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UNDERSTANDING THE MOTIVES BEHIND CORPORATE PHILANTHROPY

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ABSTRACT

Corporate philanthropy fits well with the notion of the discretionary responsibility of business. This discretionary responsibility involves a firm's choosing how it will voluntarily allocate its slack resources to charitable or social service activities that are not business related and for which there are no clear social expectations as to how the firm should perform. Various studies have been conducted throughout the world to study various effects related to corporate philanthropy. But the research has been on a comparatively less large scale in India. Corporate Philanthropic practices surely have strategic dimensions for companies and countries. The present study proposal aims at reducing the gap of research input available on Corporate philanthropy in India.

Keywords: *Corporate philanthropy, cultural inheritance, competitive advantage, corporate sustainability, open innovation*

INTRODUCTION

Corporate Philanthropy is the act of a **corporation** or business promoting the welfare of others, generally via charitable donations of funds or time. A classic definition of corporate philanthropy is the "charitable transfer of firm resources at below market prices" (Lehman and Johnson, 1970, cited in Sanchez, 2000, p. 364). There has been considerable discussion in the literature as to whether corporate philanthropy is usually instrumentally motivated to increase profits or enhance public image (Bock et al., 1984). In an attempt to clarify the definition, Jones (1994, cited in Sanchez, 2000, p.364) has noted that corporate philanthropy fits well with the notion of the discretionary responsibility of business. This discretionary responsibility involves a firm's choosing how it will voluntarily allocate its slack resources to charitable or social service activities that are not business related and for which there are no clear social expectations as to how the firm should perform (Wartick and Wood, 1998, p. 75).

The present study involves the analysis of corporate philanthropic practices in India and their impact on the consumer purchase intentions, corporate reputation, and consumer attitude towards the charity linked products. There have been continuous observations by various researchers that corporate philanthropy has evident market implications for the companies. Patten (2008) observed that corporate philanthropy has evident market reactions in the US market. Corporate philanthropic practices do shape the market offerings and market reputation of companies in different ways. Like other organizations, Indian organizations also indulge in philanthropic practices, may it be due to the cultural inheritance or the competitive advantage.

Charitable giving by the firms may be a way for the firms to enhance their public image, and to create goodwill with the people. Corporate philanthropy has been discussed in detail in the western part of the world, and the results show that the effects are long term and strategic in nature. In the Indian sub-continent the practice and concept of philanthropy is not new, and has been prevailing since the ancient times in different forms of donations, may it be donations from the king to the poor people of his state, or may it be from the rich people for the benefit of the poor. Philanthropy has been there in the ancient Indian scriptures also, and has been described as a good deed for the betterment of the people and for the spiritual future of the donor also. This implies that Indians are involved in philanthropic practices since ancient times. So their mind-set is sure to be different towards corporate philanthropy, and so are their reactions towards the corporations who are doing such activities.

One of the most comprehensive and broad-ranging reviews of Corporate Philanthropy is provided by Gautier & Pache (2015). Drawing from a review of 162 academic papers published in management, marketing, economics, sociology, and public policy journals, they conceptualize CP along a continuum, ranging from altruism at one end to for-profit at the other.

Gautier & Pache's altruistic extreme focuses on a commitment to the common good. That is, a genuine desire by managers and owners to do good deeds for the sake of it can be an important potential driver for CP. The for-profit end-point emphasizes CP as a purely marketing activity. That is, a firm can also only engage in CP if it can benefit from the investment through the generation of extra returns for shareholders. In addition, Gautier & Pache refer to a midpoint along their continuum in which CP is conceptualized as a community investment. This community investment also indirectly serves the firm's interest through an improvement of brand image, to gain approval and respect from local business elites, or even to counter government intrusions. Almost all of the papers reviewed by Gautier & Pache date from the 1980s onwards, lending weight to the currency of their findings. 75% are American in origin, and 87% display an Anglo-Saxon bias.

Liket & Simaens (2015) offer three conceptualizations of CP as economic, ethical, and idealized practices; and conclude that the motives are usually highly contextual. Questioning the lack of empirical studies establishing the extent to which CP motives are altruistic or strategic in nature, Liket & Simaens suggest that this is consistent with the conceptual ambiguity and lack of clarity about the objectives of CP.

Ricks and Peters (2013) also identify three key motives underpinning CP. These are:

- A *normative motive*, encouraging corporate philanthropy on the basis that all stakeholder interests are inherently valuable, even those with no specific financial or contractual arrangements with a firm;
- An *enlightened self-interest motive*, in which a firm will help others primarily to promote its financial self-interest, without any specific plan and/or way of measuring the extent to which its CP is responsible for financial results; and
- A *strategic motive*, in which the social and economic goals of a firm and the target recipients of CP are measurable, and can be realized simultaneously and complementarily.

THE ALTRUISTIC MODEL OF CP

The altruistic model of corporate philanthropy (Sharfman, 1994; Useem, 1984) is generally con sidered a non-strategic explanation of corporate giving. According to this theory, a firm uses social criteria as a basis for actions that are right, good, and just for society. Firms practice altruistic philanthropy for the singular goal of helping others, thus philanthropy is considered indepen dent from the operational pressures of generating profit. These altruistic motives allow individual managers to pursue charitable goals that are not linked to corporate interests or performance. Despite its noble goals, the altruistic model alone tends to be a weak explanation for corporate philanthropy even in the most pluralistic of societies, because it ignores the profit maximization goal and other strategic goals of the firm (Neiheisel, 1994). The intersection of business and society and the incorporated topic of corporate sustainability have attracted the considerable attention of academics and practitioner in recent years (Montiel, 2008; Sigurthorsson, 2012). Sustainability reporting guidelines (e.g. Global Reporting Initiative (GRI, 2016; IRIS, 2016) or any other standards do not specifically suggest the reporting of philanthropic giving (Chen, Patten and Roberts, 2008; Campbell and Slack, 2008). However, charitable contributions, which have been called the oldest form of corporate social behaviour (Mescon and Tilson, 1987), an outcome of corporate social performance (Wood, 1991; Saiia, Carroll and Buchholtz, 2003) or 'a vital element in corporate citizenship' (Saiia et al., 2003, p. 170), are significantly mentioned in corporate social responsibility reports (Chen et al., 2008).

Corporate philanthropy can be defined as the charitable transfer of corporate resources to recipients at below market prices in the form of direct giving of financial assets as well as in-kind gifts of employee time, goods or services (Block, Glavas, Mannor and Erskine, 2017; Maas and Liket, 2011) or as Ricks and Williams (2005, p. 147) phrase it 'an action when a corporation voluntarily donates a portion of its resources to a societal cause.' In Carroll's model (1979) of corporate social responsibility, a firm's social responsibilities create a hierarchy of economic, legal, ethical and discretionary responsibilities containing corporate philanthropy as the least important (Seifert, Morris and Bartkus, 2003). Within its discretionary responsibilities, a firm can choose how to voluntarily allocate slac resources to charitable purposes that are not related to the business (Sánchez, 2000), are not mandated, not required by law or generally expected in an ethical sense (Carroll, 2016).

In the altruistic model of corporate philanthropy, firms engage in corporate philanthropy with the intent to benefit society without a connection to corporate performance and business gain, thus philanthropy is considered independent from the pressures of generating profit or enhancing image (Sánchez, 2000; Dennis, Buchholtz and Butts, 2009; Cranenburgh and Arenas, 2014). However, pure altruism can hardly be seen as a driving force for corporate philanthropy (Gan, 2006). There are many objectives for corporate giving beyond altruism (Sánchez, 2000; Saiia et al., 2003; Ricks and Williams, 2005; Block et al., 2017) and for many companies, it means more than donations (Bruch and Walter, 2005.) Many companies with a strong sense of corporate social responsibility are moving from traditional charitable giving toward a more strategic, bottom-line approach to philanthropy (Mescon and Tilson, 1987). Whether corporations should engage in philanthropy at all, for charitable or selfish reasons, is a topic of long-standing discussion (Porter and Kramer, 2002; Gan, 2006). According to the shareholder theory, managers should make decisions that maximise shareholder value (Friedman, 1970; Jensen, 2002; Sundaram and Inkpen, 2004). From this point of view, managers should not give away shareholders' money for purely altruistic reasons because it means stealing from shareholders (Gan, 2006). On the other hand, the stakeholder theory states that managers should take into account the interests of all the stakeholders in the company (Freeman, Wicks and Parmar, 2004; Freeman, 2010).

Under this framework, corporate philanthropy is expected from the company as a good corporate citizen (Gan, 2006; Carroll, 2016) who searches for ways to align self-interest with the greater good (Smith, 1994). De Wit and Meyer (2014) consider this conflict as a strategic paradox (profitability vs. responsibility). Thus, managers find themselves in no-win situations between the demands for corporate social responsibility and the pressures to maximise short-term profits (Saiia et al., 2003; Porter and Kramer, 2002). Therefore, companies make charitable donations under profit-maximising constraints (Gan, 2016). Porter and Kramer (2011) claim that instead of a 'zero-sum game' between the company and its environment, the company can harmonise these interests to create more value for everyone. This is the principle of Porter and Kramer's 'shared value' as well as Emerson's 'blended value' (Emerson, 2003; Emerson and Bonini, 2005). The clear separation between the terms 'doing well' and 'doing good' is disappearing and areas where these approaches are combined as 'do good by doing well' emerge (McGoey, 2014; Epstein, 1989; Seifert et al., 2003). Strategic philanthropycorporate philanthropy that contributes to a firm's bottom line (Buchholtz, Amason and Rutherford, 1999) – is one these areas (Emerson, Bonini and Brehm, 2003; Emerson and Bonini, 2005). Strategic philanthropy, situated at the opposite end of the corporate philanthropy spectrum to altruism (Saiia et al., 2003), offers a compromise to the proponents and opponents of corporate philanthropy (Buchholtz et al., 1999; Seifert et al., 2003).

THE PROFIT MAXIMIZATION MODEL OF CP

According to this model, corporate philanthropy is designed to contribute to direct monetary gain, just as are other functions of the firm. This model is considered to be driven by "enlightened self interest" (Drucker, 1984), such that the corpo ration undertakes philanthropy as long as direct economic benefit can be gained by doing so (Bock et al., 1984). In this sense, corporate philanthropy is strategic. For example, charitable contributions to support a community project may be made based on the argument that better community conditions are good for business because when the standard of living is increased, product demand is increased. New corporate charity in Latin America is said to be largely motivated by the enlightened self-interest factor (Otis, 1997). Philanthropy may maximize profits is by reducing corporate income taxes. It is argued that the profit-maximizing effects of corporate philanthropy are evident in countries where chari table donations can be deducted from earnings (Galaskiewicz, 1985). However, tax benefits may not be a sufficient explanation for corporate philanthropic behavior. In the United States, corporate donations increased sharply when the excess profits tax was imposed on companies in 1942 (Sharfman, 1994). But after the excess profits tax was repealed, donations declined only temporarily and resumed the levels observed when the tax was in force. Tax benefits may be an even less compelling explanation for philanthropy in developing countries. For example, in El Salvador, charitable donations are tax exempt, but tax collection is inefficient and not well enforced (U.S. Department of Commerce, 1996).

THE POLITICAL AND INSTITUTIONAL POWER MODEL OF CP

This theory of philanthropy, similar to the previous one, is also strategically motivated. The model posits that firms engage in philanthropy to maximize benefits, but not in the form of an economic return on investment. Rather, the firm uses philanthropy to maximize its political return on investment. The firm does whatever it takes to protect its wider corporate environment but always with the shareholders' interests in mind (Neiheisel, 1994). According to this theory, the goal of corporate philanthropy is to coopt, neutralize, or win over problematic actors in the political environment (Burt, 1983), and to preserve corporate autonomy by establishing private initiatives as an alternative to the growth or interference of government. Therefore, firms may practice philanthropy to gain and hold power and legitimacy (Neiheisel, 1994) in the political and institutional sense.

RESEARCH METHODOLOGY AND DISCUSSION

Firstly, to achieve the stated objective, extensive review of literature was done to identify the motives and reasons for firms to indulge in corporate philanthropy (CP) activities. A total of 19 such motives was identified. However, since the analysis of such large number of statements is very complex, so to make it concise, factor analysis was applied to reduce the statements to a smaller number of factors. Similar motives can be clubbed into related groups called factors through the application of this technique. For this purpose, Exploratory Factor Analysis using Principal Component Analysis (PCA) was applied. Varimax rotation was used to get the factor loading of minimum 0.5 or more and factor extraction was based on the Eigen value of 1 or higher as suggested by Teo (2001) and Hair et al. (2006).

Table 1: Descriptive Statistics of motives of Corporate philanthropy

	Mean	Standard Deviation
M1	4.56	0.69
M2	4.50	0.69
M3	4.44	0.88
M4	4.60	0.66
M5	4.47	0.78
M6	4.07	1.01
M7	4.15	0.93
M8	4.53	0.79
M9	4.39	0.90
M10	4.19	0.94
M11	4.14	0.93
M12	4.07	0.99
M13	4.01	1.05
M14	4.15	0.98
M15	4.13	0.97
M16	4.07	0.98
M17	4.02	0.98
M18	3.88	1.06
M19	3.94	1.13

Table 1 presents the descriptive statistics of all the motives. Since the data has been collected on five-point Likert scale, the mean score of all the items except M18 and M19 lies between 4 and 5. Besides the standard deviation also lies between 0 and 1. This implies that majority of respondents agree, sometimes strongly with all the statements reflecting motives of corporate philanthropy.

Communalities indicate the amount of variance in each variable that is accounted for. This implies that when factors are extracted by clubbing similar statements, how much variability in these statements is explained by the extracted factor. Generally accepted cut-off value for communalities is between 0.25 and 4, and ideal values are above 0.7 (Eaton et al, 2019). For all the statements, as depicted in Table 4.2, the extracted communalities are more than 0.5, indicating that the statements are sufficiently explained by the extracted factors.

Table 2 Communalities of motives of CP

	Initial	Extraction
M1	1.000	0.841
M2	1.000	0.940
M3	1.000	0.583
M4	1.000	0.681
M5	1.000	0.723
M6	1.000	0.750
M7	1.000	0.894
M8	1.000	0.689
M9	1.000	0.582
M10	1.000	0.913
M11	1.000	0.865
M12	1.000	0.790
M13	1.000	0.713
M14	1.000	0.862
M15	1.000	0.867
M16	1.000	0.760
M17	1.000	0.741
M18	1.000	0.747
M19	1.000	0.708
KMO = 0.861, Chi-square = 3276. 269, Degree of freedom = 171 Sig. = 0.000		

The last part of Table 2 depicts KMO values and values for Bartlett's test of sphericity. While KMO measures sampling adequacy, Bartlett's test verifies that the variables are unrelated or not. Kaiser-Meyer-Olkin (KMO) is calculated to measure the sampling adequacy which indicates that the sample is big enough for conducting research or not. The value of

KMO should be more than 0.5 and values between 0.5 and 0.7 are considered as mediocre, value between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great values and above 0.9 are superb; which indicates that sample is adequate for applying factor analysis. The Bartlett's test of Sphericity defines that whether the correlation matrix is an identity matrix or not, which would indicate that the variables are unrelated. The multicollinearity among the variables are checked using Bartlett's test of Sphericity. The value derived from Bartlett's Test should be less than 0.05 (Field, 2009). The KMO and Bartlett's Test values of the first objective variables have been calculated and found to be above the defined standard (Table 2). This indicates that the data is suitable for application of factor analysis.

Table 2: Factor analysis for motives

	Motives' Factors			
	Stakeholder	Business performance	Marketing	Sustainability
M2	.968			
M1	.916			
M5	.845			
M8	.825			
M4	.825			
M3	.759			
M9	.743			
M10		.954		
M15		.929		
M14		.925		
M16		.869		
M13		.842		
M7			.943	
M11			.929	
M12			.887	
M6			.864	
M18				.862
M17				.860
M19				.840
Eigen value	5.07	4.14	3.27	2.16
Variance explained (%)	26.28	21.71	17.49	11.62
Cumulative variance explained (%)	26.28	47.99	65.46	77.09
Alpha value	0.918	0.943	0.927	0.815
Factor mean	4.49	4.11	4.10	3.94

Table 2 summarizes the factor loadings of the four extracted factors after application of exploratory factor analysis (EFA). The average factor loading of all items of the factors were above 0.5 as suggested by Hair et al. (2006). All the items of the data are loaded strongly on their respective factors and the data reduction process was conducted to address the issue of construct validity. The Exploratory Factor Analysis was conducted by using Principal Component Analysis and rotation method used is Varimax.

As seen in Table 3, four factors have been extracted after the application of factor analysis. All the four factors combined explain 77.09 percent variance in the data. This is considered a good value for obtaining optimum factor analysis results. Factor 1 explains 26.28% variance in the data, followed by factor 2 which explains 21.71% variance, factor 3 accounting for 17.49% of total variance explained and factor 4 explaining 11.62% variance in the data. Similarly, the eigen value in Table 3 also verifies whether the extracted factor sufficiently explains the variance in data or not. Eigen value greater than 1 is a good indicator that the total amount of variance in data can be explained by the extracted component or factor.

The results in Table 3 also depict Alpha values which confirm reliable degree of internal consistency among all the factors. Since Cronbach's alpha values are above the limit of 0.7 as suggested by Nunnally and Bernstein (1994), the results are reliable.

NAMING OF FACTORS

All the variables/ statements clubbed under each factor are grouped together because they are similar or carry similar meaning. Therefore, they can be combined and given a name based on the underlying variables and prior literature review. Referring Table 3, factor 1 contains variables 1 to 5 (See Appendix 1), and 8 and 9. These are 'Imparting legitimacy to work', 'Improving employee morale, recruitment and retention', 'Gain government attention', 'fulfil CEO or manager's intention', 'maintain stakeholder relationship', 'fuflil customer expectations and regulatory obligations'. All these variables carry a similar notion that firms conduct philanthropic activities owing to stakeholder's expectations. Hence this factor has been given the name 'Stakeholder'.

The second extracted factor in Table 3 contains five variables viz. 'Gain competitive Advantage', 'Generate Sales growth', 'Create tax benefits', 'Return on Investment' and 'Create goodwill and reputation'. As can be seen, all these variables impact the business performance of the firm in both long term and short term. Hence this factor has been names as 'Business Performance'.

The third factor contains four statements 'Create Brand differentiation and develop Brand image', 'Increase Market share growth', 'Penetrate new market segments' and 'retain customers'. All these are marketing motives of a firm practicing corporate philanthropy. As the literature also shows that philanthropic activities are carried with a motive of cause-related marketing or developing customer loyalty and brand image of firm, this factor also depicts those motives. Hence this factor has been labelled as 'Marketing'.

The fourth factor contains only three statements outlining sustainability as the motive for corporate philanthropy. Firms invest in activities targeted at creating a better and greener environment. Also investing in social welfare or societal infrastructure development, and as a means for sustenance of long-term goals has also been identified as a motive for corporate philanthropy. Therefore, this factor has been named as 'Sustainability'.

Summarizing, the four major motives of corporate philanthropy are 'Stakeholder motives', 'Business Performance motives', 'Marketing motives' and 'Sustainability motives'.

Finally, the figures of factor mean in Table 3 is simply a mean score of all statements falling under the purview of each extracted factor. Since the data is collected on a five-point scale where 5 indicates strongly agree, interpretation has been done accordingly. For example, factor 1 contains seven statements and their mean score is 4.49. This implies that majority of respondents strongly perceive that 'Stakeholder expectations' is a major motive for corporate philanthropy in firms. The factor mean for remaining three factors is also close to 4 indicating that majority of respondents agree that 'Business performance', 'Marketing' and 'Sustainability' are motives for corporate philanthropy.

The next step in EFA is to apply confirmatory factor analysis or CFA. This analysis confirms the findings of EFA. While EFA reduces the variables into factors which explain majority of the variance in the dataset, CFA confirms:

- the extent to which the extracted factors contain the variables loaded onto them by EFA using values of path coefficients
- and the extent of correlation between extracted factors using factor correlation values.

Figure 1 shows the results of CFA applied to the four extracted motives and their underlying variables. To determine the best model fit, several models were computed and tested in AMOS. The final model (Figure 1) contained the 19 variables only indicating that all of them are significant.

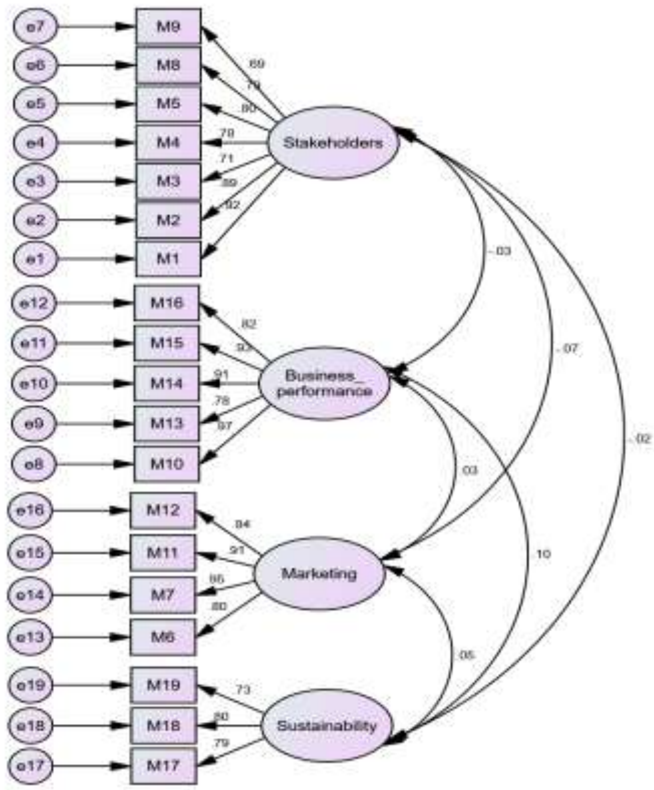

Figure 1: Confirmatory factor analysis for motives

Consider the motive Stakeholder which contained variables 1 to 5, 8 and 9 (Table 3). Here also it is confirmed if the path coefficients between these variables and their corresponding factor is significant or not. For a newly developed items, the factor loading for every item should exceed 0.5. For an established items, the factor loading for every item should be 0.6 or higher (Awang, 2014). For all the factors, as evident from Figure 4.1 results, the path coefficients are greater than 0.5 confirming the factor structure generated by application of EFA. Besides this, the values of correlation between factors is close to zero, indicating that the extracted factors are not related with each other and have no overlapping items. The motives are completely isolated in explaining about reasons of firms investing in philanthropic deeds.

In CFA, several statistical tests termed as model fit indices are used to determine how well the model fits to the data and whether the model is plausible or not (Fox, 2010). Table 4 describes the values for different model fit indices produced as a result of this analysis.

Table 4 Confirmatory model fit for motives of CP

Fit indices	Value
Chi-square (CMIN)	72.39
Degree of freedom (DF)	33
CMIN/DF	2.194
GFI	0.924
NFI	0.956
IFI	0.965
TLI	0.968
CFI	0.982
RMSEA	0.052

The first evaluation index is Chi square test. The smaller the values of chi test, the better the model fit indicating that the difference between observed and expected covariance is small (McNeish & Melissa, 2021). Here the value is 2.194 indicating that model is a good fit, as difference between variances is small. Second index is GFI (Goodness of Fit index) whose acceptable value is between 0 and 1, and value greater than 0.9 indicating a good model fit. As GFI is 0.924, this also implies good model fit. The next set of indices NFI (non-normed fit index) and CFI (comparative fit index) are relative indices. Both these indices should have a value greater than 0.95 to indicate a good model fit (Fox, 2010), which is confirmed for the model for this objective as well as shown by figures in Table 4. RMSEA (root mean square error of approximation) evaluates model fit from the perspective of sample size, and value less than 0.06 is indicative of good fit, which is confirmed for this model as well. TLI stands for Tucker Lewis index which should be greater than 0.9 for a good model fit and simultaneously it should always be lesser than the value of CFI (Soriano, 2020). Both the conditions for TLI and CFI>TLI are being met for this model, indicating good fit. IFI or incremental fit index is analogous to squared R value and hence a value close to 1 implies an acceptable model fit. In a nutshell, all the absolute and relative index values are reaching their thresholds, implying overall good model fit.

Further to strengthen the analysis, reliability and validity of the extracted factors and their underlying variables has also been reported in Table 5. The first column is Composite reliability (CR) which is also an internal consistency reliability measure. The acceptable value of CR is 0.7 and above which is confirmed for all motives in Table 5.

Table 5: Reliability and validity of CFA model for motives

	CR	AVE	MSV	Marketing	Stakeholders	Sustainability	Business performance
Marketing	0.930	0.770	0.005	**0.877**			
Stakeholders	0.925	0.640	0.005	-0.074	**0.800**		
Sustainability	0.818	0.599	0.011	0.051	-0.023	**0.774**	
Business performance	0.946	0.778	0.011	0.026	-0.028	0.104	**0.882**

Besides this, the criteria for data to possess convergent validity is that CR should be greater than 0.7 and AVE greater than 0.5. These criteria have also been met for all the factors as reported in Table 5.

The second validity measure reported here is discriminant validity. For a construct to possess discriminant validity, AVE>MSV (Mean shared variance), while AVE should also be greater than squared correlation of that construct with all other constructs. The values highlighted in bold in Table 5 depict the highest correlation values of a construct with all other constructs. For all the constructs, all three criteria listed for discriminant validity have been met. Therefore, the extracted factors are reliable and valid as well.

This study analyses the motives and impact of practicing corporate philanthropy by firms conducting business in Northern India. The focus is on whether the philanthropy be strategic and does it affect purchase intentions. The research can be used in future directly in relation with consumer market and studying consumer behavior. Corporate philanthropy doesn't just help attract talent; it also helps attract new customers. Studies show that people will spend more with brands that support causes (Pala, 2018). To realize this benefit, firms need to market their philanthropic activities to the public. This could be through advertisements, social media posts highlighting contributions, or other awareness-level activities. In addition, they could also take the cause-branding approach, where the companies' offering like their products and services are directly sent to the charities and causes social support. When carefully executed, corporate philanthropy programs can positively impact business performance, resulting in a more productive and engaged workforce, as well as a strong brand reputation that attracts talent and increases sales. Philanthropic activities are not only beneficial for society, but also for both the company and its employees as well. It also helps a company to improve its brand and make a reputation for its customers, employees, and broader society. A study conducted by Unilever highlighted that 33% of global consumers preferred to buy from companies that were contributing to any social cause. CP also provides a competitive edge to the companies performing philanthropic activities over the companies which are not involved in any social cause. The results of this research will contribute to the benefit of society because philanthropy plays a vital role in social improvements. The greater response of consumers towards companies performing philanthropic activities justifies the perceived importance of CP. This study also indicates that when companies develop trust with its consumers, then the relation between reciprocity and consumer behavior would also be enhanced. For researchers, this study will help them to uncover the effect of certain moderating variables (such as trust), that many researchers were not previously able to explore. Thus, an enhanced conceptual framework can be developed.

The main belief behind this study is the degree up to which a person feels indebted or responsible to pay back the kindness they receive (i.e., reciprocity). So, it (reciprocity) is described as the mechanism of CP which increases a consumer's behavior. Moreover, the outcome of this research study also confirms the significant and positive impact of reciprocity on consumer behavior. These results show that philanthropic activities conducted by companies for the benefit of their society could also improve a company's bottom line or at least build a positive reputation for its consumers. A company's collaboration with its customers also results in open innovation.

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