Although an important feature of firms' corporate social responsibility (CSR), the strategic pressures behind firms' corporate philanthropy (CP) are not well researched or understood. This research note argues that firms' CP and firms' corporate political activity (CPA) may share common strategic antecedents; forces in firms' political environment may shape both CP and CPA. Using S&P 500 data in a longitudinal analysis (1997-2004), the authors find evidence suggesting that industry-level political uncertainty increases firm propensity for engaging in both CP and CPA, above and beyond the propensity to engage in either as a stand-alone strategy. The authors use this preliminary evidence to explore political marketplace contingencies for the relationship between CP and CPA. CSR literature indicates that CP can benefit firms by creating and enhancing their relational wealth and institutional legitimacy. Such benefits may also serve firm interactions with government policy makers—a dynamic largely ignored until recently. The authors' findings may indicate that, due to its institutional signaling ability and impact on firms' reputations, CP may allow firms to differentiate themselves or stand out from others when faced with political uncertainty, and that these outcomes should be considered when firms engage in CP.

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