ENTREPRENEUR AS CHANGE AGENT: ANTECEDENTS AND MODERATORS OF INDIVIDUAL-LEVEL PHILANTHROPIC BEHAVIOR

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ABSTRACT
What motivates entrepreneurs’ philanthropic acts? Philanthropy has been key to American social and cultural development, and it is also a major driver, along with entrepreneurship, of the American economy. To help researchers better understand the antecedents of entrepreneurs’ philanthropic giving, we develop a theoretical model of individual-level philanthropic actions. As antecedents of philanthropic actions in our model, we include three theoretical constructs (immortality striving, legacy creation, and generativity) from the psychology and social psychology literatures. We also propose several variables that we expect to moderate these relationships including entrepreneur age, gender, religious orientation, and wealth. Lastly, we offer directions for future research.

INTRODUCTION
Philanthropic giving in the United States is a significant and growing means of wealth transfer. For example, in 1993 $103 billion was donated to charitable organizations in the United States (American Association of Fund-Raising Counsel, 1994). This figure grew to $295 billion in 2006, of which $223 billion was given by individuals (Giving Institute, 2007). While mega-gifts, like Warren Buffet’s pledge to the Gate’s Foundation (Loomis, 2006) made up about 1.3 percent of the 2006 total, “about 65 percent of households with incomes lower than $100,000 give to charity” (Giving Institute, 2007). This giving has both allowed charities to deliver services not provided by businesses or the government (Kotler, 1979). Given philanthropic giving’s significant influence on the U.S. economy (Acs & Phillips, 2002) it is notable that little theoretical or empirical work has been undertaken by management scholars to determine the antecedents of philanthropic activities. That which has been developed has focused almost entirely at the organizational level.

Management scholars studying the relationship between corporate philanthropy (often in the form of corporate social responsibility) and firm performance have provided mixed results regarding this relationship (Godfrey, 2005; Margolis & Walsh, 2001). However, despite the lack of clear data on the firm-level effects of such giving, philanthropy on the part of individuals and corporations continues to increase (Brammer & Millington, 2005; Schervish & Havens, 2001) and many well-known entrepreneurs have received major publicity for their individual gifts to national and international non-profits (e.g., Hopkins, 2005). The purpose of this paper is to better understand what motivates philanthropic acts on the part of entrepreneurs. Thus, we develop a theoretical model of individual-level philanthropy focused on entrepreneurs’ philanthropic actions.
Philanthropy is the “voluntary and unconditional redistribution of wealth, by the private sector” (Acs and Dana, 2001). It is important to note that philanthropy includes financial transfers but also can incorporate an entrepreneur’s time and/or effort.

According to Acs and colleagues (Acs & Braunerhjelm, 1005; Acs & Dana, 2001; Acs & Phillips, 2002), philanthropy has been key to American social and cultural development (Curti, 1957), and it is also a major driver, along with entrepreneurship, of the American economy. Clearly, entrepreneurial giving has implications for driving development and it therefore becomes important for management scholars to understand the entrepreneur not only as a driver of economic change and wealth creation (Schumpeter, 1942) but also as a philanthropist (Acs & Phillips, 2002). To help form our understanding of the entrepreneur as philanthropist, we build a model in three stages. First, we examine existing research on philanthropy for individuals in general, examining demographic, psychological and monetary reasons for giving. Second, we propose three additional theoretical constructs (generativity, immortality striving, and legacy creation) that may predict philanthropy for entrepreneurs in particular. Finally, we develop theory regarding how these relationships will be moderated by age, gender, religious identification, and wealth (see Figure 1).

ANTECEDENTS OF PHILANTHROPY

In a broad context, researchers have examined several demographic, psychological, and monetary reasons for philanthropic giving for the population at large. For example, researchers have highlighted several demographic differences associated with philanthropic giving, such as gender, age, religion, and wealth. Regarding gender, Kottasz (2004) reported that women tend to give to “people” charities whereas men were more likely to give to the arts. Other researchers have examined age as a defining characteristic and reported a generally positive relationship between age and philanthropic giving (Bennett, 2003; Dawson, 1988; Harvey, 1990). Some research has also touched on the influence of individual’s religion as a factor in their philanthropic pursuits (Bennett, 2003; Pessemier et al., 1977). Perhaps the most widely studied demographic characteristic associated with philanthropy is wealth. Researchers have generally concluded that wealth is positively associated with philanthropy (Clotfelter, 2001; Kottasz, 2004; Ostrower, 1997; Radley & Kennedy, 1995; Schervish, 2006; Schervish & Havens, 2001; Schlegelmilch, Love & Diamantopoulos, 1997; Silver, 1980; Speirn, 2002). In addition, wealthier individuals may give for different reasons than those less affluent (Radley & Kennedy, 1995; Silver, 1980) and may give to different types of charities (Ostrower, 1997; Speirn, 2002).

In addition to demographic differences, researchers have studied philanthropists’ psychological differences such as self-interested and/or prosocial motives (Bolino, 1999; Grant, Dutton & Rosso, Forthcoming; Meglino & Korsgaard, 2004), also referred to as egoistic or altruistic motives (Bendapudi, Singh & Bendapudi, 1996; Brunel & Nelson, 2000; Cermak, File & Prince, 1994; Kottasz, 2004; Krebs & Miller, 1985). Egoistic motivation is ultimately based on improving one’s own welfare (Martin, 1994). Egoistic motivation can further be separated into two categories (Batson, 1987). The first category concerns motivations to gain rewards from helping or to avoid punishment associated with not helping (Cialdini, Reno & Callgren, 1990). Examples of this category of egoistic motivation include a sense of belonging and career advancement (Bendapudi et al., 1996). The second category is associated with one’s concern for one’s own distress (Piliavin, Dovidio, Gaetner & Clark, 1981). For example, when confronted with a needy person, we might experience distress that we can reduce by helping or escaping the situation (Bendapudi et al., 1996). Altruistic motivation, in contrast, has the central goal of helping the needy even at one’s expense (Martin, 1994). Researchers have provided empirical support for the distinctions between
the two forms of egoism and altruism (Batson, Dyck, Brandt, Batson, Powell, McMaster & Griffith, 1988; Fultz, Schuller, Cialdini, 1988; Griffin, Babin, Attaway & Darden, 1993). This work suggests when individuals help for egoistic reasons they do so as a means to end, be that end attaining a reward, avoiding punishment, or escaping personal distress. When acting altruistically, individuals ignore alternatives to help themselves and instead persist in helping the needy (Davis, 1994).

Lastly, there are monetary motivations for philanthropic giving, such as tax avoidance. According to Smith (1990), public policy has developed and supported a tax avoidance motivation. In fact, the charitable deduction for personal income tax filers was first introduced in the U.S. in 1917 (Cermak et al., 1994). Approximately 80 percent of all charitable giving by individuals is impacted by federal and state tax policies (Clotfelter, 1985). These policies have been so popular that the British government introduced U.S. style tax policies in May, 2000 (Hill, 2000) to spur more charitable giving in Britain.

While the above variables help us to understand why individuals act philanthropically, they tend to focus on the population as a whole and cannot tell us about differing motivations within certain groups of individuals (Burnett, 1981; Obourne & Bradley, 1975; Oswalt, 1977). In particular, previous research demonstrates that entrepreneurs have different psychological motivations for their work as compared to the population as a whole (Shaver & Scott, 1991), and thus, they also may have different (or additional) motivations for giving. We suggest that in addition to demographic differences, three underlying constructs (generativity, immortality striving, and legacy creation) are associated with entrepreneurs’ propensity to act philanthropically.

**GENERATIVITY, IMMORTALITY STRIVING, AND LEGACY CREATION**

**Generativity**

Generativity refers to one’s concern for establishing and guiding the next generation (Erikson, 1950, 1963, 1968, 1982). Research on personality and social development supports the view that the experience and expression of generativity are clear indicators of adult maturity (Browning, 1975; Gutmann, 1987; Kotre, 1984; McAdams, 1985; McAdams, de St. Aubin & Logan, 1993; Ryff & Migdal, 1984). According to Erikson (1963), generativity may be expressed in many ways including teaching, youth mentoring, or by making important artistic, scientific or political contributions to society that promote or benefit the next generation (McAdams et al., 1993). Accepting that generativity is concerned with aiding or benefiting the next generation, entrepreneurs may be in a particularly appropriate position to express their generativity through their philanthropic activities. While entrepreneurial success can be measured on a continuum from failure (e.g., an entrepreneurial venture fails and the investment in the venture is lost) to immense financial success (e.g., Bill Gates and Microsoft), one consistent aim of entrepreneurial action is wealth creation (Acs & Phillips, 2002; Deeds, DeCarolis & Coombs, 1998; Drucker, 1985; Knight, 1921; Ronstadt, 1984). Assuming that entrepreneurs have achieved some level of wealth from their entrepreneurial endeavors, they may take to role of philanthropist and provide for future generations. For example, Joseph DiMenna and his wife donated $5 million to the Orchestra of St. Luke's in Manhattan, N.Y. The DiMenna’s rationale for donating this money was to ensure that classical music had future generations of listeners (Beatty, 2007). Therefore, entrepreneurs having built a level of wealth for themselves may be motivated to promote or benefit future generations with philanthropic gifts or acts. Thus, we propose:
Proposition 1: Generativity is positively associated with entrepreneur philanthropy.

Immortality Striving

Immortality striving is the principle that every individual seeks immortality and identifies with those forms of self-expression that they believe will transcend the world of flesh and blood and provide immortality (Becker, 1973, 1975; Rank, 1945, 1958, 1961). According to Becker (1971), this principle of immortality striving derives from the paradox of human existence: only humans have an awareness of self and only humans are aware they will die. Given this paradox, human try to creating meaning for their lives although they know that meaning will be lost when they die. To overcome this problem, humans strive to make contributions that will live on after they die; essentially humans strive for immortality (Becker, 1971; Scimecca, 1979). While there are many ways to achieve immortality such as through sports (Schmitt & Leonard, 1986), we focus on entrepreneurs and their philanthropic acts or gifts (Hirschman, 1990). Warner, Meeker and Eells (1949) recognized that mere creation of great wealth was not enough to ensure immortality. Instead, entrepreneurs needed a record of philanthropy and public service to ensure that their names would be remembered. Names like Rockefeller and Carnegie are remembered as much or more for their philanthropy as for the immense fortunes they built. Therefore, entrepreneurs must develop a record of philanthropy to ensure they are remembered after their deaths, in effect, becoming immortal. Thus, we propose:

Proposition 2: Immortality striving is positively associated with entrepreneur philanthropy.

Legacy Creation

Consistent with Hunter and Rowles (2005), we define legacy as, “the process of leaving something behind” such as one’s values or beliefs (Hunter (2007-2008). While similar to both generativity and immortality striving, legacy creation does differ from each of these constructs. According to Alexander, Rubinstein, Goodman, and Luborsky (1991), Erikson’s (1963) version of generativity is implicitly linked with altruism suggesting that a truly generative person is not interested in any type of egocentric result from being remembered. Legacy creation is not limited in the same way. Legacy creation does not connect a negative connotation to the desire to be remembered even if the desire is to satisfy oneself (Hunter & Rowles, 2005). Immortality striving differs from legacy creation in that immortality is associated with one’s name or family remembered (Warner et al., 1949) while legacy creation refers to leaving something behind but not necessarily having one’s name associated with that which was left.

For many, legacy creation represents the creation of a coherent end to one’s life story (Hunter, 2007-2008). Creating an end to one’s life story may take many forms including leaving the world a better place, serving others, participating in charity, and dedication to a cause, amongst others (Yalom, 1980). For entrepreneurs, creating a legacy may take any of these forms, however, they are in a unique position to pass on their values or beliefs through philanthropic acts. For example, Warren Buffet noted that he felt it was important to give back to society. To do so, he has announced his intention to transfer, over time, the bulk of his wealth to the Bill and Melinda Gates Foundation because, according to Mr. Buffet, “what they’re doing with their foundation is giving money back to society – just where Susie and I thought it should go” (Loomis, 2006). Thus, when considering their legacies, entrepreneurs likely will decide to make philanthropic gifts that support their values or beliefs. Therefore, we propose:

Proposition 3: Legacy creation is positively associated with entrepreneur philanthropy.
THE MODERATING ROLE OF AGE, GENDER, RELIGIOUS ORIENTATION, AND WEALTH

Age

According to Greenberg, Pyszczynski and Solomon (1986) awareness of the inevitability of death has a significant effect and human judgment and behavior. As adults get older they naturally encounter issues of mortality more frequently. Given these more frequent encounters we can expect older adults to undergo cognitive, social, and emotional changes (Brandtstadter & Greve, 1994; Heckhausen & Schulz, 1995). These changes may be related to new or renewed interest in generativity, immortality striving and legacy creation. It is well accepted that young professionals are not particularly interested in giving to charity (Kottasz, 2004; Smy, 2000), but as individuals age, they become more likely to give (Bennett, 2003; Burnett, 1981; Dawson). More specifically, generativity is expected to increase with age (McAdams et al., 1993). With age comes the increasing awareness of one’s responsibilities to society and thus the ability to think in generative ways. Further, it seems logical to expect more frequent encounters with mortality to spur thoughts of immortality and of how to ensure immortality. For entrepreneurs, immortality may be achieved through philanthropic acts and gifts. Lastly, legacy becomes a drive early in life and as we age, this drive may become more important (Hunter & Rowles, 2005). Entrepreneurs then may act in a philanthropic manner to ensure their beliefs and values are passed on thus providing for them an enduring legacy. Therefore,

Proposition 4: Age moderates the relationships between generativity, immortality striving, legacy creation and philanthropy, such that the relationships become stronger as entrepreneurs age.

Gender

While not absolutely conclusive, there is ample evidence that men and women differ in their philanthropic activities (Oppledisano, 2004). More specifically, research supports the general view that philanthropic giving by men is motivated by their desire for recognition while women are motivated to make a difference or to help others (Nowell, 1996). In a study of young professionals in London, Kottasz (2004) concluded that men were more inclined to donate to the arts sector in return for social rewards while women were more likely to donate to people charities. Similarly, in their study of responses to charitable ads, Brunel and Nelson (2000) reported that women responded more favorably to help-others appeals while men responded to self-help appeals. Generativity and legacy creation tend to be associated more with helping others either in the present or in the future (Hunter & Rowles, 2005; Erikson, 1950, 1963, 1968, 1982) while immortality striving is more egoistic and focused on the self rather than others (Becker, 1973, 1975; Rank, 1945, 1958, 1961). Consistent with this research, we expect female and male entrepreneurs to differ in their philanthropic motivations.

Proposition 5a: Gender moderates the relationships between generativity, legacy creation and philanthropy, such that the relationships are stronger for female entrepreneurs.

Proposition 5b: Gender moderates the relationships between immortality striving and philanthropy, such that the relationship is stronger for male entrepreneurs.
Religious Orientation

Religious orientation refers to how religious a person is rather than what religion they associate themselves with. While there is a limited amount of research specifically addressing religion and philanthropy, the Giving Institute (2007) reported that in 2006, 32.8 percent of charitable gifts (approximately $96.8 billion) were received by religious congregations. Existing research tends to show that religious orientation is associated with philanthropy. For example, Pessemier and colleagues (1977) reported that potential kidney donation was related to religious orientation. While not specifically testing for it, Burnett (1981) speculated that religious orientation may be a factor in the decision to donate blood. Lastly, Lohmann (1992) and Pyszczynski, Greenberg, and Solomon (1999) suggest that membership in religious communities is related to individual giving. Thus, we propose the following.

Proposition 6: Religious orientation moderates the relationships between generativity, immortality striving, legacy creation and philanthropy, such that the relationships are stronger for more religious entrepreneurs.

Wealth

Entrepreneurs create wealth only when the value of the firm they develop exceeds the amount of capital invested in the firm (Deeds et al., 1998). When entrepreneurs create wealth they may extract that wealth through direct cash compensation (e.g., salary and bonus), by selling all or part of the firm to another person or firm, or by taking the company public and selling all or part of their stock on the open market. The actual amount of this wealth can be very small or very depending largely on the entrepreneur. While it is simplistic to suggest that people with greater wealth will be more philanthropic because they have wealth in excess of what they need to support themselves and their families, the motivations to use this wealth philanthropically are less clear. Research has generally shown individuals with greater wealth and income give more to charity (Bennett, 2003; Schervish & Havens, 2001). While people with lesser incomes do actively give to charity (Bennett, 2003), the motivations for wealthy individuals to give is different. According to Chernow (1999) philanthropy remains part of an implicit social contract that excess wealth be returned to society. Acs and Dana (2001) stress that individuals are free to accumulate wealth, but some portion of that wealth must be used to expand opportunities for others. Carnegie (1889) summarized this concept with his “gospel of wealth” (Hamer, 1998). According to this gospel, rather then bequeathing their fortunes to heirs or making grants by will, the wealthy should administer their wealth as a public trust during their lives (Carnegie, 1889). Keynes (1933) echoed this sentiment when he suggested that wealth changes “the nature of one’s duty to one’s neighbor. For it will remain reasonable to be economically purposive for others after it has ceased to be reasonable for oneself” (p. 372). For entrepreneurs, the motivation for philanthropic action is derived from Carnegie’s “gospel of wealth”. The capitalist system that made great wealth creation possible is largely the result of philanthropic acts by great entrepreneurs decades or centuries ago (Myers, 1907). Private research universities such as Stanford, Duke, Johns Hopkins and Chicago as well as influential institutions like the Russell Sage Foundation and John D. Rockefeller’s Education Board were created by American philanthropists (Acs & Phillips, 2002; The Economist, 1997). Today, the “gospel of wealth” has motivated a new generation of entrepreneurs (e.g., Bill Gates and Warren Buffet) to administer their wealth as a public trust. As entrepreneurs build more wealth, the motivation to use their excess wealth for the public good likewise increase. Thus we propose,
Proposition 6: Wealth moderates the relationships between generativity, immortality striving, legacy creation and philanthropy, such that the relationships are stronger for wealthier entrepreneurs.

CONCLUSIONS

Drawing from the psychology and social psychology literatures, we proposed that generativity, immortality striving, and legacy creation are antecedents to entrepreneurs’ philanthropy. The immortality striving principle suggests that individuals seek immortality and identify with forms of self-expression that give the individual immortality (Rank, 1945, 1958, 1961). Legacy creation is concerned with shaping the way in which we are remembered (Hunter & Rowles, 2004). Generativity can be defined as concern for establishing and guiding the next generation (Erikson, 1950, 1963). The theoretical model suggests a positive relationship between each of these constructs and the three types of philanthropy (money, time, and effort). In other words, we propose that entrepreneurs will be philanthropic when seeking immortality, when they are concerned with how they are remembered after their death, and when they wish to provide support for future generations.

We also proposed several variables that we expect to moderate these relationships. First, prior research has demonstrated that young professionals are not particularly interested in charitable giving (Smy, 2000). We would, therefore, expect that the entrepreneur’s age would moderate the relationships previously described, such that immortality striving, legacy creation, and generativity are more positively associated with three types of philanthropy (financial, time, effort) the older the entrepreneur. Second, gender has also been found to influence philanthropic endeavors. For example, Brunel and Nelson (2000) and Braus (1994) reported that women preferred fundraising appeals that emphasized helping others while men were more likely to respond to appeals that generated personal benefits. Thus we propose that men are more likely to give for reasons associated with immortality striving while women are more likely to give for reasons associated with generativity and legacy creation. Third, evidence suggests that individuals with a stronger religious orientation tend to give to charities designed to help others (Oppedisano, 2004). We propose that individuals with a stronger religious orientation are less likely to be motivated to engage in philanthropic endeavors by immortality striving or legacy creation and are more likely to be motivated by generativity. Lastly, research suggests that wealthier people give more money than do the less wealthy (Schervish, 2006). While this seems rather obvious in that wealthy people have more money to give than those who are less wealthy, Keynes (1930, 1933) suggests that this may occur due to a change in the nature of a duty to one’s neighbor after it is no longer necessary to acquire wealth for oneself. Thus, we expect that wealth moderates the relationships between immortality striving, legacy creation, and generativity and our measures of philanthropy.

Implications

We believe this paper makes several important contributions to the philanthropy and entrepreneurship literatures. First, this research moves the discussion of philanthropy from the firm level to the individual level. Prior management research focused broadly on social responsibility at the firm level (Brammer & Millington, 2005; Godfrey, 2005; Hillman and Keim, 2001; Waddock and Graves, 1997) or on philanthropic acts by employees within existing firms (Grant et al., Forthcoming). Second, this work develops theory derived from psychology and social psychology to identify and explain antecedents to philanthropic behavior by entrepreneurs—a critical concept to understand as such behavior clearly drives economic and social change (Acs & Phillips, 2002; Curti, 1957). Lastly, we introduce several variables (age,
gender, religious orientation, wealth) as moderators of the relationships between immortality striving, legacy creation, generativity and philanthropy. These moderators help both researchers and practitioners understand the boundaries of entrepreneurial giving. For entrepreneurs interested in their own philanthropic endeavors or the philanthropic behaviors of peers and for non-profit officers responsible for attracting donors, this model begins to clarify why and when entrepreneurs become involved in philanthropy. This understanding may lead to more focused giving and to better strategies to fuel the growth of individual and corporate giving. This type of giving has the potential to fuel the growth of national and international organizations and to positively impact the lives of thousands of individual recipients.

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