CORPORATE GIVING AND GETTING: EXECUTIVE PERCEPTIONS AT HEALTHCARE CORPORATIONS

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ABSTRACT

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(Under the direction of Elizabeth Dougall)

Through qualitative in-depth interviews, healthcare industry executives explain that corporate giving is based on the mission and culture of an organization, benefiting employee and community relations and enhancing the core business. While difficult to tie to the bottom line, corporate giving can help establish partnerships and relationships that benefit the commercial interests of the corporation. This multi-step series of actions is organized in this study using the corporate giving process model. Of the executives interviewed in this study, all agreed that their companies' giving is becoming more strategic over time. As companies begin to realize the potential of corporate giving to fulfill business goals, patterns of giving are becoming more strategically focused. Emerging from this study is the industry-partner-impact model of corporate giving that the author contends is worthy of further investigation in healthcare and other industries.

TABLE OF CONTENTS

LIST OF TABLES

Table Page

LIST OF FIGURES

CHAPTER I
INTRODUCTION

For more than 40 years, scholars and business professionals alike have struggled to define corporate social responsibility. From equal opportunity employment to environmental stewardship to altruistic philanthropy, definitions and concepts amass into a tremendous body of academic research and corporate practice (Carroll, 2000).

Adam Smith first wrote a book in 1863 entitled*, An Inquiry into the Nature and Causes of the Wealth of Nations*. He argued that businesses that pursue profit will produce the greatest social good because of the "invisible hand" of the marketplace. Andrew Carnegie wrote *The Gospel of Wealth* in 1889 and brought religious thinking to social responsibility—the charity principle is to assist the less fortunate members of our society. The stewardship principle is to be a caretaker—both of financial resources for shareholders and for the economic resources of society (Lantos, 2001).

Fast-forward to 1969, and in a landmark speech at the Harvard Business School, Henry Ford II argued that the "terms of the contract between industry and society are changing… Now we are being asked to serve a wider range of human values and to accept an obligation to members of the public with whom we have no commercial transactions" (Lantos, 2001, p. 597). A year later, in 1970, Milton Friedman wrote his seminal article for the *New York Times* and famously stated the only responsibility of business is to make a profit for its shareholders (Friedman, 1970). Ford and Friedman's comments must be interpreted in the context of the decades in which they were stated, that is the 1960s and

1970s when major social reforms led to the public to make more demands on corporations than ever before. A tidal wave of anti-business sentiment flooded the social environment (Clark, 2000). People became more aware of employment laws and ethics, the environment, civil rights, and other social issues—all of which led to an expectation that if society supported business, then business should in turn support society by behaving responsibly.

> American business institutions function within a social system. The system confers legitimacy on business institutions [and] defines the bounds and rules of their performance… The conclusion is inescapable that the corporation receives its permission to operate from a society and ultimately is accountable to the society for what it does and how it does it. (Anshen, 1980, p. 6)

During that time, society maintained high expectations of responsibility from government and corporations because they were the two largest institutions in our country. Still a widely held sentiment today, society expects corporations to step in to help cure its ills where the government falls short (Burke & Logsdon, 1996).

As these new expectations of corporations emerged, the study of corporate social responsibly also grew. Scholars began a conversation—or perhaps a debate—about the responsibilities of business, how they should be defined, and how they benefit both the corporation and society.

A subset of the conversation about corporate social responsibility is corporate giving. Many view the phrase "corporate giving" itself to be an oxymoron because of the perception that corporations are out to make money, not give it away. Corporate giving, however, is an increasingly important element of corporate social responsibility. The most recent conversations on the topic pertain to the strategic significance of corporate giving and its use as a tool to manage a corporation's stakeholders. Altruistic or strategic, corporate giving exists as a popular corporate practice and a much-studied aspect of corporate social responsibility (McWilliams, Siegel, & Wright, 2006).

Purpose of Study

The purpose of this study is to understand how executives at healthcare corporations view corporate giving at their institutions, how strategic they consider the giving to be, and how giving relates to the CSR commitment of the organization.

Key Definitions

Several terms will be used in relation to corporate social responsibility and giving throughout this thesis. The meanings of each term, and the specific context in which they will be used for this study, are now explained.

Corporate giving. Carroll (1979) outlined the four categories of corporate social responsibility: economic, legal, ethical, and discretionary responsibility. Carroll (1983) later refined the discretionary area of responsibility to mean the voluntary or philanthropic activities of an organization. Philanthropy promotes human welfare and goodwill, and may be given in the form of financial resources, time of employees, contributions to the arts, community, or education (Carroll, 1991). In this thesis, the term corporate giving will be used similarly, that is, giving that promotes human welfare and goodwill and is not *necessarily* tied to a strategic business objective.

Strategic giving. Many scholars debate the strategy that motivates corporate giving. Most scholars agree that corporate giving is motivated by the desire to achieve a strategic business goal; for example, enhancing corporate image or boosting employee morale (Burke & Logsdon, 1996). The purpose of this thesis is to understand executive perceptions of the strategy (if any) behind corporate giving. Therefore, in this thesis, the term strategic giving is defined as corporate giving that is motivated by a strategic business objective.

Healthcare corporation. In this thesis, *healthcare corporation* describes corporations that provide medical products to healthcare workers and patients. These corporations include pharmaceutical companies, biotechnology companies, and medical supply companies. For the purpose of this thesis, excluded corporations are health insurance companies, hospital chains, healthcare consulting firms, and companies that do not directly supply products for patient use.

Healthcare industry. A broader term than healthcare corporation, the healthcare industry refers to all players in the healthcare environment, from patients to caregivers to companies—private, public, for-profit, nonprofit, or others—that support any facet of healthcare.

Stakeholder. Stakeholders of a corporation include customers, employees, the government, financial analysts, local citizens, industry members, suppliers, competitors, and stockholders, among others. This thesis will use Freeman's (1984) definition of a stakeholder as individuals and groups who affect and are affected by actions of the corporation.

Corporate social responsibility (CSR). This study will use Carroll's (1979) definition of CSR as "the economic, legal, ethical, and discretionary expectations that society has of an organization at a given point in time" (p. 500). While written in 1979, Carroll provides a concise and descriptive definition of CSR.

These definitions are provided to clarify concepts presented in this thesis. The next section will provide background on the healthcare industry and why it is important to study.

Background

The healthcare industry is overwhelming in scope, from patients to doctors and nurses, researchers to pharmaceutical marketers; it is a world unto itself. At the center of this world is the ethical and noble mission to support the health and wellbeing of humans.

The focus of this thesis is the perceptions of executives from pharmaceutical, biotechnology, and medical supply companies. These firms are but one part of the healthcare industry, but they are vital—and sometimes controversial—players. Executives within these corporations face a unique set of challenges: they operate in a highly regulated environment, spend a disproportionate amount of money on research and development, and face myriad marketing challenges. Many are rewarded with hefty profits, but the industry is volatile, and a highly profitable year can quickly turn into a year of equally large losses (Arndt, 2004).

As highly visible companies, healthcare corporations also face public pressure about the purpose and practice of companies in the industry. The public sees astonishing profits and becomes skeptical of the companies, fueled by their often-negative press (Feki, 2005). Healthcare corporations also face pressure because of the inherent value and risks of their products: they literally save lives—and occasionally precipitate death. As demand for products increases, so too does the pressure on the industry (Feki, 2005).

Corporate social responsibility takes on a whole new meaning in a life-and-death industry. The products of these corporations do serve society, and therefore the industry has a unique opportunity to be strategic when it comes to how they donate products and a share of their profits. The position is unique not only because of the value of the products to society, but also because the mission of the companies is often somewhat philanthropic in nature. For example, Merck’s website states: “Our business is preserving and improving human life” (http://www.merck.com/about/mission.html). There is a philanthropic bent to this statement, just as there is in Bristol Myers Squibb's mission: "Our company's mission is to extend and enhance human life by providing the highest-quality pharmaceutical and related health care products" (http://bristolmyerssquibb.com/aboutbms/content/data/ourple.html). If the goal of strategic giving is to serve both the beneficiaries of philanthropy and serve the corporate mission (Bruch & Walter, 2005), then healthcare companies enjoy an enormous opportunity to give back to society while serving their core business.

The *Chronicle of Philanthropy*, in its corporate giving survey, cites the top five corporate donors of cash and products as Pfizer, Merck, Bristol-Myers Squibb, Johnson & Johnson, and Microsoft, in that order. The top four corporate donors are all healthcare companies. The *Chronicle of Philanthropy* began its corporate giving survey in 1993, and Pfizer is the first company to report giving more than $1 billion in cash and products in a single year (Wilhelm, Kerkman, & Moore, 2005). These statistics are astonishing: a single industry dominates the top five list of corporate donors. Clearly corporate giving is a high priority for these healthcare companies—and understanding their motivations to be at the top of this giving hierarchy may help explain the strategic nature of CSR.

The volatile and critical nature of the industry makes it ripe for study. Its public visibility, strategic opportunities, and sheer amount of giving make it perhaps the single most interesting industry to study when it comes to corporate giving. How these corporations decide to conduct their business can have life-or-death implications for patients, and profit-or-fail implications for the corporations themselves. These extremes are fascinating, and this study seeks to understand one small part of these corporations: how executives perceive corporate social responsibility and corporate giving. These concepts connect the corporation to its stakeholders, and understanding perceptions of executives will offer a small window into the healthcare corporations themselves.

CHAPTER II
LITERATURE REVIEW

The Corporation

An important first step in any review of the scholarly work on corporate social responsibility is to consider the concept of the corporation itself. Carroll (1979) summarized:

> Before anything else, the business institution is the basic economic unit in our society. As such it has a responsibility to produce goods and services that society wants and to sell them at a profit. All other business roles are predicated on this fundamental assumption. (p. 500)

Scholars agree with Carroll in that the corporation must first make a profit to fulfill any of its responsibilities.

In addition to achieving profits, a corporation also has legal and ethical responsibilities, and commitments to a variety of stakeholders (Carroll, 1991). A stakeholder is defined as "any individual or group who can affect or is affected by the action, decisions, policies, practices, or goals of the organization" (Carroll, 1996, p. 74). Some scholars argue the only important stakeholder is the shareholder (Friedman, 1970), and others expand the definition to include any constituency who affects or is affected by the corporation (Freeman, 1984). Stakeholders of a corporation may include customers, employees, the government, financial analysts, local citizens, industry members, suppliers, competitors, and stockholders, among others. The theories of these responsibilities will be addressed, but first we must review the general expectations of society on business.

At a minimum, society expects corporations to make safe products, practice just hiring and human relations, and treat stakeholders fairly (Heath & Vasquez, 2001). Judd

(1995) discussed the status of corporations as “special citizens in the social system” because in addition to complying with laws about safety and employment, they must also use their power appropriately to support public policy (p. 40). Van Buren (1995) argues that corporations must make contributions to society to help sustain social, political, and economic justice; it is only with this stable environment that the corporation will enjoy a financial return. A “healthy societal atmosphere” must exist in order for a functioning market to exist, and therefore, this atmosphere precipitates successful companies (Pruzan, 2001, p. 60). Carroll (1991) discusses this stability in terms of the internal ability of the corporation to balance commitments between the owners, or shareholders, and the various other stakeholders who have legal and ethical rights.

Lantos (2001) and Pruzan (2001) noted the rise of ethical consumerism in the late 1990s. Consumers recognize their own responsibilities and their ability to influence corporate behavior. “Time after time surveys indicate that while shareholders are primarily concerned with corporate profitability, consumers, the primary source of corporate income, are increasingly concerned with the environmental, social, and ethical responsibility of business” (Pruzan, 2001, p. 52). Matten and Crane (2005) maintain that executives lack a clear understanding of what society wants from their company and do not understand the demands of ethical consumerism.

In the end, most scholars in the CSR field make the argument that social responsibility is, indeed, tied to the bottom line (Bovet, 1994; Burke & Logsdon, 1996; Frankental, 2001; Lantos, 2001; Tokarski, 1999). A company should be humane to all of its constituencies because any constituency that has contact with a corporation can affect its bottom line (Bovet, 1994). This notion is from stakeholder theory, which says that a corporation's stakeholders affect and are affected by the corporation (Freeman, 1984). This theory will be discussed at length later in the literature review. Some companies are beginning to conduct social audits in addition to financial audits, but the explicit links between social good and profits remain elusive (Lantos, 2001). Although scholarship about corporate responsibility is important, its practice will ultimately marry the social and financial benefits.

After understanding the contentious foundation of CSR—that it is a highly debated concept important to corporations, individuals, and society—it is important to understand the conceptual development of this topic. Much of the theory about CSR represents not just how we think about business, but also how we view our collective society.

Early Theory Development in Corporate Social Responsibility

Theories about corporate social responsibility generally fall into four categories—instrumental, political, integrative, and ethical (Garriga & Mele, 2004). Instrumental theories view the corporation solely as an instrument of profit. Political theories describe a responsible use of power in the political arena. Theories requiring corporations to incorporate social demands into their business functions are integrative. Other theories focus on the ethical commitment of the corporate world (Garriga & Mele, 2004).

While Adam Smith, Andrew Carnegie, and others talked about business, wealth, and philanthropy more than 100 years ago, the acknowledged beginning of contemporary theory about CSR is attributed to Milton Friedman (1970) who argued that the only responsibility of a corporation is to turn a profit for shareholders. Friedman (1970) viewed any considerations of philanthropy as undermining a free market, arguing that if a corporation gave money to a community with the motivation of attracting desirable employees, then it was not practicing social responsibility, it was simply fulfilling its own self-interests. While he staunchly disapproved of so-called philanthropy, Friedman advocated that firms stay within "the rules of the game," that is, obeying laws and practicing basic ethics, in order to further a free market devoid of corporate fraud and deception (p. 126).

Carroll (1979, 1983, 1991, 1996, 1990, 2000), perhaps the most well-known scholar in CSR research, presented a three-dimensional model of CSR. He focused on the social issues a company should address and the strategic social response to those issues. Carroll recognized that CSR, rather than being ultimately defined by a scholar or business person, should be defined by a company itself on a number of levels: the definition, the relevant social issues, and the response to those issues.

Most importantly, Carroll (1979) outlined the "economic, legal, ethical and discretionary categories of business performance" (p. 499). These categories can be seen on a hierarchy—or at least a progression—from the basic, regulated functions of a company to those in which it has individual, strategic discretion as to how to contribute to society. Carroll made the delineation between required social responsibility (that which is bound by law) and that which is not required, but is expected by society, such as ethical treatment of employees and philanthropic efforts towards a society. A highlight of the theory is its requirement for social responsiveness. "The assumption is made here that business does have a social responsibility and that the prime focus is not on management accepting a moral obligation but on the degree and kind of managerial *action*" (Carroll, 1979, p. 501). In fact, firms that made large philanthropic contributions after committing crimes were found to fare better with the public than those corporations who simply obeyed the laws (Wokutch & Spencer, 1987).

Carroll (1991, 1993) twice refined his theory to clarify the meaning of discretionary social responsibility. Carroll (1983) broke down the concept of CSR into four parts: economic, legal, ethical and voluntary or philanthropic. Discretionary CSR encompasses the voluntary or philanthropic parts of the definition of CSR. Carroll's (1991) second clarification introduced a pyramid of CSR that reflected the Committee for Economic Development's "three concentric circles" model of CSR (p. 39). The core of the circle consisted of the economic functions of a corporation; the middle circle couched economic functions within social values; the outer circle encompassed "amorphorous responsibilities" of corporations to improve the social environment (p. 39). Carroll (1991) considered the philanthropic category of CSR as "icing on the cake" once the company met its economic, legal, and ethical responsibilities (p. 42). Philanthropy promotes human welfare and goodwill, and may be given in the form of financial resources, time of employees, contributions to the arts, community, or education.

Carroll (1991) clarified that philanthropy resided at the top of his pyramid of CSR. After this clarification, he contended that:

> The total corporate social responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical, and philanthropic responsibilities. Stated in more pragmatic and managerial terms, the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen." (p. 42)

Factors affecting the organization's CSR include the firm's size, mission, management philosophy, corporate strategy, industry characteristics, and state of the economy (Carroll, 1991).

Carroll (1979) set the stage for much of the theoretical study of CSR. Recent contributions to the study of CSR will be discussed in a forthcoming section of this literature review. Before delving into current CSR theories, the next section will discuss stakeholder theory, which is fundamental to corporate social responsibility and the conceptual framework for this study.

Stakeholder Theory

Freeman (1984) weighed in with an important theoretical framework for studying CSR called stakeholder theory. This theory states that firms have relationships with myriad constituent groups including shareholders, consumers, employees, the government, and communities. These stakeholders affect and are affected by actions of the corporation. Therefore, corporations must consider stakeholders in all corporate strategy and functions and work to build relationships with stakeholders in order to be successful.

In the past 20 years, stakeholder theory has developed to describe the relationships between corporations and society (Buchholz & Rosenthal, 2005). Corporations manage stakeholders by taking into account stakeholder views when making decisions. Stakeholders include customers, employees, the government, financial analysts, local citizens, industry members, suppliers, competitor, and stockholders, among others. Buchholz and Rosenthal (2005) also explain that stakeholder theory incorporates a relational theory of the firm:

> Stakeholder theory embodies in its very nature a relational view of the firm which incorporates the reciprocal dynamics of community, and its power lies in focusing management decision making on the multiplicity and diversity of the relationships within which the corporation has its being, and the multipurpose nature of the corporation as a vehicle for enriching these relationships in their various dimensions. (p. 144)

Buchholz and Rosenthal (2005) argue that the corporation is never isolated from its stakeholders, “but is in fact constituted by the multiple relationships in which it is embedded and which give it its very being” (p. 147). The function of the corporation is to enrich these relationships and internalize the perspectives of the stakeholders in order to achieve corporate growth and success.

As discussed earlier, Friedman (1970) said that the only responsibility of a corporation is to make a profit for shareholders. Stakeholder theory refutes Friedman and contends that a corporation is responsible to all of its stakeholders, not just shareholders. The theory also says that a corporation’s function and success is based on it relationships with all stakeholders (Kaler, 2003).

In their critical work to advance and explicate stakeholder theory, Donaldson and Preston (1995) described the theory as descriptive, instrumental, normative, and managerial. Stakeholder theory is descriptive because it explains what the corporation is: “a constellation of cooperative and competitive interests possessing intrinsic value” (p. 66). The theory is instrumental because it links a corporation’s management of stakeholders to corporate performance goals. It is normative and accepts that stakeholders have legitimate interest in a particular corporation, that stakeholders are identified by this interest, and that their interest merits consideration by the corporation. Finally, stakeholder theory is managerial because it recommends a corporation’s response to stakeholders.

Stakeholder theory underpins the theoretical framework of this thesis because of its role as a dominant paradigm in any research exploring the social responsibilities of the firm. The following section discusses additional theory development about corporate social responsibility developed in the 1990s and beyond. The theme of stakeholder importance resonates through all the theories discussed.

Contemporary Theory in Corporate Social Responsibility

Many CSR theories developed in the 1990s integrated economics and ethics. Jones (1995) wrote that if firms are ethical, they will gain competitive advantage because they will build long-term, productive relationships with stakeholders. This approach furthers the thinking on stakeholder theory: a firm affects and is affected by stakeholders, and building relationships with stakeholders benefits all involved. Carroll's (1977) theory on CSP, or corporate social responsiveness, was empirically tested by Waddock and Graves (1997). Their study found a positive association between CSP and financial performance—a promising finding due to the failure, at this point, to quantitatively link a corporation's social commitment to its finances (Frankental, 2001). Russo and Fouts (1997) also found CSP led to competitive advantage, especially in high-growth industries such as the technology sector because it can help to distinguish a corporation in the minds of consumers relative to competition.

Theory moved from Friedman's (1970) position that profit is the only responsibility, to Carroll's four-part definition of CSR, to stakeholder theory, to the integration of economics and ethics. Further theory development looks to define CSR as an investment for the corporation. McWilliams and Siegel (2001) studied CSR through a supply and demand framework. In other words, they look at CSR from a resource perspective, and they define CSR as an investment (or input) that can result in beneficial outputs for the company. They also conceptualized CSR as a tool of competitive advantage, especially in helping a company differentiate its products for consumers. In particular, they noted that pharmaceutical companies have highly differentiated products (each drug addresses a specific patient need) and are therefore likely to use CSR initiatives to aid in that differentiation. Finally, McWilliams and Siegel (2001), determined that the ideal level of investment in CSR is when it creates a neutral relationship with financial performance, as determined through a cost-benefit analysis. CSR should enhance financial performance, not detract from it.

Having discussed contemporary CSR theories, I now address why corporations engage in corporate social responsibility.

Why Corporations Engage in Corporate Social Responsibility

The failure to find empirical evidence linking socially responsible business to financial performance plagues the study and practice of CSR. Although many scholars and countless organizations make the effort to find empirical evidence, proof is elusive (Burke & Logsdon, 1996). While frustrating, perhaps this is why the area receives so much attention in the academic and corporate worlds.

Research discusses the "social contract" companies have with society (Lantos, 2001, p. 599). Scholars have also studied the concept of a dual- or triple-bottom line that encompasses financial, social, and environmental performance of a company (Lantos, 2001; Frankental, 2001). The practice of CSR can often help manage social and environmental performance, and this performance affects a corporation's success. Companies practice CSR for many reasons, but two often-cited motives to engage in CSR are boosting employee morale and enhancing corporate image.

Anand (2002) holds that corporate image and its link to financial performance is motivation behind practicing CSR:

> These efforts [CSR] will go a long way in building up the goodwill of a company, altering public perceptions, and communication to the government, company employees, shareholders, customers, and the media that it is a company with a strong set of values, a company that can be trusted, and therefore a company others would respect and want to do business with. (p. 176)

Pruzan (2001) argues that employee morale is another reason to incorporate CSR activities:

> Employee pride in the workplace is becoming an increasingly important indicator of effectiveness. The opposite is even more true: in those companies where the employees are not proud of their employer, there is a lack of trust, confidence, enthusiasm, and willingness to offer one's best. (p. 54)

Other reasons why corporations are motivated to practice CSR include a favorable view of philanthropic companies by consumers (Mullen, 1997). Companies can also strategically draw attention to issues through CSR activities that they may not be able to draw attention to through traditional marketing (Esrock & Leichty, 1998).

After looking at what may motivate a company to practice CSR, it must be determined who within the company is responsible for those activities. Research denotes a difference in a company's view of CSR with regard to whom in the company is ultimately responsible for its practices. Decisions about CSR activities may reside with executive committees or public relations departments. Alternatively they may not be assigned to a particular group, or may be handled by a cross-department committee. Where the decision-making power for CSR activities resides is indicative of a company's commitment to CSR (Frankental, 2001). Research shows that companies with CEOs from a sales and marketing background often rate higher in corporate responsibility than those corporations with CEOs from manufacturing or engineering backgrounds (Heath & Vasquez, 2001).

Having established some of the motivations for corporations to be socially responsible, I now discuss an important subset of the literature on CSR and the focus of this thesis: corporate giving.

Corporate and Strategic Giving

As discussed earlier, Carroll (1979) outlined four categories of corporate social responsibility: economic, legal, ethical, and discretionary responsibility. Carroll (1983) later refined the discretionary area of responsibility to mean voluntary or philanthropic activities of an organization. Philanthropy promotes human welfare and goodwill, and may be given in the form of financial resources, time of employees, contributions to the arts, community, or education (Carroll, 1991). In this thesis, Carroll's definition of philanthropy is used to describe corporate giving: giving that promotes human welfare and goodwill and is not necessarily tied to a strategic business objective.

McWilliams, Siegel, and Wright (2006) summarized why corporate giving is an especially interesting subset of CSR to study: CSR as a whole is still in its embryonic stage—it is in a continuing state of emergence. We cannot measure what we cannot define, and therefore current research is looking more to the motivations of CSR, how it creates competitive advantage, and other issues of strategic importance. Corporate giving is a considered by many to be a strategic tool that corporations use to manage stakeholder relationships (Brammer & Millington, 2004). Due to the strategic opportunities it provides, corporate giving is a popular area of academic study and corporate practice.

While the two are related, corporate giving is different from strategic giving, and the two are not interchangeable terms. Many scholars debate the strategy that motivates corporate giving, but would agree that corporate giving is often motivated by the desire to achieve a strategic business goal; for example, enhancing corporate image or boosting employee morale (Burke & Logsdon, 1996). The purpose of this thesis is to understand executive perceptions of the strategy (if any) behind corporate giving. Therefore, in this thesis, the term strategic giving is defined as corporate giving that is motivated by a strategic business objective.

Many developing theories about CSR make the assumption that companies will adhere to sound economic, legal, and ethical practices. The debate becomes heated, however, when scholars and corporations discuss philanthropic CSR, or corporate giving. Most argue that corporations should not give away money without a strategic purpose. For example, Burke and Logsdon (1996) said a company should only invest in CSR that shows a return on investment; they argue that a corporation needs to understand that giving should fulfill a strategic business purpose:

> A strategic reorientation of the firm's CSR philosophy can support its financial interests as well as other stakeholders' interests in the firm. How to reorient CSR toward a more strategic perspective is the key to inspiring more CSR activities, thus serving stakeholder and societal interests more fully. (p. 495)

In other words, philanthropy can be strategic, and in fact, it should be strategic so that the corporation is benefiting from its investment (Burke & Logsdon, 1996).

Burke and Logsdon (1996) asserted that through centrality, specificity, proactivity, voluntarism, and visibility, companies can make an investment in strategic giving that brings economic value to the company. If strategic giving—of time, money, or other resources to groups outside the corporation—fits with a company's goals, mission, and vision, it will further the business interests of the firm. For example, a pharmaceutical company's support of a health issue makes sense, while giving to the arts may not be as appropriate. Specifically, Burke and Logsdon (1996) outlined five strategic outcomes: customer loyalty, future purchase, new products, new markets, and productivity gains. They argue corporations should measure the economic value CSR activities create for the corporation—and to constantly scan the environment to anticipate changes and opportunities among social issues to ensure its CSR activities remain strategically relevant and economically viable.

Strategic giving is practiced to accomplish strategic business goals (Lantos, 2001). As explained by Porter and Kramer (2002), “There is no inherent contradiction between improving competitive context and making a sincere commitment to bettering society” (p. 68). Many scholars concur that that strategic giving is a competitive tool, and finding the areas of overlap between social and economic value that enhance the competitiveness of a corporation is a respectable practice of CSR. Strategic giving is “effective and necessary in enhancing corporate objectives while serving societal causes in order to survive in the business world today” (Tokarski, 1999, p. 34). Strategic giving is a competitive tool in the forms of corporate image enhancement, boosting employee morale, consumer connection with the firm, and even positive press coverage (Porter & Kramer, 2002).

Many companies lack a truly strategic giving program, and most find it nearly impossible to measure the results (Tokarski, 1999). Some form of measurement is important, especially because poorly managed strategic giving can be damaging if the program does not align with the goals, mission, and values of the corporation (Tokarski, 1999). This study will help to address the extent that strategic business objectives motivate corporate giving.

Bruch and Walter (2005) stated that the only sustainable approach to corporate giving is one that creates value for beneficiaries while enhancing the performance of the core business. In other words, giving must be mutually beneficial to be sustainable. Bruch and Walter (2005) marry many of the scholarly ideas in previous literature to discuss the market and competence orientations of corporate giving. A market orientation is giving that caters to stakeholder needs, while a competence orientation is giving that focuses on a corporation’s core business. Companies who only cater to stakeholder pressures (and thus ignore their core business) take a peripheral approach to giving. A constricted approach focuses giving and other CSR activities solely on the competencies of the core business and ignores the needs of stakeholders. A dispersed approach is a haphazard approach to giving devoid of any strategy—either for stakeholders or the core business. Finally, Bruch and Walter (2005) describe the strategic approach: stakeholder needs are evaluated and met while maintaining a focus on the core competencies of the business. This strategic approach, they argue, is the only sustainable form of strategic giving.

As shown here, scholars debate the strategy behind corporate giving. Recently, however, the literature has moved to discuss a more singular motivation for corporate giving: stakeholder management. Brammer and Millington (2004) found that the level of stakeholder pressure on an organization determines how corporate giving is managed. The more pressure, the more likely corporate giving is managed by an outward facing function such as marketing or public relations. In fact, the researchers found that those organizations with the most stakeholder pressure are significantly more likely to delegate corporate giving decisions to the marketing department, which is expected to make those decisions in ways that enhance the core business while satiating the interests of stakeholders.

Campbell and Slack (2006) found a positive relationship between public visibility and corporate giving. High public visibility companies—such as pharmaceutical companies or highly branded consumer goods companies—have more intense pressure from stakeholders. These companies are more likely to use corporate giving as a strategic tool to manage stakeholder pressure.

Saiia, Carroll, and Buchholtz (2003) discussed the same concept, but referred to it as business exposure. The more a business is exposed to the public, the more intense the pressure is from stakeholders, and corporate giving can be used to manage these stakeholders. In addition to citing the importance of stakeholders, Saiia et al. (2003) married in Bruch and Walter's (2005) concept of ensuring that corporate giving is related to the core business while it caters to stakeholders: charity begins at home. "Corporations can contribute to their communities in more meaningful and effective ways by carefully defining what they stand for as corporate organizations" (Saiia et al., 2003, p. 170).

Saiia et al. (2003) also found that giving is becoming more strategic because of the professionalism brought to its practice. Market pressures force companies to be strategic about their business, and the same goes for corporate giving. The corporate giving managers themselves (or the manager to whom corporate giving decisions are delegated) want to make strategic decisions for their companies. Their own careers are on the line, and the more they can do to be strategic in their decisions, the more personal gain they may achieve.

Finally, corporations recognize the strategic value corporate giving can provide, and now they are expecting it to continue to provide value (Saiia et al., 2003). Corporate giving has the ability, if managed strategically, to improve stakeholder relationships and enhance the core business of a company (Bruch & Walter, 2005). This thesis seeks to pursue this current direction of scholarship.

This section discussed corporate giving and strategic giving and how those concepts are related to corporate social responsibility. The next section will discuss specific forms of corporate and strategic giving to illustrate exactly how a company might go about its giving activities.

Forms of Corporate and Strategic Giving

Forms of corporate giving include social venture giving, employee giving, surplus inventory gifts, in-kind donations, and cause-related marketing (Heath & Vazquez, 2001).

Employee volunteerism is also an important part of corporate giving, whether general volunteer work or the donation of employee talents to nonprofits in need of expertise, it benefits the community and often improves internal employee morale. For example, a healthcare marketing executive might offer to develop a marketing plan for a local nonprofit clinic.

Cause-related marketing is another important aspect of CSR. It is typically a short-term strategy connecting the marketing of a product with a certain social cause. For each sale of the product, a certain percentage of the sale is given to that social cause (O'Connell, 2004). The campaign that essentially defined cause-related marketing was the American Express campaign: for every dollar charged on the American Express credit card, one cent was donated to restoring the Statue of Liberty. The number of cardholders surged, American Express received positive press, consumers felt good about doing business with the company, and an American icon was restored (Welsh, 1999). Cause-related marketing is almost always beneficial to the corporation and the cause, but not always the consumer. Pracejus, Olsen, and Brown (2003) found that most cause-related marketing offers vague benefits without specifying the commitment to the cause. Dean (2003) found that unconditional giving, rather than cause-related marketing, is more closely tied to positive consumer perceptions of a company. In spite of this debate, cause-related marketing is a popular form of strategic giving for many corporations.

All of the forms of discretionary CSR discussed, including employee volunteerism, in-kind donations, and cause-related marketing can be considered corporate giving. They can also be considered strategic giving, depending, of course, on whether a strategic business objective motivates the giving.

This section explained forms of corporate and strategic giving. The next section will provide a summary of the literature reviewed for this thesis.

Summary of the Literature

While the body of CSR literature continues to grow, the voices of the past—including Friedman (1970) and Carroll (1979) —continue to be incorporated into new theory and perspectives. For many, the jury is still out as debates surround the fundamental responsibility of corporations, ways to define CSR, the investment potential of its practice, and strategic giving. Stakeholder theory is an important theory in understanding CSR. It requires a corporation to pay attention to and balance the legitimate interests of all stakeholders, recognizing their power and stake in the corporation (Freeman, 1984). Theoretical development in CSR continues, and many scholars are looking at its connection to corporate outcomes and bottom line performance (Burke & Logsdon, 1996). The review of the literature traced the development of theory in CSR, explained the conceptual framework of stakeholder theory specifically, and explored the meaning of corporate and strategic giving. The next section will pose the research questions for this study.

Corporate Giving at Healthcare Corporations

The literature is both broad and deep on the theory and practice of CSR. The literature reviewed for this study, however, does not address executive perceptions of corporate giving, specifically at healthcare corporations. This perception is important because there must be executive support for CSR programs to receive the attention necessary to thrive and benefit a corporation (Heath & Vasquez, 2001). The literature also has not addressed executive perceptions in the niche of healthcare companies and their corporate giving. Healthcare corporations are of particular importance as the industry is often maligned with harsh public perceptions and a strict regulatory environment. These corporations, however, also have the profit and products to be able to contribute to society in a meaningful way while strategically enhancing their core business.

Research Questions

This study will address the following research questions in an effort to understand executive perceptions of CSR and corporate giving in the context of healthcare companies:

1. To what extent do executives at healthcare corporations view corporate giving as a means to achieve strategic business objectives?
2. To what extent do executives of healthcare corporations perceive corporate giving as a part of their organization's CSR commitment?

CHAPTER III
METHOD

This thesis uses qualitative research to explore the questions posed in the previous section. The following section will justify the use of a qualitative method, specifically in-depth interviews. I will also explain my method of data collection and analysis for the study. Finally, I will describe how I identified participants, reflexivity issues I faced, and approval from the Institutional Review Board.

Qualitative Research

Qualitative research emphasizes the socially constructed nature of reality. Using qualitative research, we study how meaning is created, while quantitative research emphasizes analysis of causal relationships (Denzin & Lincoln, 2000). This thesis explores how executives perceive the strategic value of giving at their corporations. I want the executives to give meaning to their corporation's giving practices by explaining what those practices mean to them. Therefore, using a qualitative approach will likely provide richer data for analysis than a quantitative method would provide. The following sections will further explore the appropriateness of qualitative research for my study.

In-depth Interviews

To understand the perceptions of the healthcare executives, I conducted in-depth interviews with the participants. The in-depth interview is a popular qualitative research method that uses open-ended questions to allow for a greater breadth of data to emerge from the participants. In-depth interviews are a valuable research tool in attempting to understand participants without imposing categories or labels that would limit the scope of inquiry (Fontana & Frey, 2000).

In-depth interviews yield the richest and greatest breadth of data of any method. The data have the vividness of words, stories, and experiences of participants in their own words. The vivid quality of the data can be more convincing and meaningful to a reader than pages of numbers (Fontana & Frey, 2000). Also, when studying a subject about which little is known, in-depth interviews can be a helpful tool. Information can be culled from participants to help illuminate and bring understanding to a new subject. Interviews can also yield new insights that were not present in prior theory development or research. Open-ended questions allow for a variety of responses that surveys or other methods cannot access (Denzin & Lincoln, 2003). Participant responses during in-depth interviews are the direct words of the participants. Rather than the researcher imposing a vocabulary or categorization of topics onto the participants' words, the participants are free to define, identify, and explain, topics from their own perspectives (Fontana & Frey, 2000).

The researcher is the instrument when conducting in-depth interviews. As a human instrument, the researcher has flexibility: entirely new questions may be asked if appropriate or respondents may be probed for more detailed responses. A researcher can spend more time on parts of the topic that excite the participant and yield particularly interesting data. The researcher can also garner feedback from the participant. The flexibility of in-depth interviews also allows researchers to develop rapport with the participant and extract more sensitive information than a survey. Since meaning is created through interaction, in-depth interviews can provide insights that other methods cannot (Fontana & Frey, 2000).

As with any method, in-depth interviews present a set of challenges. Pursuing such rich data is exceptionally demanding, laborious, and costly. The thoughtful analysis of interview transcripts is time-intensive. Even a team of researchers working on a large study can only handle a few dozen interviews before the amount of data may become too much to thoughtfully analyze. Therefore, the generalizability of qualitative data from in-depth interviews is low if not nonexistent (Fontana & Frey, 2000). In addition, there is no fool-proof method for analyzing the data. Any given researcher may come to a different conclusion. It is difficult—if not impossible—to replicate a qualitative study using in-depth interviews. Finally, while the vividness of words, experiences, and stories from the participants makes the data particularly rich, words are inherently ambiguous and carry different meanings for different people (Fontana & Frey, 2000).

The interviews are guided by questions (see Appendix I for the interview guide) but the interview is conversational in nature, and participants may bring up topics throughout the interview as they feel comfortable in discussing them. The participant may also bring up topics that were not anticipated by the interview guide. McCracken (1988) refers to this nature of qualitative, in-depth interviews as "extemporaneous strategies of investigation" (p. 9). The open-ended questions and nature of the in-depth interview allow participants to fully explore and explain their perceptions of corporate giving.

It is important for researchers to understand the language of the participants, decide how to present oneself, gain trust, and establish rapport with participants (Fontana & Frey, 2000). After spending more than three years working in the corporate healthcare industry, I enjoyed a high comfort level in understanding the language of the executives. In addition to conducting extensive background research on each corporation before each interview, I explained my past work in the healthcare industry and my academic pursuits to help gain the trust of participants and to establish rapport with them.

Data Collection

During January and February 2006, I conducted 11 in-depth with healthcare executives at seven different companies: one U.S.-based biotechnology firm, one U.S.-based global medical technology company, three U.S.-based global pharmaceutical companies, one Swiss-based global pharmaceutical company, and one U.K.-based global pharmaceutical company. The interviews lasted from 45 to 80 minutes, depending on the time constraints of the participants. Most in-depth interviews are at least 45 minutes in length, and can last for hours (McCracken, 1988). I conducted interviews with ten participants at their respective office sites; I conducted one interview in a hotel lobby during a conference the participant attended. My goal in setting a time and location for the interviews was the comfort and convenience for the participants. Each participant signed a consent form prior to the interview (see Appendix II for the consent form).

With the consent of each participant, I recorded the interviews on a digital recording device. A verbatim account of the interview is essential, and a recording device allowed me to take other notes during the interview. It also allowed me to pay more attention to the participant and to ensure the conversational integrity of the interview (Fontana & Frey, 2000). I employed the services of Franklin Square Transcriptions in Chapel Hill, NC, to transcribe each interview.

Participants

In qualitative research, selecting the participants is a crucial step to ensure the quality of research. As discussed in the previous section, I recruited 11 participants for the interviews. Because the focus of the study is executive perceptions of corporate giving, I interviewed high-level employees at healthcare corporations, specifically, one president, three senior vice presidents, four vice presidents, one senior director, and two directors. The responsibilities of the participants included planning, contracting, business development, compliance, media relations, research and development, corporate affairs, sales and marketing, commercial operations, and government reimbursement and policy. Seven participants were men and four were women. In seeking participants with senior positions and at least five years in the healthcare industry, I was able to interview participants with a rich knowledge of corporate strategy and goals, and at least some knowledge of corporate giving initiatives. Due to the purpose of this study to understand perceptions of executives throughout a company, I did not interview executives whose core job responsibility was corporate giving or corporate social responsibility.

I conducted one pilot interview with a healthcare executive to identify potential problems (Fontana & Frey, 2000). The pilot interview indicated the questions were appropriate, and I did not change the interview guide prior to beginning research with the participants. I did not use information gathered from the pilot interview in this research.

To recruit participants for the interviews, I used snowball sampling to identify willing individuals. I used contacts from my previous industry experience, as well as contacts through friends and professors. I emailed potential participants in January 2006 to schedule interviews (see Appendix III for recruiting letter). After following up by phone with each participant, I scheduled interviews to take place in January and February 2006. The following table presents the participants, their titles, and company descriptions. In the next section, the method of data analysis from these interviews will be discussed.

Table 1. Participant chart.

Pseudonym	**Title**	**Company description**
Karl	VP, Planning & Contracting	Swiss-based global pharma
Ben	Director, Media Relations	U.S.-based global pharma
Catherine	SVP, Chief Compliance Officer	U.K.-based global specialty pharma
Danica	Director, Media Relations	U.S.-based global pharma
Daniel	VP, Business Development	U.S.-based mid-size pharma
Doug	SVP, Research & Development	U.S.-based biotech
Garrett	SVP, Sales & Marketing	U.S.-based biotech
John	President	U.S.-based global medical technology
Linda	VP, Global Corporate Affairs	U.S.-based biotech
Sally	VP, Commercial Operations	U.S.-based biotech
Sam	Senior Director, Government Reimbursement & Policy	U.S.-based global pharma

Data Analysis

As mentioned, I hired Franklin Square Transcription in Chapel Hill, NC, to transcribe the interviews. To analyze the data, I followed the analytic procedures as outlined by Miles and Huberman (1994) and their three streams of concurrent data analysis: data reduction, data display, and conclusion drawing/verification.

Data reduction is the process of analysis consisting of focusing and simplifying the data from the interviews. Summarizing parts of the data, clustering it into meaningful sub-parts, and looking for emerging themes are all part of the data reduction stream of analysis. This process helps to sharpen, focus, and analyze data in ways that help final conclusions to be drawn.

At this point in the process, I began to code my data, again following the recommendations of Miles and Huberman (1994). Codes are essentially categories that cluster the data and prepare it for analysis. I categorized codes into emic and etic groups. Emic codes reflect the perspective of my research participants—they are the ideas and responses to interview questions as expressed in their *own* terms. Etic codes are my interpretation of the data—they are the extrinsic codes expressed in the terms of the researcher. Etic codes are essential for comparison of the data across participants. Most importantly, the etic codes are informed by the emic codes. This analysis allowed me to look at the data in terms of the participants while also applying my own interpretation based on the theoretical framework set forth in this study.

To begin the coding process, I read through the interview transcriptions at least three times per each transcription. As I read through the transcription, I would make notes as to the emic codes that emerged. During this process, I also made notes as to the data that fit with each code. While a code may emerge from one interview, it was often repeated in other interviews. After reading through all 11 interviews, 24 total emic codes emerged. I then made a map of how the emic codes fit together, again based on how the data supported each code. These codes are listed and mapped in the next chapter.

The next stream of data analysis is data display (Miles & Huberman, 1994). Data display is an organized way of capturing a large amount of data into an easily understood summary of information. Data display may include matrices, graphs, charts, figures, and other tools to help organize data into an easily accessible form. These visual displays of the data may prepare data for final analysis, or they may show gaps in the analysis that will require me to revisit the coding process. These are concurrent streams of analysis, so coding will continue even when data display or conclusion drawing is also happening.

Conclusion drawing and verification is the third stream of analysis of qualitative data (Miles & Huberman, 1994). During this process, I interpreted the meaning of the data by noting themes, patterns, explanations, and propositions. The first step is to note patterns and themes, which I did when deciphering the etic codes; the final step is to make conceptual and theoretical coherence. These conclusions are verified as analysis of the data continues by going back to the data itself, and back to the research participants if necessary.

As I went through the processes of data reduction and data display, I began to draw conclusions based on my interpretation of how the data supported the etic codes. As I continued to read through the data and put it into the tables based on which code I felt it belonged to, I made notes as to what I felt was the most important data, how strongly the data supported the etic codes, and how the meaning of the data related to literature I reviewed. In drawing these conclusions, I continually revisited the transcripts to ensure that I was using data in right context and not twisting the words of participants simply to fit into certain categories. Throughout the process, I revisited the full transcripts to ensure I used the language of the participants as often as possible, and to ensure that I continually used their explanations and descriptions of topics rather than rephrasing those topics in my own words. My goal was to make certain that the voices of the participants took precedence over my own voice.

Using Miles and Huberman's (1994) three concurrent streams of data analysis, I took my data from its initial collection to final conclusions. The following section will discuss the reflexivity issues I encountered during the research.

Reflexivity

Reflexivity is the personal involvement of the researcher in the topic, and it is important for a researcher to reflect on being his or her own research instrument. Discussing reflexivity issues helps to explain the personal investment of the researchers, biases brought to the research, and ways in which researchers avoid or emphasize certain points of view (Gergen & Gergen, 2000).

One bias I bring to this thesis is my work with healthcare companies in the past. I believe they are better corporate citizens than the general public perceives them to be, but I also feel they should be doing more when it comes to corporate giving. I also believe these corporations have a responsibility to be strategic in their giving to ensure that stakeholders' interests—including shareholders—are served.

Another bias I bring to the research is my knowledge of CSR and corporate giving acquired during the preliminary reading for this thesis. In making maps (data display) of how I see relationships among the data, I may be imposing my knowledge of how I think it *should* be, rather than how the participants explained it to me. At all times I attempted to use the language of the participants and allow their voices to be dominant, but I did bring a bias to the research in having a preconceived view of how I think CSR and corporate giving is practiced.

The issue of voice in qualitative research is critical. I took an interpretive approach to the research, wanting more to understand how the participants create meaning about CSR and corporate giving rather than force my views of CSR and corporate giving onto my participants. I cannot presume that my own meanings are the same as my participants' meanings; however, I inevitably imposed my own meanings on their language simply by conducting my data analysis.

Reality is subjective from my interpretive approach. Nothing about the research is inherently true—it is subject to the interpretation of others. Through self-reflexivity and thick description using the language of the participants, I attempted to establish the authenticity of the research. In the end, I share the privileged voice in this research with my participants: in this thesis, my own voice is dominant at times, such as in my discussion, and at other times the participants' voices are dominant, such as in the findings.

Interpretive qualitative research is subjective, and in this section, I have described some of the biases I brought to the research and reflected on myself as the instrument of research.

Institutional Review Board

The study received expedited review from the IRB, as the interview participants are not members of a vulnerable population and the data sought are not sensitive or confidential in nature. The IRB approved the study on January 5, 2006.

Summary of Methods

This section provided an explanation of qualitative research and in-depth interviews. It also explained how I collected and analyzed the data, and how the participants were identified. Finally, I discussed issues of reflexivity in this study and the Institutional Review Board. In the following chapter, I will present the findings of the research.

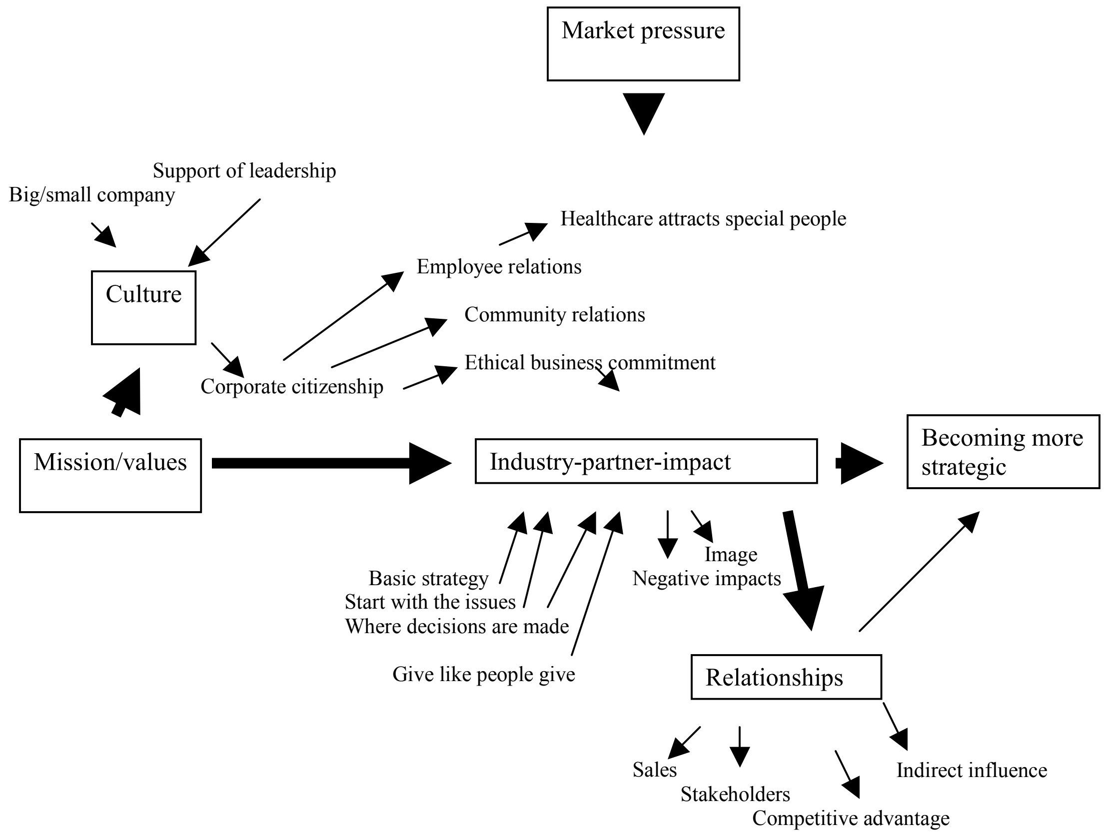
CHAPTER IV
FINDINGS

Through eleven interviews with healthcare executives, several themes began to emerge from their perceptions of CSR and corporate giving at their organizations. In this chapter, these findings are presented using the voices of the participants to illuminate the perceptions of healthcare executives. Some findings are more evident than others in that more participants spent time explaining their thoughts in specific areas. The findings are concentrated around the topic of corporate giving, though findings also emerged related to the general practice of CSR. Most importantly, executives agree that there is often a strategic business objective to corporate giving, and they perceive corporate giving to be a component of the CSR commitment of the organization.

Emic Codes

As described in the previous chapter, emic codes emerged from the participant responses. As a first level of data analysis, 24 emic codes emerged regarding executives' perceptions of CSR and corporate giving, and I mapped these codes as displayed in Figure 1 to help visualize how the codes connected to each other.

Figure 1. Emic codes.



Once I had 24 emic codes, I went back through each transcription and copied the data matching to each code into a table representing all the data that fit with that code. I therefore had 24 tables, organized by participant, with all of their quotes that fit with that particular code.

These emic codes are the main themes that emerged from in-depth interviews with participants. As is depicted, the major themes included the mission and values of the company, the culture, the notion of staying within the industry to build partnerships and make an impact, relationship building, the reality of market pressures, and the agreement that CSR is becoming more strategic. These major themes are connected in a somewhat linear fashion in that the mission, values, and culture of an organization form a foundation to support corporate giving functions (including giving within the industry and giving to bolster employee and community relations), which in turn helps a company build relationships with stakeholders, and finally move towards a more strategic approach to CSR.

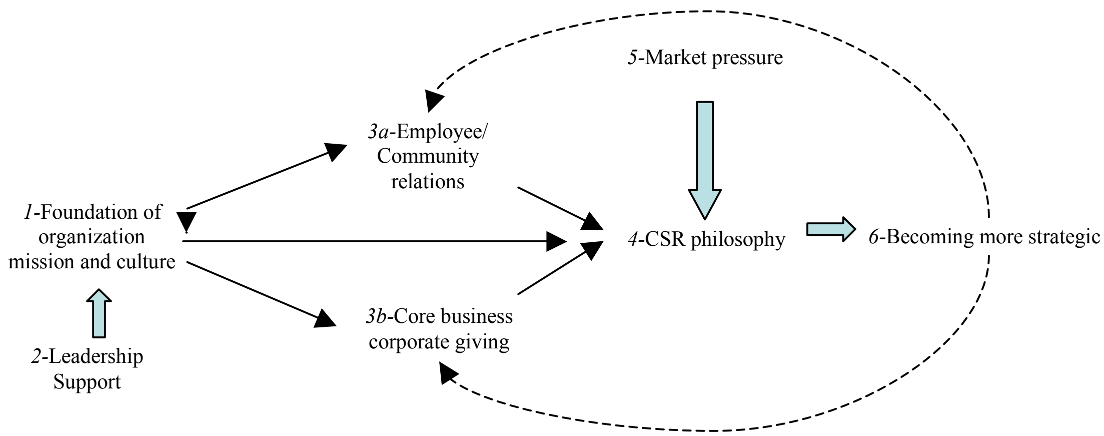
Several subthemes support the major emic codes. For example, employee and community relations are related to corporate citizenship, which is a component of an organization's culture. Basic strategy and decision-making for corporate giving is related to how an organization approaches giving within the industry to build partnerships and make an impact. Finally, sales, competitive advantage, and stakeholder management are some of the subthemes that support the major theme of relationship building.

These emic codes represent how participants talked about CSR and corporate giving. As I discuss in the next section, I collapsed these codes to form etic codes that allowed me to make more comparisons between participants and look more closely at the relationships between the major themes that emerged in the research.

Etic Codes

After sorting through my data and its relationship to the emic codes, I studied the resulting data tables, reading through each table several times. At this point, I began to sketch the etic codes that represented my interpretation of the data. As suggested by Miles and Huberman (1994), I made reflective remarks during the coding process, which are observational notes I wrote while reading through the data. I also made marginal remarks while coding—these remarks are more analytical in nature and served as clues for how the data come together to form meanings. These notes eventually helped me to form the etic codes by which I interpreted the data. At the end of the data reduction process, I had seven etic codes through which I interpreted the data. Figure 2 represents these etic codes and the interconnectedness between them based on my interpretation of the data. Developing the etic codes allowed me to make comparisons among the data.

Figure 2. Corporate giving process model.



The tables I made to capture data into the emic codes are a form of data display, as are Figures 1 and 2. I also made tables based on etic codes, and listed quotes from each participant that supported the etic code. Another table I used for data display can be found in Appendix IV, which charts the strength of the findings for each participant.

These forms of data display allowed me to better understand the data and interpret its meaning. As previously mentioned, data reduction and display are concurrent processes, and I continued to go back and code data as I made displays to help interpret its meaning. I also began drawing conclusions during these processes.

Findings Overview

The most important themes emerging from the research and how those themes are interconnected are described above in Figure 2 and then explained in more detail throughout the chapter. A brief explanation of the figure is offered here.

The figure is labeled as a process model of corporate giving. As evidenced in the emic codes from which this process model developed, participants described corporate giving and CSR in a linear fashion. This linear description lends itself to the notion of an actual process a company might go through to think about its approach to corporate giving, and in turn, its approach to CSR in general. I offer the following description of the corporate giving process to illustrate the relationships depicted in Figure 2.

As participants discussed their perceptions of CSR and corporate giving, it became clear that the mission and culture of the organization formed the basis for how the company approached its CSR and corporate giving initiatives (1). Participants also perceived leadership support to be a key component of reinforcing the mission of the company and sustaining the culture of the organization (2). An important relationship emerged between strong leadership support and a strong mission and culture of an organization. The first part of the corporate giving process model depicts the necessity of leadership support to reinforce a company's mission and culture.

It also became clear that the mission and culture of the organization (reinforced by leadership) set up two different ways in which companies approached CSR and corporate giving. The first approach (3a) relates to how companies use CSR and corporate giving to improve employee and community relations. The second approach (3b) relates to how companies use CSR and corporate giving to enhance their core business. All participants said that their companies take both approaches to corporate giving: some giving resources are put towards the first approach of improving employee and community relations, while other resources are used to bolster the core business of the company. The corporate giving process model shows that both of these approaches are functions of the mission and culture of the organization.

The next part of the process model shows that both approaches to corporate giving, as well as the mission and culture of the organization, define part of the organization's overall CSR philosophy (4). The overall CSR philosophy also includes the participants' perceptions of the ethical business commitment of their companies and the general social responsibility expected of the organizations. Because this is a corporate giving process model, those other dimensions of CSR are subsumed under the general CSR philosophy rather than being explicitly depicted.

The general CSR philosophy—which is in part defined by the two approaches to corporate giving and the mission and culture of the organization—is greatly affected by the market pressures (5) bearing on the company. Market pressures include the expectation from shareholders that a company think strategically about every dollar it spends; market pressures also include the state of the industry, current economic conditions, and myriad other factors that comprise the market conditions under which the company operates.

After going through this process—from a foundation of mission and culture, through two approaches to corporate giving that partly define the overall CSR philosophy of a company, and finally realizing the market pressures that force reality upon a company, we come to the end of the process. The model depicts the participants' perception that their companies' approach to CSR is becoming more strategic over time (6). As described in the following findings, it is becoming more strategic because of the realization that corporate giving can be a strategic tool for a company to improve employee and community relations and bolster the core business of the company. The realization of the strategy behind this process—and the subsequent realization of the benefits it can provide the company—move the companies into a more strategic realm of corporate giving. As they move through this process, they become more strategic because they realize the benefits of being strategic. It is a linear process, but it is one that continually cycles through itself. In becoming more strategic, the process feeds back into the corporate giving decisions related to employee and community relations, and core business corporate giving.

This section provided a summary of the findings as depicted in the corporate giving process model. The following sections will present the findings in more depth. In the final chapter, the implications and meanings of these findings will be discussed.

Foundation of mission and culture

The mission and culture of the organization provide a basis from which to approach CSR and corporate giving. Seven of the participants discussed the mission of their organizations and how it relates to corporate giving and CSR. They explained that in tough situations, where difficult decisions have to be made, keeping the company's mission in mind helps to guide decision-making.

John, president of a U.S.-based global medical technology company, said a simply stated mission helped all employees think quickly about whether or not a giving initiative would be appropriate for the company. If the initiative helped people live healthy lives, then it was adequately aligned with the mission and therefore appropriate. "A company has to be very clear on what its purpose is, and if it does a good job defining its purpose, it will help you manage virtually any and all activities that you happen to be pursuing... It's so simple."

Catherine, Senior Vice President and Chief Compliance Officer of a UK-based global specialty pharmaceutical company said giving must be connected to the mission.

> Maybe we could go plant trees on a local soccer field or something. But is that really connected to what [our company] is about? Let's come up with a framework of how we're going to think about giving, so we're not just kind of flying around throwing little bits of money at little projects that are maybe not completely meaningful to the people who get them.

Danica, Director of Media Relations for a U.S.-based global pharmaceutical company, said that giving to healthcare causes speaks to who the company is at the core. "We are a global healthcare company. Public health is—it's our mission." Garrett, Senior Vice President of Sales and Marketing for a U.S.-based biotechnology company said his company believes in adhering to its values because they are "the glue, the fabric that holds companies together in tough times." He said those same values help drive corporate giving. Other participants echoed these sentiments of relying on the mission of the company to guide business decisions, including those about corporate giving and CSR.

Participants also talked at length about the importance of corporate culture guiding the business itself, and in particular their stance towards CSR and corporate giving. Stories about employees volunteering in Hurricane Katrina relief efforts or volunteering their time at clinics in Africa built a narrative within the companies that supported the organization's culture and helped link the culture to the company's mission of providing healthcare—not just with commercial products, but also through CSR.

Three participants—two from the two smallest companies and one from the largest company included in the research—cited the values of the company's founder as a driving force of the organization's culture. Part of the founder's philosophy explicitly included giving back to society, and the mission to give remains ingrained in the culture of the company. Referring to the founder, Daniel, Vice President of Business Development for a U.S.-based mid-size pharmaceutical company said, "She [the founder] is someone who, just by her character, her integrity, the way she lives her lifestyle, she is just a very generous person. So this company has kind of been formed in her own image."

John's company sent 10 employee volunteers to Africa to work at an HIV clinic for 10 days. The employees communicated the poor conditions of the clinic, and the company donated more supplies and financial support. "The whole place was energized by this." The employee volunteers came back and gave a presentation with pictures from their work in Africa. "This little momentum…builds. There is something exciting about communication and awareness of what's going on. Everybody in this company who's ever got on our website knows we did this."

This section discussed how the mission and culture of an organization provide a foundation on which approaches to CSR and corporate giving are often based. The following section will discuss the importance of leadership support for this foundation.

Leadership Support

Leadership support for the organization's mission and culture emerged as an important theme during the research. Eight of the participants discussed the reinforcement of mission and culture provided by the leadership of the company. They said the support of leadership helped instill the spirit of giving back throughout the company. Ben, Senior Director of Media Relations for a U.S.-based global pharmaceutical company, talked about the importance of the CEO's role in being "directly involved" in giving initiatives. Danica, Director of Media Relations for the same company, said, "Things happened [giving efforts] because there is a commitment, and that commitment starts at the top." In reference to the company's Hurricane Katrina efforts, she said the CEO "picks up the phone himself, makes calls as we're working through the reconstruction on the ground there, reaching out to other companies…it comes from the top."

Garrett, Senior Vice President of Sales and Marketing for a U.S.-based biotechnology company, explained the importance of leadership respecting the days the company set aside for employees to do community service projects.

> Senior management is expected to be visible, by company meetings and rolling up their sleeves and walking the talk. If we are going to have a work day, we are expected to be out there. Two things: we are supposed to be out there helping; we are also not to be scheduling important meetings on those days so we don't give our employees a mixed message. Okay, so the words to the music have to match.

Sally, Vice President of Commercial Operations, at the same biotech company, said a commitment to CSR and corporate giving is "driven from the top."

With a general agreement that support for the mission and culture comes from the leadership of the organization, participants discussed the different ways in which decisions are made regarding CSR initiatives, including corporate giving, and how that is related to leadership support of CSR generally.

The eleven participants in this research represented seven companies. Out of those seven companies, five have departments designated to make corporate giving decisions, and two have cross-departmental committees set up to make these decisions. John, President of a U.S.-based global medical technology company explained that while "senior managers are in no way disengaged," no senior managers sit on the committee that recommends giving initiatives for the company. The CEO ultimately makes the final decision whether to give or not, but "It used to be kind of a top-down thing, in other words so-and-so is on the symphony so let's give money to the symphony. We don't want the top-down self interest thing in any way to be superimposed on the direction that the organization takes." Participants whose companies had a department in charge of corporate giving decisions said it helped decisions to be more centralized. All participants indicated that big giving decisions ultimately needed leadership approval.

This section discussed the importance of leadership support for the organization's mission and culture to thrive. The following section discusses the first of two approaches to CSR and corporate giving as they emerged from the research. The first approach relates to employee and community relations.

Employee and Community Relations

Executives discussed the strategy behind corporate giving and CSR in two ways: the strategic importance of enhancing relationships with employees and the community, and the strategic importance of using corporate giving to bolster the core business. In this section, I will present the findings of the first approach: employee and community relations.

Healthcare attracts special employees. To begin, nine of the eleven participants talked specifically about how healthcare companies attract special employees: people who work in healthcare have a proclivity for helping society. "A lot of people who work at pharmaceutical companies come here because they feel like they are doing something good. They are curing disease or extending life, and that makes them happy to come into work each day, as opposed to coming in and making widgets." (Karl, Vice President of Planning and Contracting). "They could be out there making widgets or selling shoes, but they chose to be in the pharma industry for a reason" (Daniel, Vice President of Business Development).

Therefore, healthcare companies must engage in CSR and corporate giving because employees expect it. "I think people expect you to be giving. Employees do" (Catherine). Employees want to feel good about their company. "Their individual souls are such that they would want to work for a company that had a responsible corporate giving program" (Daniel). Linda, Vice President of Global Corporate Affairs, agreed. "I think it attracts a certain kind of individual who's into betterment for the greater good of others. And I think that's why there's this commonality among our employees that is so nicely married with social responsibility, giving back, because that's what we want to do."

Employee Relations. The importance of good employee relations quickly became evident: every participant spent a great deal of time discussing the topic. In particular, all eleven participants acknowledged improved employee relations as a strategic benefit of the organization's engagement in CSR and corporate giving. John (President) talked about the energy it creates within the company, referring to it as "employee engagement." His company sent 10 employees to Africa to work at an HIV clinic.

> People get a charge out of this! They feel good about it! They packed the auditorium when they came back from Zambia. There are 300 and some seats down there and you couldn't get in there. People were standing in the back. They wanted to hear about this. When I go down to do my business update, I'm lucky if I can get 200 people. It's just a fact. It's not a criticism but it just shows you what engages people. You know the average person who comes to work here doesn't care about my earnings last quarter. They care about that in the context did we do some other things with that, and boy they get excited about it. So I think it's the thing that we are really trying to build around here.

Daniel expressed a similar sentiment—making employees feel good is a benefit of corporate giving.

> People want to feel good. Our CEO, our new CEO, when he had his kickoff meeting said, "I want this to be the kind of place that people skip to work." He was being a little silly, but I think the idea is, I want to feel good about coming here… So I think we do want people to feel good about working here; and that's one of the reasons that we do some of the things, I'm sure, we do from a corporate giving standpoint.

According to all participants, employee morale is an important motivation to engage in CSR. "We use it as a morale booster and a rallying point for our employees… Employee morale, it's terrific. And you get to go to bed at the end of the night and know that you've done the right thing" (Linda, VP, Global Corporate Affairs).

One participant, Sam, Senior Director of Government Reimbursement and Policy from a U.S.-based global pharmaceutical company, said that not only does corporate giving help employees feel good about the company, but it creates an opportunity for employees to carry out public relations for the company. "We feel that our best resource for public relations is our own employees so that people see what we're doing in the communities."

Employee volunteer time is also celebrated by all of the companies involved in the research. Danica's company is sending her to work for three months at the World Health Organization, donating her time and talents for World Health Day. The company will continue to pay her salary and cover travel expenses. At John's company, where they sent 10 employees to work at the African AIDS clinic, he said almost 400 employees applied for the 10 spots to go to Africa next year.

Participants felt strongly that engagement in CSR and corporate giving improved relations between the organization and its employees. Participants also perceived CSR and corporate giving to improve an organization's community relations. The next section will discuss this perception.

Community Relations. In addition to improving employee relations through corporate giving and CSR initiatives, companies also look to improve relations with the communities in which they operate. All eleven participants cited improved community relations as a benefit of CSR and giving initiatives.

> There is a—just a general philosophy that if you're a large and successful company you should have programs that give something back to communities. There is a publicity aspect to it. I mean, there's a selfish aspect to it in that we do try to get recognized for some of it because we think that that

> sends a positive message to the communities where we operate, as well as to our employees. (Ben, Senior Director, Media Relations)

All the companies engaged in local giving programs, and all related to the image the company garnered in the community. “Things we do locally are more to have a positive image within the communities that we work and live in” (Daniel, VP, Business Development).

Participants also talked about supporting the community that supports their business. Ben, Senior Director of Media Relations, explained:

> You operate at the will of the communities you live and work in and part of, I think, most companies in the United States, certainly most large companies, feel that they have to just as a part of their…ability to operate, they have to give something back to the communities in which they reside or serve.

Supporting communities is also important because “it’s good to be a good neighbor” (Catherine, SVP and Chief Compliance Officer).

Having established improved employee and community relations as a perceived strategic benefit of CSR and corporate giving, I now consider the second approach to CSR and corporate giving as it emerged during the research. This relates the use of CSR and corporate giving to enhance the core business of the companies.

Core Business Corporate Giving

Participants discussed several ways in which corporate giving specifically benefits the core business. Findings presented in the following sections—as related to core business corporate giving—include the motivations behind corporate giving and why giving within the healthcare industry provides strategic benefits for healthcare companies. Findings encompass the cycle of opportunity that occurs when companies give within their industry, build partnerships and make an impact through corporate giving. The gains and benefits of corporate giving are also presented, including competitive advantage, indirect influence of stakeholders, relationship building, the effect on sales, and corporate image. Finally, I present findings about basic corporate giving strategy and the possibility of negative attention resulting from corporate giving initiatives.

Motivation. To begin, executives discussed the motivations behind corporate giving programs. All participants agreed that corporate giving often has a strategic business objective, but they also all emphasized that while a company may hope for a return on its giving, a return is not fundamentally expected. Daniel (VP, Business Development) explained it this way:

> It's a grant. It's not a loan. We give it without expecting a return. So part of the definition has to be that while we may have motivations like social responsibility or profit motive or whatever, in the end, corporate giving has to be an emphasis on no strings attached as opposed to a contract we sign with somebody… We may hope certain things happen but we certainly send it out with the expectation that it's not coming back.

All participants communicated a feeling that companies should be honest about their intentions for corporate giving. Doug, SVP, Research and Development, was the most vocal about the need to recognize the basic motivation of corporate giving.

> So, if Merck [not a company interviewed for this research] wants to give a hundred million dollars to help underprivileged children in Africa, the money goes there, that's wonderful! Are they doing it because they are in trouble now and they want to get their name better out there? It's okay with me as long as you recognize that, that they are doing that for that reason, or in part for that reason.

Most importantly, all participants communicated that while it is important to be honest about intentions, there is nothing wrong with a company expecting its corporate giving initiatives to provide some benefit for the company. "Corporate giving and getting? Well, I don't see corporate giving as writing a check and saying goodbye. I mean the truth is, we are in a business. We're not ashamed of that. We're proud of that" (Linda, VP of Global Corporate Affairs).

The Cycle of Opportunity

A "cycle of opportunity" (John, President), emerged as a key finding that links the notion of corporate giving within the healthcare industry to building industry partnerships and therefore making more of an impact on the cause a company supports and the benefits for the company itself. The cycle of opportunity, discussed at length in the following chapter, demonstrates that a strategic approach to corporate giving can bolster the core business of a company.

Stay in the industry. All participants discussed the strategic benefit of corporate giving programs being aligned with the healthcare industry. Staying in the industry provided more strategic benefits than giving that was not aligned with the healthcare industry. Therefore, all companies interviewed gave the majority of corporate giving funds to healthcare-related causes.

John (President) said healthcare is an easy thing in which to engage and therefore it makes sense to stay in the industry with corporate giving:

> Healthcare is an interesting thing, it's very easy to engage. I do think it's a little harder when you want to support the symphony because somebody says well, I'm not into classical music and somebody else says they are. You know, let's list the people who are into helping a child who's going to die today. So we've got a little bit of a natural kind of tailwind that goes with healthcare and I think facilitates this.

Karl (VP, Planning and Contracting) said it is about staying in the industry and aligning giving with the mission.

> Because our business is healthcare and curing people and extending life, so I think they try to stick with our mission. You know, if we were a tobacco company, charitable giving would be something very different from what the

core business was. But with healthcare it's a little easier to have charitable giving that lines right up with what you do for business.

Linda, Vice President of Global Corporate Affairs, agreed with the need to align giving with the healthcare mission.

> There's definitely alignment with our mission. You know, if we had limitless money, yes, we'd love to give to every disease. But since we don't, and since we're not even a profitable company yet, we're very specific and careful as far as how we donate, and that's been our philosophy thus far.

No corporate giving budget is limitless. Catherine talked about the importance of using the money in a focused way. "So, you've got so many dollars, where are we going to focus them? Well in the disease areas where we're doing business because our employees are interested in that, too. Our shareholders are interested in that." All participants expressed a desire for corporate giving to be connected to the core business of the company.

Ben, Senior Director of Media Relations, described that several forms of his company's giving ultimately supported healthcare:

> We are very focused on healthcare kinds of philanthropy, like AIDS programs in the U.S. and then in Africa. We're also focused on programs that promote scientific—people going into scientific areas or math areas because they are the people who come and develop drugs. So, we, you know, we have a scholarship for medical journalism. Again, it's focused on the medical aspect. So, I think…much of its giving is very targeted and very strategic.

Staying the industry also makes sense because "it's like they have a need; we have an expertise" (Danica, Director of Media Relations). All participants cited an expertise in healthcare allows them to give a special kind of support to healthcare needs through corporate giving programs.

> Where there is strategy, I think that we focus on where our expertise is. We are a healthcare company. So in our giving, those are the types of things that we support. We support science education and we support programs that promote global healthcare, and that's who we are. (Danica, Director of Media Relations)

Sam, Senior Director of Government Reimbursement and Policy, concurred. His company markets several HIV treatments, and therefore much of their “corporate benevolence” is geared toward developing countries where the AIDS epidemic is rampant. “Because we have those products in our portfolio…because again it’s very focused on our areas of expertise, we’re not trying to be philanthropic in areas that we don’t know.” Product alignment and topic expertise provide strategic direction for corporate giving.

Participants’ corporations do not just give to any healthcare-related cause. They target corporate giving to specific healthcare causes as they relate to the products of the company. “Why would I give to, I don’t know, the Arthritis Foundation, when all of my shareholder money and my research dollars are in cancer? You know, it makes sense” (Linda, VP of Global Corporate Affairs). Garrett (SVP of Sales and Marketing) talked about a pharmaceutical company he worked for in the past. While he wanted the company to support an epilepsy foundation, the company agreed with the good healthcare cause, but ultimately the company did not have an interest in that area because it was not developing treatments for epilepsy. Garrett said the company wanted to use corporate giving funds for diseases that were more aligned with its business. “That’s a hard thing to argue with because there are a lot of worthy things, you’ve got to pick.”

Partnerships—a *goal of corporate giving.* All participants agreed that companies derive a strategic benefit from corporate giving when they focus their giving on the healthcare industry—staying in the industry creates a cycle of opportunity. Seven participants took the notion of staying within the industry to the next step specifying that establishing partnerships in healthcare is a strategic business objective of corporate giving. Partnerships create long-term opportunities to provide resources to a trusted group and build relationships that are more valuable than a simple one-time cash donation to a cause.

John's company even uses the term "partners" to refer to the group of nonprofit organizations to which it lends supports through corporate giving. "I think it's a pretty interesting approach again we've taken where we look at large public organizations focused on healthcare and we determine if there is a mutually beneficial way for us to partner with them and pursue any specific topic." He explains that through partnerships, more can be done than simply donating money.

> We have a good understanding of the issue. So rather than just being able to send money or ideas or people, we can also engage with people on what else could be done…the trading of insights and ideas and opportunities to really make a difference is accelerated.

Karl supports partnerships as long-term giving commitments. "The long term is the stuff that matters. You can't really plan around short term contributing. So what matters is that you keep doing the same thing over and over and over again so the same people can rely on your money."

Partnerships bring strategy and therefore benefits to otherwise untargeted giving. For example, Ben talked about his company's Hurricane Katrina relief efforts. Instead of just writing a check, his company identified areas where they felt their expertise could help build a long-term partnership in the area. They donated money to rebuild hospitals. "We identified some areas that we felt we wanted to contribute to that would have long term benefits, long after just feeding and clothing people next month. They'd have a hospital for years from now to train medical professionals to be able to serve in the long term."

Danica said "partnership is key theme for us." Going back to Hurricane Katrina relief efforts, her company set up partnerships with pharmacies in the Gulf state region to reimburse them for drugs they provided to evacuees who had prescriptions for the company's medicines. "We focused on partnerships; so with everything that we've done in this relief effort, again, it was partnerships, partnerships, partnerships."

Linda described her company's support of third-party patient advocacy groups, emphasizing the partnership her company had with those organizations rather than solely focusing on a marketing-based interaction with them. "They depend on us not only for funds but also for information, for access to other types of resources. And so it's more a partnership." She also talked about how her company positions itself as a partner:

> We're not just throwing around money. And I've seen other companies do that. They'll, like, write a million dollar check and think, "okay, well, now I own that organization." Maybe it does work like that in some places. It doesn't here, at least not with the oncology group who I've been working with. And we don't have a million dollars to write a check! So, we like to position ourselves more as partners and colleagues as opposed to, you know, "here's your money."

Sam also talked about the importance of partnerships as doing something more than just handing over a check. His company set up a hospital in Africa.

> If we helped build the infrastructure, you've heard the saying, "Give a man a fish and he'll eat for a day; teach him how to fish and they'll eat for a lifetime," and I think that's really what we tried to do. You know, you could give them something, but that would only meet their immediate [need]; if you helped them develop the infrastructure for healthcare, then you were going to help them to be self-sustaining.

Impact—the result of industry partnerships. Strong partnerships make an impact. Four participants communicated the ability of healthcare industry partnerships to make a large and important impact that would otherwise not be realized. John described the link between partnerships and impact: "The partnering piece is probably the piece that's been the most critical because it really allowed us to, again, have the surprisingly larger impact that we thought we might be able to have." He also described his company's focus on healthcare causes in developing countries, because helping kids in Africa with neonatal tetanus (a disease for which his company has a treatment) is more impactful than giving money to well-funded cancer initiatives in the developed world. "The ones we decided to do tend to be pretty impactful to people in healthcare."

Ben agrees. "If you don't target it you don't necessarily have a real big effect on anything… It's [corporate giving] very selective and we're giving to programs we think can make the most difference." He likened it to the giving strategy of the Bill and Melinda Gates Foundation. "They are picking areas of interest where they think they can—that giving twenty million dollars will have a dramatic effect. There's so much money that could be thrown at so many—I mean, AIDS, you could throw hundreds of billions of dollars at that problem and not solve it."

Garrett said his company prefers to make a long-term commitment to healthcare nonprofits. "I think that those types of programs probably have a longer impact than just the one-time donation for hurricane relief." Danica said her company wants to end trachoma, and the company provides the medicine to do so throughout Africa and Asia. The company looks at "reach" to determine the number people impacted by a corporate giving program, and bases its decision to provide funding on that measurable impact.

Benefits of Core Business Corporate Giving

Participants discussed the benefits of a strategic approach to corporate giving to bolster the core business of a company. Competitive advantage, the indirect influence of key stakeholders, relationship building, effect on sales, and corporate image are important considerations when determining strategy in corporate giving.

Competitive advantage. None of the participants perceived corporate giving as a concrete way to absolutely secure competitive advantage. Five participants, however, said that corporate giving does help gain access to certain groups, establish relationships, and can help with public opinion. Whether these benefits translate into direct competitive advantage: "that's a hundred million dollar question" (Ben). Linda answered this question by saying, "Well, if you look at relationship building as competitive advantage, and I do, then absolutely, yes [corporate giving creates competitive advantage]. Absolutely, and anyone who tells you 'no' is not telling you the truth."

Ben explained corporate giving's ability to help capture the attention of an audience.

> Certainly if you go into a meeting with the FDA and they have a favorable view of you based on some of the things you're doing that they believe in and in addressing healthcare issues, they are going to look more favorably on you than they would otherwise. Does that mean they're going to approve a drug that shouldn't be approved? No. But, it may mean that you get an audience to talk about the drug when you might not otherwise… There are benefits, I think, but I don't know if that ever gives you a direct competitive advantage.

John also talked about access. "These things don't win you business. But I do think they win you, a lot of times, access and maybe the chance to speak—to talk—to really senior healthcare decision makers around the world who are aware of the work that you've done." Sally discussed competitive advantage resulting from corporate giving improving the reputation of a company. "I think in instances, for example, like J&J and Merck, it probably at least creates a view of people of the company and what they stand for, so I think it could. I think it could help."

Indirect influence. While participants did not see corporate giving as creating *direct* competitive advantage, five did talk about more indirect ways of creating advantage through corporate giving. Five participants also talked specifically about the importance of corporate giving in a business that relies on indirect influence to market products.

> You know, it's [corporate giving] one of those tawdry things that you never hear people talk about it directly affecting the bottom line; but we're in a business-influenced management…. Here, we're in the business of intermediaries where it's a doctor that decides what drug you get prescribed… There is actually a legal barrier there that we can't influence directly the patient or only under very limited circumstances. So anyway, it's a different kind of business in that we're used to indirect influence…Do we think about who we spend our money and corporate giving and social responsibility in terms of how it may influence something in the future that could benefit us, the answer is yes. (Daniel)

Catherine discussed corporate giving as a way to garner indirect influence, but concentrated on not crossing a line that interferes with making the right decision for an individual patient. "If you give money to the patient advocacy group, is that bad? And my point is, only if it's going to start to interfere with the independent decision making of a physician with respect to that patient."

Sam said his company is aware of the strategic importance of corporate giving's ability to indirectly influence important constituencies. "We probably gave away close to fifty million dollars worth of product last year, and by doing that we know strategically that sits well with legislators, that sits well with policymakers."

Relationship building. Relationship building stands out as one of the principal strategic benefits of corporate giving. Ten of the participants cited relationship building as the *most* important benefit of corporate giving as it is related to bolstering the core business of a company. While no one said corporate giving directly contributes to the bottom line, ten said relationship building is a strategic business goal of corporate giving. Participants talked about the benefit of contributing to the "top line" (John), building trust with partners, and coming closer to patient, physician, and government stakeholders.

John explained his perception that corporate giving contributes to the top line of a company by building relationships that pay off in the long term. He refers to contributions to the "top line" as strategic initiatives that will, in time, contribute to the bottom line because they improve the performance of the company in some way.

> I think they contribute to the top line. And the point is with the kind of programs that we are talking about here and the way that we manage this, we are trying to work with people on new products, new ideas, major healthcare problems, these programs obviously are not profitable but they do tend, over time, to generate some additional sales around the world that you may or may not have gotten… Just continuing to think about the rest of the world as a key to your long term growth performance and the products you bring to the market, that's a plus.

John's company engages in corporate giving in much of the developing world as part of its global growth strategy. "Most of the strategy is based around relationships and the ability to make important, if you would, connections around the world… those are just good business relationships to have."

Danica said her company uses corporate giving to build relationships that create trust between her company and its partners. In finding partners to give out free drugs, "these were organizations that we've worked with, we have relationships with, so we know how they work. We know that they have resources on the ground. We know that they are plugged into distribution channels on the ground and know how to receive medicines and get them out."

Linda thinks corporate giving to patient advocacy groups brings the company much closer to the patient and allows the company to then better serve the patient. "We're really able to get better understanding of what issues they're facing." She also said the company is not looking at how much money they are giving to these groups, but what kinds of relationships they are building.

> It's not per dollars spent, by the way. It's per relationship…I mean, like in anything in life, it's no different in business. It's the same thing all around. It's all about, it's who you know, what you know, it's being able to bounce an idea and call you up and say, 'hey, do you think patients would go for this? Is this something where there's a need for this?" versus me doing a thousand focus groups and they trying to sell it in.

Garrett also sees corporate giving as building relationships that bring a company closer to its stakeholders. "There's a benefit to giving away drugs because again, we are interacting with physicians…it's not a huge cost and it's kind of the cost of doing business." He said many companies will sponsor charitable golf outings because "the company gets put in a positive light and perhaps some of your executives get to play golf with these people, so there's a relationship established."

Direct commercial interest. Ten participants discussed in some form the connection between corporate giving and direct sales. John said that generating products sales as a *benefit* of corporate giving initiatives is good, but sales generation as a *purpose* of corporate giving initiatives is disingenuous.

> If the expectation is that the proper selection of a problem, the allocation of resources to solve that problem ends up being a positive impact on the problem in terms of outcome and then as a secondary outcome, generates additional sales, that's fantastic. That's good…we are not naïve here; if we get some more sales from UNICEF or somebody, great. But it's not the reason to do it. But if the reason to do it is to primarily generate sales and maybe along the way we'll have a positive impact, these are very different strategies. (John)

Catherine talked about the need to at least perceive corporate giving as being separate from commercial interests, and agreed with John's view that sales should not be the primary reason for giving. "To say that there can be absolutely no commercial interest at all is so naïve… [corporate giving and commercial interests] are perceived as being somewhat separate… you're doing this because it's the right thing to do, not because you think you're going to get more scripts [prescriptions] at the end of it."

Karl said that corporate giving can cause lost sales. "I mean it's viewed two ways. One is 'we're giving away free drug,' and the other way is, 'we're giving away free drug,' so you have the feel good side of it and the other side is hmm, were those lost sales?" Ben thinks sales can be affected by corporate giving, but not by much because "philanthropy is not going to be as targeted as marketing is." Linda agrees, "If you do it [corporate giving] as a sales technique, I don't think that's really corporate philanthropy or giving. I think that's a fancy way of saying, 'marketing dollar.'" Garrett does believe corporate giving is used in place of traditional marketing and advertising techniques at times, but mainly from the standpoint that drives "access or awareness or recognition without a direct financial benefit to the company that you can measure."

Corporate image. In addition to relationship building and commercial benefits, nine participants cited corporate image as a strategic benefit of corporate giving. Image is especially important in the pharmaceutical industry because of the negative publicity companies often receive.

> One of the selfish motivations is anything we can do to enhance the image of the industry; and the company, being part of that industry, is just a natural because we're always subject to the next *60 Minutes* episode on why drugs cost three cents a pill and they charge $50. So the industry, just in general, has an image perception challenge… any things we can do from a responsibility standpoint offset that—or help buffer that a bit. (Daniel)

Doug said no matter what philanthropic causes a company might be involved in, "You can make an argument that even at that level you're doing it because it has a positive spin back on your company." He believes that all corporate giving has a selfish motive, even if it is for an incremental boost to the corporate image.

Sam's company was one of the first to donate a large amount of money to the Hurricane Katrina relief efforts.

> It was more of a corporate front, meaning to show we need to set the example… You lead by example and I think that [our company] was looking to be a leader in trying to meet the needs… So if you have a good public position, or you're seen as a good figure in corporate media, then you absolutely get the benefit of that, I mean that helps you.

He explained that it was not just about helping an area in need, but in positioning itself as a corporate leader for the benefits that would lend to its corporate image.

So, Is There Strategy or Not?

The previous section discussed the benefits of strategic corporate giving, and participants all agree that to a certain extent their companies *are* strategic about corporate giving. Their perceptions of the level of strategy behind their companies' CSR and corporate giving initiatives varies. Daniel said, "there's very little." Ben said his company's corporate giving is "very targeted and very strategic." Linda said, "sometimes, yes. And there has to be." For Garrett, it depends, "Depending upon the type of initiative, there might be more strategy behind it than another initiative." Sam said, "I think there is a good deal of strategy behind any of our benevolence programs… There's absolutely a strategic business goal." The bottom line is that corporations are giving resources to society, and as Karl said, "I don't care what motivates people. All I care about is what they do."

Negative attention

If there is strategy behind corporate giving, then corporations must face the music when their efforts are perceived as less-than-honest.

> The only harm is that any benevolence is taken out of context, and so if it is taken out of context, it is seen as being too strategic, then it could be harmful for manufacturers. But then again as a manufacturer, we're here for the long run… they're not going to stop giving, I mean, because of bad press associated with perception, or you know, people taking it out of context…. We can always be seen as too strategic in our giving, and it not being looked at in sincerity, you know. (Sam)

Daniel agrees that questions of insincerity should not hinder giving. “So there is always going to be skepticism about corporate giving that I just think comes with the territory, and we should neither let that scare us away or deter us… I don’t see it deterring us or really changing our strategy simply because people may question whether we have other motivations.”

Having presented the findings related to using CSR and corporate giving to enhance the core business of the company, I will now present the findings describing CSR philosophy of the organizations as perceived by the participants.

CSR Philosophy

Previous sections discussed how the foundation of a company’s mission and culture feed into two approaches of thinking about corporate giving: an employee-community relations approach, and a core business approach. These approaches meet when executives discuss the basic CSR philosophy of their companies—including how they personally define CSR and corporate giving, and how they see it as similar to personal giving.

Corporations give like people give. Four participants discussed that corporations are not much different from people when it comes to decisions about giving. Catherine said, “I think it’s really not all that different than the decisions that you go through personally about where you’re going to give. And you end up giving to things that you’re somehow connected to…things where I feel like it’s going to make a difference in something that I care about.”

Doug explained that personal motivations for giving are similar to corporate motivations— that there is an image or recognition component that sometimes drives giving. “When someone donates $10 million to put—start a new building, they are doing it because they think it is a great cause but their name is also on the building and that gives them some benefit there as well.” Daniel expressed a similarity in a person and a corporation having a conscience. “It’s an interesting thing to see an entity like a corporation almost have a consciousness…and are we a collection of souls here or just an entity that’s there to drive profit and bottom line?”

Definitions of CSR. Ten participants defined CSR as doing something to enhance the environment in which their company exists. John defined that environment as healthcare. “We are a healthcare company so we look at major healthcare issues and the question becomes what responsibility do we have to take visible and impactful actions to offer improvement or ideas to make something better?” Six participants defined the environment as the community. “A corporation derives its living out of the community so it has some responsibility to provide for the welfare of the community as well” (Karl). Doug described the environment as a company’s constituents. “So I would define it [CSR] as the responsibility of any organization to be giving back to, I would say primarily the constituent groups that it serves.” Sally said the environment is the objectives of a company. “I believe companies, no matter what industry, have social responsibility and I think it has to be consistent with the objectives of the company.”

Sam was the only one not to refer to CSR as a responsibility to an environment—healthcare, community, constituents, or corporate objectives. Sam defined CSR as a tool of proactive public relations. “I think it’s [CSR] a proactive public relations approach versus reactive. Whenever there seems to be reactive public relations, they seem to be firestorms, and when you’re proactive with your corporate benevolence…it doesn’t seem like we’re trying to fix a problem… Everything under benevolence gets plowed back into the public relations.”

Seven participants also said CSR is being a good corporate citizen. Daniel's company engages in CSR because they want to be "a good corporate citizen." Ben and Danica's company reports on CSR initiatives through a corporate citizenship report posted on its website. Linda said being a good corporate citizen is the broad definition of CSR for her: "not polluting and adhering to all the rules and regulations of that state and city and federal government, you know, Fair Trade Act, and all that kind of good corporate behavior." Sam sees his company as embracing corporate citizenship as an overall CSR philosophy—and it is a part of the company's overall growth. "We're trying to not only continue to expand out product line, continue to expand our presence, but we are trying to represent that we are good corporate citizens."

An ethical business commitment. All participants discussed a general commitment to ethical business. John talked about how in tackling a healthcare issue, his company looks at the issue from a commercial and philanthropic standpoint. "What is it we can do, commercially? What can we do charitably? How can we figure all this out? Don't think that this is some charitable organization, it's not that. I think what we are trying to create here is this almost natural and comfortable blend of doing both."

Four participants talked about the ethical commitment to prescription drug pricing. Garrett said his company thinks about the price in the context of its implications for all of the company's constituencies. "I think that's a very socially responsible way to evaluate price increases, and so I think that that extends to the definition of social responsibility to, not just the product you make, but are you pricing it fairly."

Doug discussed the ethical commitment to families involved in drug trials. "I think we have a responsibility, we could not develop a drug without patients and their families being willing to try an experimental drug. By itself that says that we have a social responsibility to give back to that community. If we don't, I think we fail in our true mission of helping patients."

This section included the findings of how participants perceive the overall CSR philosophy of their companies. Next, I will present the findings of how participants perceive market pressures to affect the CSR philosophy—and particularly the corporate giving initiatives—of their organizations.

Market Pressures

Market pressures inevitably affect a corporation's ability to do business, and therefore market pressures also affect a company's ability to engage in corporate giving. Karl discussed the market pressures on the pharmaceutical industry as a whole.

> Margins are shrinking. It's easy to give money away when you have fat margins. The test is what do you really believe in when things start to get tighter? So, I would say the whole industry is facing tighter margins and now saying, oh, wait a second, we need this money to be able to meet our results for the quarter. So can we really afford to give something away that we can't tie back to business?

There is also the inevitable pressure of Wall Street and shareholders for companies to act in ways that improve their position in the market.

> Our shareholders would expect us to be thinking broadly about how we spend every dollar here. And I think they do expect us to fulfill a corporate obligation, corporate giving, social responsibility. I think they accept that's a part of our mission. But I also think that they would expect, like any other dollar we spend here, that thought goes into it and that it has a strategic component. (Daniel)

The smallest company included in this research faces extreme market pressures because the company is not yet profitable. "Corporate giving—I would not put that as a high priority in this company anymore. That's my sense because there are very few dollars to allocate there. Corporate giving without the giving is hard" (Doug). Sally put it best. "If you don't have results, the company's not here and therefore, the company can't produce or contribute going forward, but it's sort of balancing those, making it an equal priority."

Market pressures are a fact of the business world, and they force companies to thoughtfully consider all business decisions, including those regarding corporate giving. In the next section, I will present the findings of how companies are becoming more strategic when it comes to corporate giving.

Becoming More Strategic

The previous section discussed the market pressures facing corporations and how those affect corporate giving. Due to the intense focus on how companies spend their money, it makes sense that there is an overwhelming sentiment that corporate giving is becoming more strategic.

> I'm not sure what we would have talked about five years ago in this interview. I would have told you about oh yeah, we give to the symphony and oh yeah, we bought stuff for the school in Sumter. And it would have been interesting but I don't think it's as interesting as where we are at right now. (John)

Daniel, from one of the smaller companies included in the research, explained that a more mature organization has more time to think about corporate giving, and therefore more time to be strategic. "We're not in survival mode, so it's the beauty of maturing as an organization…that we can actually take time to think thoughtfully about those kinds of things like corporate giving." Catherine agrees. Her company has become more mature in the past three years. "My bet is that what you had was lots of planting trees by local soccer fields and not sort of a thought about 'how are we going to do this.'" She thinks there is more thought and strategy put into corporate giving than in past years. Ben works at one of the largest companies involved in this research, yet he feels like his company becomes more strategic over time, too.

> I think a lot of companies, including our's, have gotten more strategic with their giving over the past several years anyway. It used to be that companies would tend to give to programs if they were asked or if they saw a need and there was no—it wasn't giving that was tied to the business; it was just kind of scatter shot. And, for a variety of reasons, I think, many companies have gotten more strategic, and our's certainly has.

Summary

Research interviews with eleven participants revealed common themes in the perceptions of healthcare executives in regards to CSR and corporate giving. Participants discussed the culture and mission of their organizations, how that foundation is supported by leadership, and how it affects two approaches to corporate giving: employee and community relations, and core business corporate giving. Participants described a cycle of opportunity when corporate giving is based within the healthcare industry, and they outlined the benefits of such a strategy. Executives also discussed their companies' general philosophy of CSR, how market pressures affect their actions, and finally, the strategic direction corporate giving is taking. In this chapter, I presented the full findings of the research. In the following chapter, I discuss the implications of these findings and specifically answer the research questions posed in this thesis.

CHAPTER V
DISCUSSION

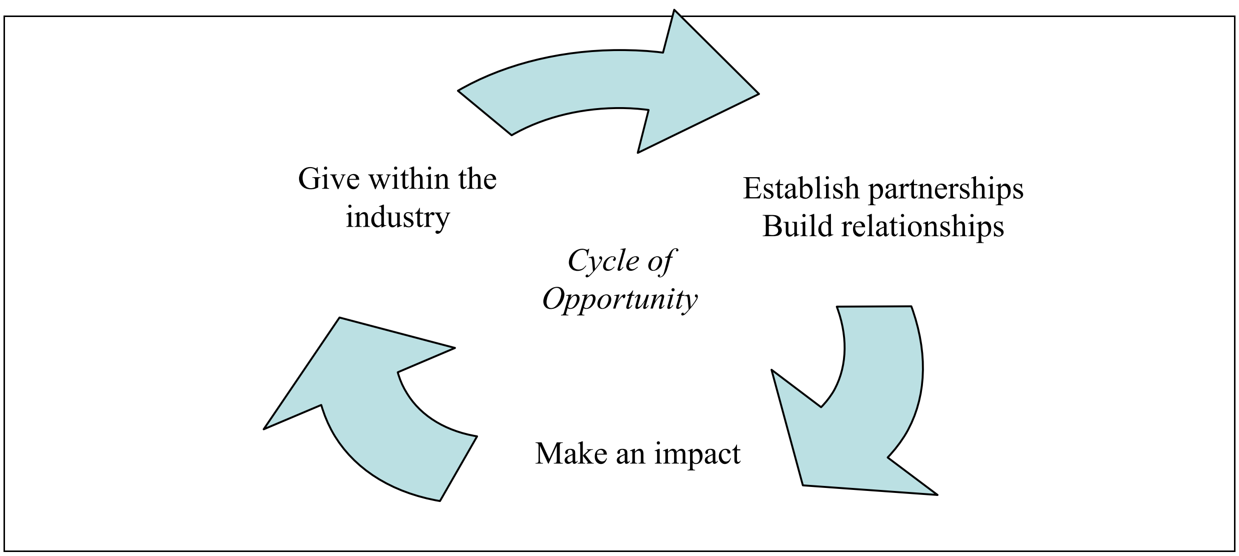
Corporate giving and getting—the title of this work—explains it all. Corporations are often out there to get something for their good deeds, and that can be a good thing both for the beneficiaries and the company itself. The executives I interviewed were forthcoming with their opinions about CSR and corporate giving, and none were ashamed to say their companies have a desire to benefit from corporate giving. All stakeholders, including shareholders, could read through the research and feel good about how executives view corporate giving. They strive to run a profitable company, and they also want to contribute to society. They are equally sincere in both desires.

The research yielded many noteworthy findings that are consistent with the literature reviewed for the study. Studying the niche of healthcare companies revealed the fascinating ability to engage corporate giving within the industry—healthcare provides a universe of opportunity to improve society that is often consistent with the products and services offered by the companies. The executives described the myriad initiatives aimed at helping improve healthcare worldwide, from their commercial operations to corporate giving. They have the ability to engage the industry and bring forth change and progress. In this vein, the most interesting findings from the study emerged from the link between the commercial side of the healthcare industry and the opportunity it creates for charitable activity. To explain this relationship, I will discuss the industry-partner-impact model of corporate giving that came to light during the research. I will also discuss other research findings, the contribution to the study of CSR, limitations of the study, and avenues for future research.

Industry-Partner-Impact Model of Corporate Giving

The most interesting research finding relates to what one participant labeled the "cycle of opportunity" (John). Healthcare companies that are able to focus corporate giving within the healthcare industry and use corporate giving to develop relationships and partnerships within the industry make the most impact on causes they support and garner the most benefits for the company itself. This creates an industry-partner-impact model of corporate giving.

Figure 3. Industry-partner-impact model of corporate giving.



Give within the industry. Focusing corporate giving within the healthcare industry also keeps giving aligned with the mission of the company. Many of the companies I interviewed include public health as part of their general mission statement. Much of the literature supports the view that if a company gives to a cause well-aligned with its mission, it will further the business interests of the firm (Burke & Logsdon, 1996). Companies have limited funds and they must find a way to focus limited resources, so it only makes sense to focus those resources on the healthcare industry and mission of the company.

Corporate giving focused on the industry and the mission can bring benefits not only to the external business interests of the company, but is also helps to keep employees engaged with the mission of the company. It makes sense to give within healthcare to keep employees engaged, rather than to give to an unrelated cause, such as the symphony, which has no connection to the company's mission or industry.

Keeping corporate giving within the healthcare industry also allows a company to match its expertise to a cause. A company can do more than just give cash—by staying within healthcare, they can offer their expertise and knowledge, which are arguably more valuable than a simple cash donation.

Establish partnerships and build relationships. The idea of corporate giving being engaged within the healthcare industry lends itself to the development of partnerships within the industry. Corporate giving may create partnerships with nonprofit organizations, other corporations, domestic and foreign governments, customers, and a range of other stakeholders. When a pharmaceutical company allocates funds to the local symphony, it creates a relationship with the symphony that is not aligned with the business interests of a company. When a pharmaceutical company, for example one who markets an HIV product, builds a partnership with the government of an African country to deliver AIDS care to people in need, the company establishes a long-term relationship that may mean future sales to that country, or simply a closer relationship with the government that will allow the company to have a better understanding of developing markets. These benefit the core business of the company, allow a partnership to grow, and society to benefit. Corporate giving within the industry builds partnerships and relationships that bring companies closer to their stakeholders.

Make an impact. When a company gives within the industry and builds relationships within the industry, it is possible that the impact of corporate giving initiatives will be more intense. The company is inherently better prepared to make an impact when corporate giving is targeted in ways that match with the company's industry and mission and is used to develop relationships with key stakeholders. In many respects, this industry-partner-impact model of corporate giving comes down to engagement. A company that engages its industry and stakeholders through corporate giving can make a larger impact on society and engage its own business interests at the same time.

As one participant said outright, relationships do create competitive advantage (Linda). The industry-partner-impact model of corporate giving depicts the cycle of opportunity created when a company gives within its industry, builds partnerships, and thus makes a greater impact. While this may not contribute *directly* to the bottom line, it does show the value in building relationships that benefit the company. These relationships can create competitive advantage. Much of the literature argues about whether or not corporate giving is tied to the bottom line. Virtually impossible to measure, it is difficult to make the argument that corporate giving has a direct connection to the bottom line. It is simple, however, to recognize that strategic corporate giving can serve a multitude of business interests. Most importantly, it can help to build relationships with key stakeholders.

As companies begin to realize the potential of corporate giving to fulfill business goals—such as relationship building—they seem to be on track for corporate giving to be more strategically focused. Of the executives I interviewed, all agreed that their companies' giving is becoming more strategic over time. This corresponds with the literature from Saiia et al. (2003) that companies recognize the strategic value of corporate giving and now expect it to continue to provide value.

While strategic corporate giving is important as a way to benefit both society and a company, there is something to be said for keeping the “flavor” (Ben) of corporate giving. In fact, if a company could make an argument that corporate giving is tied directly to the bottom line, the company may lose some “brownie points” with employees and other stakeholders. Perhaps it is the best of all worlds when corporate giving is indeed giving back to society without a blatant tie to company profits. Relationship building, however, is a way a company can strategically benefit from corporate giving without losing the “flavor” of corporate giving.

John talked about the importance of giving in the healthcare industry, establishing partnerships, and making an impact in a way that is beneficial for the company but not necessarily a direct commercial interest. Consistent with the literature and this industry-partner-impact model, John describes the concept:

> If you are going to do stuff like this, you’ve got to do it in the sense of a broader purpose, just decide how much money you will or will not spend, decide how many people you will volunteer or not volunteer…You do it because it’s the right thing to do… The question is how much extra money do you have, where are you going to spend it…Just make sure you’re not just throwing the money and walking away and come back two years later and said oh nothing came out of this.

Applications to other industries. This industry-partner-impact model of corporate giving emerged from the data I collected from executives at healthcare companies. As they discussed, healthcare has a “natural kind of tailwind” (John) that allows these companies to easily engage in corporate giving initiatives that match to their mission and core business of healthcare. The literature supports the idea that companies should engage in corporate giving that complements their mission, but the literature does not take the next step to say that companies should give within their specific industry.

The healthcare industry is one that is easy to engage, as the participants discussed. The automotive industry, for example, is not as natural of an engagement—General Motors (GM) is not going to start giving out free cars to people who cannot afford them. While perhaps less immediately evident, other industries, including the automotive industry, retail, hospitality, and others could potentially apply the industry-partner-impact model of corporate giving and derive strategic benefits from doing so. It requires finding a way to engage with your industry and build mutually beneficial relationships with stakeholders using the tool of corporate giving.

Healthcare's natural level of engagement between core business and corporate giving might be the key to this "cycle of opportunity," but other industries may also be able to find ways to derive strategic value from corporate giving within their industries. Future research needs to be done to determine how this model might apply in industries beyond healthcare; specific ideas for future research will be discussed later in the chapter.

Corporate Giving Process Model

As depicted in Figure 2, the corporate giving process model outlines how companies may think through their approaches to corporate giving, based on their mission and organizational culture, and resulting in the more strategic management of corporate giving. While this process model emerged from the participants I interviewed in the healthcare industry, two important considerations should be made in regards to this model: does it apply to other industries, and are there others factors that encourage companies to become more strategic?

Applications to other industries. As previously discussed, the models emerging from this research may be less readily applicable to other industries. Specific to the corporate giving process model, other industries may be better able to apply this model because it is less industry-specific than the industry-partner-impact model of corporate giving. GM, for example, may indeed have a leadership-supported mission and culture that breeds two approaches to corporate giving: improving employee and community relations, and bolstering the core business. They may bolster the core business through corporate giving that is not industry-specific, but still provides strategic benefits to the core business of the company. These approaches could define the CSR philosophy, influenced by market pressures, and result in becoming more strategic about corporate giving. In other words, the process model may describe corporate giving for a wide variety of industries.

Factors encouraging strategic giving. The corporate giving process model is undoubtedly a simplified depiction of a complicated reality. The most ambiguous part of the model may be the other environmental (non-market) factors that influence companies to become more strategic in their approaches to corporate giving and CSR, such as social trends, the political atmosphere, or the visibility of the industry. As noted in the literature review, scholarship about CSR is moving towards understanding the strategic motivations for its practice (McWilliams et al. 2006), so these environmental factors and their effect on strategic decisions about CSR would be an excellent inquiry for future research.

One specific environmental factor—the public visibility of a company—was discussed in the literature and is particularly interesting in studying the healthcare industry. Healthcare companies are highly visible, and it follows that industries with a high degree of public visibility often are more active in corporate giving and often use corporate giving to strategically to manage stakeholder relationships (Campbell & Slack, 2006). The high visibility of healthcare companies could be a vital factor in their quest to practice strategic corporate giving. Beyond healthcare, gaining a better understanding of environmental factors such as public visibility allows us to make comparisons within an industry rather than looking solely at the corporate giving strategy of one company. Because all companies in a particular industry would be subject to similar environmental factors, research could be done to then compare how companies respond to those environmental factors in relation to corporate giving.

Research Question 1

The first research question asked to what extent do executives at healthcare corporations view corporate giving as a means to achieve strategic business objectives? The participants I interviewed perceive the majority of their companies' corporate giving to be strategic. They believe that corporate giving is often used to fulfill a strategic business objective, and most often that objective is building relationships with key stakeholders such a physician groups, patient advocacy groups, government, and employees. Executives do not perceive corporate giving as contributing directly to the bottom line, but do realize its ability to fulfill business objectives. At the same time, there is a sentiment that corporate giving should first benefit stakeholders, and only benefit the company as a secondary purpose. Ben expressed this sentiment well when he said, “There are some business objectives as well as just pure philanthropic objectives. And you use sometimes one to help the other.”

A Discussion of Other Findings

The literature supports corporate giving and CSR activities as improving employee morale (Pruzan, 2001). I was surprised, however, by the extent to which participants cited employee relations as a major benefit to corporate giving. Employee relations are discussed more often in the public relations literature than CSR literature, but its prominence in this research shows the overlap between CSR and public relations literature. The conversation between the areas of study is not robust, but employee relations is an area where they meet. Future research in how employee relations is related to CSR and PR would be an intriguing way to further the conversation between the areas.

While participants cited relationships as the most important benefit of corporate giving, they did not pay much lip service to shareholders. They discussed government, customers, employees, patient groups, physician groups, and nonprofits as important stakeholders, but rarely did they mention the shareholder. Perhaps this means the shareholder is not the most important stakeholder when it comes to corporate giving decisions, which would support the idea that corporate giving should first benefit other stakeholders, with only a secondary benefit to the company and its owners.

Each participant spoke at length about the ethical business commitment of their companies. All participants expressed a genuine feeling that their companies wanted to give something back to society because it is the right thing to do. Participants communicated a feeling that their company should (and does) operate in a way that it ethically and socially responsible. They often said they did not apologize for being a business, and that making a profit is obviously the first goal. They were exceptionally sincere, however, in communicating a commitment to running an ethical business.

Research Question 2

The second research question asked to what extent do executives at healthcare corporations view corporate giving as a part of their organization's CSR commitment? All participants viewed corporate giving as integral to CSR. The executives did not make a distinction between corporate giving and the overall CSR commitment of their organization. They each expressed a genuine desire to give back to society through corporate giving, and to operate as an ethical business—all of which they perceived as corporate social responsibility. As such, this research question yielded less interesting results than the first research question. Executives readily assumed corporate giving as part of their organization's CSR commitment. This is consistent with the literature (Brammer & Millington, 2004; Campbell & Slack, 2006).

Research Contributions

To the extent that this research has practical value for healthcare companies, I believe its value is in the industry-partner-impact model that builds relationships and therefore fulfills strategic business objectives. In contributing to scholarly research on CSR, this research contributes more specifically to the corporate giving subset of literature on CSR. The industry-partner-impact model and the corporate giving process model may make a small contribution to the study of corporate giving. As discussed, it would be interesting to see if the same patterns occur in other industries. For example, do automotive companies concentrate corporate giving on highway safety and other such issues in their industry? This corresponds to existing literature arguing that if corporate giving fits with a company's mission, goals, and values, and takes stakeholders in account, then it can enhance the core business of the company (Bruch & Walter, 2005). Perhaps fit with industry is less important than fit with mission.

Also, as discussed in the review of the literature, much of the study of CSR is moving towards understanding the motivations for it rather than its definitions (McWilliams, Siegel, & Wright, 2006). This study does make a contribution in helping to understand the perceptions of executives when it comes to the strategic value of corporate giving for healthcare corporations.

Limitations

The study has several limitations that affect its ability to make an impact on the study of CSR and corporate giving. I only interviewed eleven executives, and as discussed Chapter III (Method), one cannot generalize the findings from in-depth qualitative interviews. The patterns and themes that emerged from my interview represent the individual opinions of only eleven executives in the healthcare industry.

The participants themselves are not a diverse group. The participants are predominantly white males, as you may expect in higher level positions in corporate America. A more diverse group of participants may have garnered different perspectives on corporate giving.

The second research question is also a limitation—it does not dig deep enough into the study of corporate giving. Executives readily perceived corporate giving as a part of CSR, and there are not any interesting dimensions of meaning to the question. Another study could address other facets of corporate giving that would lend more value to the field.

My own experience level as a researcher is a further limitation. With more experience, I may have been able to push participants to further explain strategy that motivates corporate giving at their companies. There is also the issue of researcher bias. I previously worked in the healthcare industry, and I believe pharmaceutical companies are more socially responsible than they are given credit for by the media. This bias certainly affected my questions and conversations with participants.

Participants spent from 45 to 80 minutes with me. During that short period of time, they only glossed over their perceptions of CSR and corporate giving. It is possible that they idealized their companies' corporate giving initiatives, and only presented a rosy picture of the companies' CSR commitment. Also, my interview questions inevitably were different for each participant. I followed the interview guide, but often issues came up in conversation in a different order from other interviews, or participants went more in-depth on some questions while barely answering others. Every interview was different, and therefore it is difficult to fully compare the interviews— the analysis is not an apples-to-apples comparison.

Finally, the research only studies the perceptions of the executives—I did not study actual corporate giving initiatives within the companies nor did I speak with the decision makers who make the final call on corporate giving. I only look at executive perception, not actual reality of corporate giving.

Future research

While this study illuminates perceptions of corporate executives, it would be highly valuable to conduct a quantitative study of healthcare corporations to determine the percentage of corporate giving resources spent within the healthcare industry in contrast to other areas. Executive perceptions can only go so far to help us understand corporate giving—at some point this must be studied quantitatively.

It would also be interesting to discover how these companies go about managing partnerships they forge with individuals and organizations in the healthcare industry through corporate giving. Do they have dedicated employees to manage those partnerships? How do they build those relationships other than through corporate giving resources? A qualitative study of how these partnerships and relationships are managed may prove valuable as related to stakeholder theory and CSR.

I believe there should be more of a conversation between the study of CSR and the study of public relations. Huge areas of overlap exist, including stakeholder management. There is continuity between CSR and public relations, and the research here shows another important theme that relates to both CSR and public relations: employee relations. Future research could address employee relations and how it is affected by CSR initiatives and managed through public relations activities. This research would hold value in that employee relations best practices could emerge from the combined study of CSR and public relations theory in approaching employee relations. It would also be valuable in sparking the conversation between scholars in CSR and public relations—the two have much to offer each other in terms of stakeholder management, employee relations, and other areas of business practice.

As discussed earlier in the chapter, it is unclear whether the industry-partner-impact model of corporate giving applies to industries other than healthcare. Healthcare's natural level of engagement between core business and corporate giving might be the key to this "cycle of opportunity," and the same strategic opportunity may simply not exist so transparently in other industries. A study of the automotive industry, retail industry, or other vital industries would be intriguing. For example, do Wal-Mart and Target benefit strategically from giving within the retail industry? Does relationship building with stakeholders result from corporate giving within retail? Also, a study about the professional services industry could be interesting. Exactly how would an accounting firm use corporate giving within the accounting industry to build stakeholder relationships and make more of an impact on social causes while bolstering its core business? Future research in this vein would be beneficial to the continuing scholarship regarding motivations behind CSR and corporate giving specifically.

Finally, a qualitative study of key stakeholder groups and their perceptions of the strategic benefit of corporate giving for a company would be an interesting way to see how much giving is perceived as goodwill versus selfishly motivated.

Conclusion

Corporations will not simply throw money out the window—they will more often choose to give money and other resources to causes that matter to their industry and their company. In doing this, they are being responsible to their shareholders and their other stakeholders. They are doing something good for society. Could they do more? Absolutely. Our government could do more, we as individuals could do more to improve society—and we all have a responsibility to do so. The interesting question is how and why we go about making contributions to society. As individuals, do we want a building named after us for a donation to our alma mater? Do we give to a local community organization because our children will benefit from a new program they offer? As individuals, we have our own motivations for sharing our time and money. Corporations also have their own motivations for giving resources. While healthcare companies may share some motivations because they are a part of the same industry, it is impossible to say that all corporations think of CSR and corporate giving in the same way. Through the research, I gained a feeling that because a corporation is made up of individuals, the individual desire to contribute back to humanity can influence the collective corporation's desire to be a profit machine. It is a matter of finding a way to balance the benefits of corporate giving—for the company and its beneficiaries—and the cost of doing so.

I attempted to study one small area of corporate giving in the healthcare industry. I was pleasantly surprised by the level of giving of the companies I interviewed, and even more pleased by the executives' genuine sentiment that their companies are trying to do good things for society. CSR and especially corporate giving are fascinating areas of study, and deserve both corporate and academic attention.

Corporate giving and getting: "I think it all fits together" (Danica).

Appendix I:

Interview Guide

Interviewer: Use this guide as a menu of topics to discuss during the interview. The session should last approximately one hour. Probes for each question are italicized below the question; use these to garner more information from the participant if necessary.

Introduction Script

Thank you for participating in this interview.

Through a series of interviews like this one, I am conducting research about the corporate social responsibility in healthcare corporations. I ask that you offer your thoughts and share your experiences during this one-hour interview. You do not have to answer or respond to any question; your participation is at will. You have signed a consent form prior to this interview and you are aware that you are being audio taped. If any of this is not true, we will stop the interview now to attend to those matters.

Thank you again for participating.

(Note: the first question will determine the specific terms that the participant uses to describe CSR and giving, and every effort will be made to use his or her terminology throughout the interview. For example, if the participant uses the term *philanthropy* to mean corporate giving, then *philanthropy* will replace the term *giving* in the following interview questions.)

Please begin by explaining your role at the company, how long you have worked here, and where else you have worked.

1. How would you define corporate social responsibility?
   a. Do you define CSR the same way as your firm?
   b. In your company, do you see a delineation between economic, legal, ethical, and philanthropic corporate social responsibilities? How?
   c. Do you label those activities differently, for example, is "philanthropy" a term that is used often, or are there other "buzz" words?

2. Can you describe the corporate social responsibility philosophy of your company and your involvement with it?
   a. Do you participate in decision-making processes related to CSR initiatives?
   b. What are some recent giving initiatives your company engaged in?

3. What drives the corporate social responsibility initiatives of your company?
   a. Are there specific departments, committees, or individuals who make decisions about CSR activities?
   b. What are the company's motivations to engage in CSR activities?
   c. How are stakeholders discussed as they are related to the social responsibility of

your company?

4. How do you define corporate giving?
    a. *Can you share examples of what corporate giving means to you?*
    b. *Do you view corporate giving as part of corporate social responsibility?*

5. How much importance is placed on the concept of corporate giving at your firm?
    a. Are senior executives supportive of its practice?
    b. Is CSR a prominent theme discussed among executives?
    c. Are executives encouraged by the C-suite to participate in giving initiatives? How?

6. How does your company view its corporate giving initiatives?
    a. How much "strategy" is there to the corporate giving? How is that strategy determined?
    b. Are there business goals plainly stated in relation to corporate giving?
    c. Is giving ever a "business in itself" for your company?

7. How are stakeholders considered when giving decisions are made?
    a. To what extent are stakeholders interests evaluated during a giving decision?
    b. Are there particular stakeholders that giving is meant to benefit most?

8. What are the main benefits of corporate giving for your firm?
    a. Is it solely meant to benefit particular stakeholders?
    b. Does it benefit marketing and sales for your company?
    c. Does giving create competitive advantage?
    d. Is it ever used in place of traditional marketing or advertising techniques?

9. When you think about corporate giving, what are examples of the most important initiatives of your company?
    a. Did you expect those initiatives to have the impact (or lack thereof) that they did?
    b. Do you perceive long-term giving programs as better than short-term ones?

10. How does your company measure the effectiveness of corporate giving?
    a. Are there measures about how much it benefits who actually receives it?
    b. Are there measures about how it benefits your company?
    c. How would you change (or implement) these measures?

11. How is corporate giving at your company unique in the industry?
    a. Does being a healthcare corporation make your giving unique?
    b. Are there particular challenges your company faces in its corporate giving? What are they?

12. In your company, is being "too strategic" about corporate giving ever harmful to the company?
    a. Does the level of strategy involved affect how the business goal of giving is fulfilled?

b. Can you give me any examples of how corporate giving could be used in a better way at your company?

13. How would you change your company's philosophy on corporate giving if you were the CEO?

a. Do you, personally, believe that corporate giving has the ability to fulfill business goals?
b. Do you, personally, believe corporate giving is more beneficial than altruistic giving?
c. Does the "strategy" of strategic giving make it less meaningful?

14. How has the view of corporate social responsibility and strategic giving changed over time for you? Say, in the past 2 years? The past 5 years?

a. What experiences have you had that have changed your thinking about these topics?
b. How has your company's view changed over time?
c. Throughout the healthcare industry, are companies doing enough? How would you change the industry-wide strategy of corporate giving?

15. We have talked a lot about corporate giving. Are there other thoughts going through your head about this topic that we have not talked about?

Appendix II:

Consent Form

University of North Carolina-Chapel Hill
Consent to Participate in a Research Study
Adult Participants
Social Behavioral Form

IRB Study # JOMC 05-052
Consent Form Version Date: 1/4/2006

Title of Study: Corporate Giving: Executive Perceptions at Healthcare Corporations

Principal Investigator: Courtney Kuhl
UNC-Chapel Hill Department: School of Journalism and Mass Communication
UNC-Chapel Hill Phone number: 703-855-0357
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Funding Source: n/a

Study Contact telephone number: 703-855-0357
Study Contact email: ckuhl@email.unc.edu

<u>What are some general things you should know about research studies?</u>
You are being asked to take part in a research study. To join the study is voluntary.
You may refuse to join, or you may withdraw your consent to be in the study, for any reason, without penalty.

Research studies are designed to obtain new knowledge. This new information may help people in the future. You may not receive any direct benefit from being in the research study. There also may be risks to being in research studies.

Details about this study are discussed below. It is important that you understand this information so that you can make an informed choice about being in this research study.

You will be given a copy of this consent form. You should ask the researchers named above, or staff members who may assist them, any questions you have about this study at any time.

<u>What is the purpose of this study?</u>
The purpose of this study is to understand how executives at healthcare corporations view corporate giving at their institutions, how strategic they consider the giving to be, and how giving relates to the CSR commitment of the organization. We hope to use what we learn

from the study to add to the body of scholarly knowledge on corporate social responsibility and strategic giving.

How many people will take part in this study?

If you decide to be in this study, you will be one of approximately 10-15 people in this research study.

How long will your part in this study last?

Each interview will last approximately one hour. You may be contacted following the interview to verify information or provide additional information, but follow-up commitment is expected to be at a minimum.

What will happen if you take part in the study?

This is what will happen during the study (which will take place while you are being interviewed):

1. The principal investigator for the study, Courtney Kuhl, will arrange an interview with you to last approximately one hour.

2. During the interview, Courtney will ask you questions regarding your views of corporate social responsibility, strategic giving, and your company's initiatives in these areas.

3. The interview will be recorded for purposes of note taking and to capture quotes. During the interview, you have the right to ask that the tape recorder be turned off at any time.

4. During the interview, you may skip any question you choose for any reason.

What are the possible benefits from being in this study?

Research is designed to benefit society by gaining new knowledge. You may not benefit personally from being in this research study.

What are the possible risks or discomforts involved from being in this study?

We do not anticipate any risk or discomfort to you in this study. There may be uncommon or previously unknown risks. You should report any problems to the researcher.

How will your privacy be protected?

Participants will not be identified in any report or publication about this study. Although every effort will be made to keep research records private, there may be times when federal or state law requires the disclosure of such records, including personal information. This is very unlikely, but if disclosure is ever required, UNC-Chapel Hill will take steps allowable by law to protect the privacy of personal information. In some cases, your information in this research study could be reviewed by representatives of the University, research sponsors, or government agencies for purposes such as quality control or safety.

- We will not use your name or the name of your corporation in any of the information we get from this study or in any of the research reports.
- Direct quotes from interviews will be used in the final written report for this study. All corporate and individual names will be converted to pseudonyms to protect the identity of participants.
- To avoid deductive disclosure of participants, names of specific products, campaigns, and other identifying details of both the individuals and corporations will be changed to help protect the privacy of participants.
- Any information we get in the study will be recorded with a code number that will let the researcher know who you are.
- When the study is finished the key that shows which code number goes with your name will be destroyed.
- Recorded tapes of the interviews will be destroyed when the study concludes.

Will you receive anything for being in this study?
You will not receive anything for taking part in this study.

Will it cost you anything to be in this study?
There will be no costs for being in the study

What if you have questions about this study?
You have the right to ask, and have answered, any questions you may have about this research. If you have questions, or concerns, you should contact the researchers listed on the first page of this form.

What if you have questions about your rights as a research participant?
All research on human volunteers is reviewed by a committee that works to protect your rights and welfare. If you have questions or concerns about your rights as a research subject you may contact, anonymously if you wish, the Institutional Review Board at 919-966-3113 or by email to IRB_subjects@unc.edu.

Participant's Agreement:
I have read the information provided above. I have asked all the questions I have at this time. I voluntarily agree to participate in this research study.

_____________________________________ __________________
Signature of Research Participant Date

____
Printed Name of Research Participant

_____________________________________ __________________
Signature of Person Obtaining Consent Date

____
Printed Name of Person Obtaining Consent

Appendix III:

Recruiting Letter for Interview Participants

Dear XXXX,

Greetings! I hope this letter finds you well. As recommended by XXXX, I am writing you to gauge your interest in participating in a research interview at your convenience in the coming weeks. I am a graduate student at the University of North Carolina at Chapel Hill, and I am currently working on my master's thesis. The purpose my research is to understand how executives at healthcare corporations view corporate giving at their institutions, and how giving relates to the corporate social responsibility of the organization.

(Insert additional paragraph of personal greeting depending on the level of acquaintance with the potential interviewee.)

I would be grateful for your of consideration of an interview on this topic. With your experience in the industry – and your role at X Healthcare Corporation - your input in this study would be invaluable.

As your schedule permits, I would be delighted to arrange an interview at a location of your choosing; I can travel to your office or another convenient location. Should you agree to participate, the interview should take about one hour of your time.

I would be happy to provide additional details about this project and my studies at the School of Journalism and Mass Communication, should you be interested. Dr. Elizabeth Dougall is the supervising professor of this research study, and she can be contacted at 919.962.6396 if you have any questions.

In the coming days, I will phone your office to follow up on your interest in arranging an interview. You may also contact me directly at 703.855.0357 or via email at ckuhl@email.unc.edu if you have any questions.

Thank you for your consideration, and I look forward to speaking with you soon.

Kind regards,

Courtney Kuhl

Master's Student, University of North Carolina at Chapel Hill

Appendix IV:

Strength of Findings by Participant

The following chart represents the etic codes, etic sub codes from the research findings. Based on the time participants talked about that topic and their enthusiasm for it, I assigned each of them a score between one and 10 representing their support for that theme. This table provides an overall sense of the strength of the findings.

	Mission & Culture	Leadership Support	Employee Relations	Community Relations	Stay in the Industry	Partnerships	Impact	CompAdvantage	Indirect Influence	Relationship Building	Commercial Interest	Corporate Image	Strategy or No Strategy?	Negative Attention	Ethical Commitment	Market Pressure
Ben		10	7	8	10	10	10	3		9	8	6	10	4	8	6
Catherine	7	5	7	7	10				8	7	9	6	6	3	6	7
Danica		10	8	8	10	10	10	1		9	7		8		6	
Daniel	9		7	8	8				9	7	7	7	6	3	8	7
Doug	9	5	6	10	7					5		6	4		10	10
Garrett	9	8	6	9	10	6	6			10	10		6	3	7	10
John	10		10	9	10	10	10	3		10	10	8	9		10	
Karl	7	5	6	8	9	7			5	6	10	6	6		10	9
Linda	9	7	7	10	8	8		5	7	10	6	7	7		9	10
Sally	8	9	9	9	6			3			7		7		8	10
Sam			10	8	10	10			7	10	6	9	10	3	8	
Total	*68*	*59*	*83*	*94*	*98*	*61*	*36*	*15*	*36*	*83*	*80*	*55*	*79*	*16*	*90*	*69*

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