tyler, 2007). In support of Fielder’s supposition, recent theorists have suggested that different mental representations may be activated at different points in time (e.g. Brewer and Gardner, 1996). Incorporating construal-level theory, Kivetz and Tyler (2007) find that people construe themselves as being more idealistic than pragmatic when primed with a distal (compared to proximal) time perspective. Their research further reveals that the salience of idealistic vs. pragmatic self-activation mediates the effect of time perspective on preference. Adding to this, Eyal, Liberman, and Trope (2009) observe that people are more inclined to apply their moral principles to distant rather than proximal behaviors.

I expect that the effects predicted in our hypotheses are also influenced by idealistic self-activation. However in this case, I believe that donations of time or money will increase the
salience of an idealistic self-activation and in turn, a differential effect on consumers’ attitude towards the philanthropic act. I test this premise in the following hypothesis:

**H3** The relationship between donation type (time, money) and consumers’ attitude towards the firm will be mediated by idealism, such that higher levels of idealism will lead to a more positive attitude towards the firm for donations of time compared to money.

**Method**

**Subjects and Design.** One-hundred and fifty five undergraduate students ($M_{age}= 21$ years, $SD = 2.05$, 43% female) were recruited to participate in the study in exchange for extra course credit. Hypotheses were tested by assigning subjects to one of six conditions, using a 2 donation type (time, money) x 2 social distance (near, far) x 2 cause involvement (high, low) between-subjects design.

**Pretest.** A pretest was administered to 22 undergraduate students ($M_{age}= 23$ years, $SD = 2.97$, 67% female) to identify high and low levels of cause involvement. Subjects in the pretest were shown five different campus-related causes (see table 4) and asked to rate the importance and motivation to support each cause. On a seven-point scale ranging from 1(not at all important) to 7(very important), subjects were asked to rate how important or unimportant they believe each of the causes to be. After altering the order of the causes, subjects were then asked “If you were able, how motivated would you be to donate to each of the following causes?” Subjects responded on a scale ranging from “1” not at all motivated to “7” highly motivated. The causes that ranked the highest and lowest across both importance and motivation were chosen for the study.
Table 5 - Cause Pretest

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</tr>
<tr>
<td><strong>Finish Line - support for students with health-related issues</strong></td>
<td>5.82</td>
<td>5.57</td>
</tr>
<tr>
<td>A+ Finances</td>
<td>5.91</td>
<td>4.43</td>
</tr>
<tr>
<td>Alliance for Affordable Books</td>
<td>5.59</td>
<td>4.86</td>
</tr>
<tr>
<td><strong>Campus Connection</strong></td>
<td><strong>4.43</strong></td>
<td><strong>3.15</strong></td>
</tr>
</tbody>
</table>

Procedure. Six scenarios were written in accordance with the factorial design. At the onset, subjects were informed that they are taking part in a study in which they will be asked about their perceptions of a company engaging in corporate philanthropy. Subjects were first informed that an area copy center supports cause. The cause depicted was either a high or a low cause involvement, depending upon the condition. Next subjects learned that the area copy center was supporting the cause via donations of time or money. Once again, the type of donation varied depending upon the condition. Lastly, subjects learned that either a graduate student (socially distant) or a close friend (socially near) has benefited from the cause. Therefore, in the monetary donation, high cause involvement, socially distant condition, the description of the company’s philanthropic initiative was as follows:

“Please imagine that you’ve come to learn that an area copy center proudly supports the cause Finish Line. Finish Line is a non-profit organization dedicated to helping students with serious health-related issues progress through school and finish their degree.”
Every year, the copy center donates money to help Finish Line and the work they are doing. Last year, the donation from the copy center helped Finish Line reach their goal of providing direct assistance to more than 300 students – their biggest total ever.

Finally, please imagine that a graduate student has benefited from the services provided by Finish Line.”

Alternatively, subjects in the time donation, low cause involvement, socially near condition learned:

“Please imagine that you’ve come to learn that an area copy center proudly supports the cause Campus Connection. Campus Connection is a non-profit organization dedicated to helping students who are new to the university get acquainted with the campus. Every year, the copy center provides paid time off for employees throughout the company to volunteer their time to help Campus Connection and the work they are doing. Last year, employees from the copy center helped Campus Connection reach their goal of providing direct assistance to more than 300 students – their biggest total ever.

Finally, please imagine that a close friend has benefited from the services provided by Campus Connection.”

Measures. Attitude towards the company was measured using a 7-point semantic differential scale adopted from Barone, Norman and Miyazaki (2007). Following the manipulation, subjects were asked how favorable/unfavorable, positive/negative, and good/bad they felt towards the company. To measure the personality trait idealism, a 10-item Likert scale from Brinkmann
(2004) was employed (see appendix A). Each of the measures were shown to be reliable (attitude towards the firm $\alpha = .96$ and idealism $\alpha = .89$).

**Results**

*Manipulation Check.* To assess whether or not the manipulation of the independent variables was successful, an analysis of variance was performed. For social distance, subjects were asked the extent to which they feel close they felt to the beneficiary, using a 9-point scale ranging from 1= not very close to 9 = very close. Subjects were asked how similar they felt to the person who benefited from the cause on a 9-point scale, with 1 representing not at all similar and 9 representing very similar. The results indicate a significant difference in mean values for closeness between those who were social near ($M_C=5.99$) compared those who were social distant ($M_D = 4.01$, $p = .000$). Similarly, those who were social near were perceived as being more similar ($M_C=5.27$) than those who were socially distant ($M_D=4.24$, $p=.004$). Lastly, the inclusion of others in self (IOS) scale (Aron and Smollan, 1992) was used to assess social distance. The single-item pictorial measure consists of seven Venn like diagrams with varying degrees of overlap. The range of separation between the circles ranged from “1” (completely separate) to “7” (complete overlap). As expected, those in the close social distance condition indicated a higher degree of overlap between themselves and the beneficiary of the cause compared to those in the social distance condition ($M_C=4.14$, $M_D = 2.62$, $p = .000$). A measure for cause involvement was adopted from Mittal (1995). Subjects were asked to rate on a 7-point semantic differential scale how important/unimportant, relevant/irrelevant, interested/uninterested and emotionally involved/not emotionally involved they were with the cause. Cause involvement was found to be significantly higher for those in the high cause
involvement condition ($M_H = 5.59$) compared to the low cause involvement condition ($M_L = 4.85, p = .001$).

**Hypotheses.** To test the moderating effects of social distance on the relationship between donation type (time, money) on consumers’ attitude towards the firm, an analysis using two-way ANOVA was performed. Diagnostic plots and a non-significant Box’s M test ($F(3,103) = .172, p = .168$) suggest the data is both normally distributed and approximately equal in variance across conditions. A two-way ANOVA test of the interaction between social distance and donation type was not significant ($F(1,103) = 1.88, p = .173$). A closer look at the mean values does however offer directional support for the moderating effects of social distance on the relationship between donation type and consumers’ attitude towards the firm (figure 5). The mean values indicate that consumers have a more positive attitudes towards companies who make monetary donations when the social distance of the recipient receiving support is near ($M_M = 6.14, M_T = 6.0$).

Alternatively, when the social distance is far, donations of time lead to more positive attitudes towards the company ($M_M = 5.85, M_T = 6.22$). An observed power of .73 suggests that this study may have been slightly underpowered. Nevertheless, the interaction did not reach a sufficient level of significance, therefore support was not found for H1.

Table 6

<table>
<thead>
<tr>
<th>Donation Type</th>
<th>Social Distance</th>
<th>Dependence Variable</th>
<th>Attitude toward the firm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Time</td>
<td>Money</td>
<td></td>
</tr>
<tr>
<td>Near</td>
<td>6.0</td>
<td>6.14</td>
<td></td>
</tr>
<tr>
<td>Far</td>
<td>6.22</td>
<td>5.85</td>
<td></td>
</tr>
</tbody>
</table>
A similar analysis was conducted to test the moderating effects of cause involvement on the relationship between donation type and consumers’ attitude towards the firm. Once again the Box’s M test ($F(3,103) = 1.97, p = .123$) was not significant and the data plots suggest approximately normally distributed data. A two-way ANOVA was performed to test the interaction between donation type and cause involvement on consumers’ attitude towards the firm. Results find that the interaction between donation type and cause involvement is not significant ($F(3,103) = .298, p = .586$). Consumers’ attitude towards the firm were similar for corporate donations of time and money when cause involvement was low ($M_M = 5.96, M_T = 6.01$) and when cause involvement was high ($M_M = 6.03, M_T = 6.28$).
Table 7

Donation Type and Cause Involvement Cell Means and Standard Deviations

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Cause Involvement</th>
<th>Donation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Time</td>
<td>Money</td>
</tr>
<tr>
<td>Low</td>
<td>6.01 (.933)</td>
<td>5.96 (.936)</td>
</tr>
<tr>
<td>High</td>
<td>6.28 (.848)</td>
<td>6.03 (1.15)</td>
</tr>
</tbody>
</table>

The mediating effect of consumer idealism was conducted using INDIRECT macro for SPSS (Preacher and Hayes, 2008). In addition to estimating the direct effects, this approach generates bootstrap confidence intervals for indirect effects. Results show that the direct effects of donation type on idealism are not significant ($t = -.341, p = .734$). Further, the direct effect of
idealism on consumers’ attitude towards the firm failed to reach a significant level of significance ($t = 1.64, p = .103$). Consequently, the direct effects of donation type on consumers attitude towards the firm was not significant ($t = -.699, p = .486$). Lastly, using a bootstrapping technique (n=2000), the indirect effects donation type on consumers’ attitude were also found not to be significant (LLCI = -.1088, ULCI = .041).

**General Discussion.**

In this research I examined the potential for consumers’ construal levels to influence their evaluation of firms making donations of either time or money. In particular, I sought to show that abstract construal levels, brought on by greater social distance or a lack of cause involvement, may interact with the relative abstractness of corporate donations of time and money to influence consumer evaluations. I maintained that consumers would evaluate firms who donate time (versus money) more favorably when the beneficiary of a cause is socially distant compared to near. The opposite prediction was made when the target was socially near; namely consumers would evaluate monetary donations more favorably than donations of time. Consumers’ involvement with the cause was also expected to moderate the relationship between donations of time and money and consumers attitude towards the firm. I predicted that donations of time (versus money) would lead to more positive evaluations of the firm when cause involvement was low. To shed light on the underlying mechanisms driving these effects, idealism was put forth as a mediating variable.

The hypotheses set forth to test these relationships were guided by construal level theory and grounded in prior research. Nevertheless, sufficient empirical evidence was not found to
support our hypotheses. To assess what led to a lack of support for the predictions, a close examination of the data was conducted. Recall, the prediction moderating effect of social distance on the relationship between corporate donations of time and money and consumers’ attitude towards the firm received directional support. The mean values indicate that when the beneficiary of a donation is socially near (e.g. a close friend, relative) consumers prefer donations of money over time. However, for socially distant beneficiaries, donations of time lead to more positive evaluations of the firm. One of the limitations of this study involves the context in which the data was collected. Use of a student sample is appropriate in that the study was designed to examine psychological processes. However, the context may have limited the strength of the manipulation, relative to what one might anticipate in a more “real-world” setting. For example, social distance was manipulated by asking students to imagine that the beneficiary of the cause was either a close friend or a graduate student. This manipulation led to a significant difference in subjects’ perception of social distance, however in both instances the recipient of the benefit was a student at the same university. In reality, people who benefit from a cause may be entirely different from ourselves (or at least how we perceive ourselves). A person in their 30’s or 40’s may feel even more socially distant if the cause were supporting malnourished children in Africa or elderly people suffering from dementia. Consequently, the manipulation may not be as strong as it could be in an alternate setting. It was also noted that the analysis of the interaction between corporate donations and social distance was slightly underpowered. A larger sample size would likely resolve this issue.

Further consideration of the cause involvement manipulation also raises questions. This study is ideally designed to examine the potential for matching effects between a consumers’ construal level and the type of donation when the person is truly involved with the cause.
Someone who donates to the cause Race for the Cure, participates in the events, and has had someone close to them affected by breast cancer, truly represents “high cause involvement”. In this research, I was able to successfully manipulate cause involvement by identifying a cause that subjects on average felt was important than another cause. This operationalization differs from the exemplar in that the cause was not personally more important to each subject. Further, subjects were also asked to rate the extent to which they would support the cause “if they were in a position to do so”. In a more natural setting, high involvement would be characterized by those individuals who do support the cause in some way.

Given these limitations, there are steps that can be taken to mitigate the size of the tradeoffs associated with using a student sample. In terms of manipulating social distance, subsequent research may choose to incorporate a group that is slightly more socially distant (e.g. graduate students in a different college). A measure to assess the extent to which subjects found the scenario to be realistic may also prove to be valuable, particularly in the in condition in which a close friend benefits from the cause. The manipulation for cause involvement may be enhanced by providing students with a list of causes and asking them to choose the cause they believe is the most important, have the strongest feelings towards and would most likely support. Their selection could be followed by a scale to measure cause involvement. The cause that’s selected could then be populated throughout the survey, thus ensuring that the causes employed in the study are personally relevant to the subjects. Lastly, an option for subjects to indicate that they do not feel strongly about any of the causes could be included as a means of screening out subjects who do not qualify for the study.

The study of how consumers evaluate corporate philanthropy is likely to remain a fruitful area of research in view of the movement towards “strategic” giving. By understanding how
different forms of philanthropy differentially influence consumers’ desire to reward firms for their giving, we take one step further towards an understanding of the conditions and processes through which firms realize returns from social investments. Indeed, further research is needed to deepen our understanding of how corporate philanthropy creates value for the consumer, the company, and the community at large. However, a consideration of the findings from this research suggests that to enhance the value exchange for all parties involved, marketing managers should consider not only which causes to support, but also the manner in which they choose to support them.
References


**Appendix A: Hypotheses findings**

<table>
<thead>
<tr>
<th></th>
<th>Hypothesis</th>
<th>Supported Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Corporate donations of time will lead to higher levels of perceived effort compared to monetary donations</td>
<td>supported</td>
</tr>
<tr>
<td>H2</td>
<td>The relationship between donation type (time, money) and perceived motive is mediated by perceived effort</td>
<td>supported</td>
</tr>
<tr>
<td>H3a</td>
<td>Perceived motive mediates the relationship between perceived effort and consumers’ desire to reciprocate</td>
<td>supported</td>
</tr>
<tr>
<td>H3b</td>
<td>Perceived motive mediates the relationship between perceived effort and consumers’ admiration towards the firm</td>
<td>supported</td>
</tr>
<tr>
<td>H4a</td>
<td>For a given cost arising from corporate philanthropy, higher levels of relative cost to the company will lead to a stronger desire to reciprocate compared to lower levels of relative cost</td>
<td>supported</td>
</tr>
<tr>
<td>H4b</td>
<td>For a given cost arising from corporate philanthropy, higher levels of relative cost to the company will lead to a greater approval of a company’s actions compared to lower levels of relative cost</td>
<td>supported*</td>
</tr>
<tr>
<td>H5a</td>
<td>For a given benefit arising from corporate philanthropy, donations that are perceived by consumers to be improving the welfare of a cause to a greater (versus lesser) extent will lead to a stronger desire to reciprocate</td>
<td>not supported</td>
</tr>
<tr>
<td>H5b</td>
<td>For a given benefit arising from corporate philanthropy, donations that are perceived by consumers to be improving the welfare of a cause to a greater (versus lesser) extent will lead to a greater approval of a company’s actions</td>
<td>not supported</td>
</tr>
<tr>
<td>H6a</td>
<td>The relationship between corporate donations and consumers’ desire to reciprocate is fully mediated by consumers' gratitude towards the firm</td>
<td>supported</td>
</tr>
<tr>
<td>H6b</td>
<td>The relationship between corporate donations and consumers’ approval of a company’s actions is fully mediated by consumers' gratitude towards the firm</td>
<td>supported</td>
</tr>
<tr>
<td>H7</td>
<td>The relationship between corporate donations of time and money and consumer’s feelings of gratitude towards the firm is moderated by consumer’s empathetic concern, such that the relationship between corporate donations and consumer gratitude will be stronger among consumers with higher levels of empathetic concern</td>
<td>supported</td>
</tr>
<tr>
<td>H7b</td>
<td>The relationship between corporate donations of time and money and consumers' approval of a company actions is moderated by consumer’s empathetic concern, such that the relationship between corporate donations and approval of company actions will be stronger among consumers with higher levels of empathetic concern</td>
<td>supported</td>
</tr>
<tr>
<td>H7c</td>
<td>The relationship between corporate donations of time and money and consumers’ desire to reciprocate for a company’s actions is moderated by consumer’s empathetic concern, such that the relationship between corporate donations and desire to reciprocate will be stronger among consumers with higher levels of empathetic concern</td>
<td>not supported</td>
</tr>
<tr>
<td>H8a</td>
<td>Consumer narcissism moderates the relationship between corporate donations of time and money and gratitude towards the firm, such that the relationship between corporate donations and consumer gratitude will be weaker among narcissists</td>
<td>supported*</td>
</tr>
<tr>
<td>H8b</td>
<td>Consumer narcissism moderates the relationship between corporate donations of time and money and approval of company actions, such that the relationship between corporate donations and approval of company actions will be weaker among narcissists</td>
<td>supported*</td>
</tr>
<tr>
<td>H8c</td>
<td>Consumer narcissism moderates the relationship between corporate donations of time and money and consumers' desire to reciprocate, such that the relationship between corporate donations and desire to reciprocate will be weaker among narcissists</td>
<td>not supported</td>
</tr>
</tbody>
</table>

Note. * support found at $\alpha .10$
Appendix B: Measures

Attitude towards the Corporate Philanthropy– Barone, Norman and Miyazaki (2007)

My opinion of Company A’s support of Organization B (cause) is:

AttC 1: 1=unfavorable / 7=favorable
AttC 2: 1=negative / 7=positive
Att3C: 1=bad / 7=good

Desire to Reciprocate

Agree: 1= not at all, 7= a great deal
Frequent the store more often
Encourage others to shop there
Go out of my way to shop there
Shop at Company A exclusively

Donation Type

Which of the following best describes the type of donation ______ (company) provides to _________ (cause).

Time donation
Money donation
No donation
* items counterbalanced

Cause involvement– Mittal (1995)

Inv1: Relevant – Irrelevant
Inv2: Means nothing to me – Means a lot to me
Inv3: Of no concern to me – Of concern to me
Inv4: Not important – Important
Inv5: Doesn’t matter to me – Does matter to me
* 7-point scale

Empathetic Concern - Trait – Davis (1980)
Emp 1 When I see someone being taken advantage of, I feel kind of protective toward them.
Emp 2 When I see someone being treated unfairly, I sometimes don't feel very much pity for them. (-)
Emp 3 I often have tender, concerned feelings for people less fortunate than me.
Emp 4 I would describe myself as a pretty soft-hearted person.
Emp 5 Sometimes I don't feel sorry for other people when they are having problems. (-)
Emp 6 Other people's misfortunes do not usually disturb me a great deal. (-)
Emp 7 I am often quite touched by things that I see happen.
* 1=disagree to 7=agree

Gratitude towards Company – McCullough, Emmons, and Tsang (2002)
Grat 1: I feel grateful to [company A]
Grat 2: I feel thankful to [company A]
Grat 3: I feel appreciative to [company A]
* 1=not at all – 7 = a great deal

Idealism – Brinkmann (2004)
Idl 1 A person should make certain that their actions never intentionally harm another even to a small degree
Idl 2 Risks to another should never be tolerated, irrespective of how small the risks might be
Idl 3 The existence of potential harm to others is always wrong, irrespective of the benefits to be gained
Idl 4 One should never psychologically or physically harm another person
Idl 5 One should not perform an action that might in any way threaten the dignity and welfare of another individual
Idl 6 If an action could harm an innocent other, then it should not be done
Idl 7 Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral
Idl 8 The dignity and welfare of people should be the most important concern in any society
Idl 9 It is never necessary to sacrifice the welfare of others
Idl 10 Moral actions are those which closely match ideals of the most “perfect” action

* 7-point Likert scale (strongly agree to strongly disagree)

**Indebtedness – Tsang (2006)**

Ind 1  Indebted
Ind 2  Obligated

**Narcissism – Ames, Rose and Anderson (2005)**

Nar 1  I know that I am good because everybody tells me so
Nar 2  I like to be the center of attention
Nar 3  I think I am a special person
Nar 4  I like having authority over people
Nar 5  I find it easy to manipulate people
Nar 6  I insist on getting the respect that is due to me
Nar 7  I am opt to show off if I get a chance
Nar 8  I always know what I am doing
Nar 9  Everybody likes to hear my stories
Nar 10  I expect a great deal from other people
Nar 11  I really like to be the center of attention
Nar 12  People always seem to recognize my authority
Nar 13  I am going to be a great person
Nar 14  I can make anybody believe anything I want them to
Nar 15  I am more capable than other people
Nar 16  I am an extraordinary person

**Perceived Effort – Mohr and Bitner (1995)**

The amount of energy an observer believes an actor has invested in a behavior

Eff 1  Please rate the amount of energy company A put forth in support of cause “x”
1=no energy, 2=low, 3= moderate, 4=high, 5=very high energy

Eff 2  Please rate the amount of effort company A put forth in support of cause “x”
1=no effort, 2=low, 3= moderate, 4=high, 5=very high effort

Eff 3  Please rate the extent to which you think company A was trying to support cause “x”
1= not trying at all, 2= a little, 3= somewhat, 4= a fair amount, 5= a great deal

**Perceived Motive – Szykman, Bloom and Blazing (2004)**

7-point semantic differential measure

Company A’s motive for donating [time or money] to [cause] can best be described as:

Mot 1: Impure / Pure
Mot 2: Selfish / Unselfish
Mot 3: Uncaring / Caring
Mot 4: Self-Serving / Society-Serving
Mot 5: Uninvolved / Involved
Mot 6: Reactive / Proactive

**Inclusion of Others in Self – Aron and Smallan’s (1992)**