Murray State University Honors College

HONORS THESIS

Certificate of Approval

Consumer Response to Foundations and Firms When Firms Own or Sponsor a Foundation

Amanda Swift
May 2020

Approved to fulfill the requirements of HON 437	______________________________ Dr. Ismail Karabas, Professor Marketing
Approved to fulfill the Honors Thesis requirement of the Murray State Honors Diploma	______________________________ Dr. Warren Edminster, Executive Director Honors College

Examination Approval Page

Author: Amanda Swift

Project Title: Consumer Response to Foundations and Firms When Firms Own or Sponsor a Foundation

Department: Marketing

Date of Defense: March 3rd, 2020

Approval by Examining Committee:

______________________________ ____________

(Dr. Ismail Karabas, Advisor) (Date)

______________________________ ____________

(Dr. Sarah Lefebvre, Committee Member) (Date)

______________________________ ____________

(Dr. Stefan Linnhoff, Committee Member) (Date)

Consumer Response to Foundations and Firms When Firms Own or Sponsor a Foundation

Submitted in partial fulfilment
of the requirements
for the Murray State University Honors Diploma

Amanda Swift

March 2020

Acknowledgements

I would like to give a special thank you to my mom and dad for always encouraging me to try for my dreams and for always being there whenever I’ve fallen to help me get back up.

I would also like to say thank you to my wonderful advisor, Ismail, for believing in me, even when I couldn’t believe in myself.

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Abstract

Corporate social responsibility (CSR) has become a norm in the business world as consumers call for businesses to be more involved in improving the world. CSR takes many forms ranging from corporate philanthropy to a focus on sustainability. Corporate foundations have been an increasingly popular practice of CSR to enhance public image, although alliances with non-profit organizations and foundations are still quite prevalent. Current research examines how corporate philanthropy can be effective in building trust and perceived impact on the cause being supported. Because there is a plethora of corporate philanthropy practices, businesses must decide on the best possible avenue to set themselves apart from the competition and achieve the highest positive perceptions from consumers. The purpose of this research is twofold. First, by using an experiment, we aim to explore purchase intentions toward corporations that either partner with a foundation or develop their own foundation. Second, we are interested in the donation likelihood toward foundations that are: owned by a corporation or sponsored by a corporation. Results indicate that relative to foundations sponsored by a corporation, corporate foundations have a higher perceived trust and perceived impact, which lead to higher purchase intentions. In addition, donation likelihood to foundations is higher among the corporate foundations due to their perceived impact. This research is necessary for providing strategic insights to corporations toward the better CSR strategy (own a foundation vs. sponsor with a foundation). Also, investigating consumer response to foundations' strategic positioning in the marketplace will allow optimizing consumer contributions to the cause.

Introduction

Imagine coming across the flyers of two foundations asking you for a contribution to their cause. You notice that one foundation is owned by a corporation while the other is sponsored by a corporation. Both are for the same cause and are equal in all other ways. Which one will you contribute to? Which corporation would you want to make purchases from? One of the top strategies businesses are using to appeal to the consumers is through marketing their social responsibility. In fact, 79% of respondents to a 2006 Cone study, showed that they are more likely to purchase products from a company after learning that it is socially responsible, while 83% indicated they would be more likely to trust the company.

Corporate social responsibility (CSR) practices have been around for centuries, most commonly in the form of corporate philanthropy. Corporations have used it to shed a positive light on the company in the eyes of consumers. The modern understanding of CSR started in the 1950s (Carroll, 1999). The definition of CSR has continued to become more complex, but the core remains the same: CSR is the act of businesses taking responsibility for their actions and any consequences those actions may produce while also focusing on what is deemed as "desirable" by society (Carroll, 1999). Consumers will also pay more if there is a social benefit with what is being purchased (Furlow, 2011). This means that businesses should not only focus on their own growth, but also how to use resources for society's growth.

Businesses practice CSR in a variety of ways: donating money to a non-profit, reducing pollution, allowing employees time to volunteer, or creating their own foundation (Carroll, 1999; Petrovits, 2006). A foundation is a type of non-profit that gives grants and gifts to other non-profits or causes. All foundations are a part of the 501(c)(3) non-profit organization category, which means none of the profits may be shared with the board of volunteers and a foundation does not have to pay income taxes (IRS, 2019). Foundations come in different shapes and sizes; some are independently run, while others are attached to corporations. Corporate foundations are "legally independent from a company, but resource-dependent on it" (Rey-Garcia, Sanzo-Perez, & Alvarez-Gonzalez, 2018). Many of these foundations will include the company's name in the name of the foundation such as the Wal-Mart Foundation or the Wells Fargo Foundation. In the United States, corporate foundations make up less than 5% of all foundations, however they make up 11% of all money given to foundations (Rey-Garcia et al., 2018). Corporate foundations are a platform for corporations to control where the CSR money is going and how it is being used (Petrovits, 2006).

An alternative to creating a foundation would be sponsoring an existing foundation. This is often seen during the month of October when different companies partner with foundations such as the Susan G. Komen Foundation, which gives money to help find a cure for breast cancer. In the past, companies like Yoplait, M&M and Quilted Northern have given a percentage of sales to the foundation (Twombly, 2004). In 2003 alone, the foundation received $30 million from businesses' cause marketing campaigns (Twombly, 2004).

Even though CSR practices are becoming more common, consumers are still not completely connecting with the companies (Cone, 2006). This indicates that the strategies companies choose to apply to support causes are not all working. There are many different strategies for companies and it can be overwhelming to select which one will yield the best results. Choosing the correct approach can be imperative to not only profits, but also to the level of consumer trust. However, it is unclear what the most beneficial practices are for positive consumer perceptions, specifically when it comes to the degree of affiliation with foundations: forming a corporate foundation or sponsoring an existing one.

In the current literature, it has been established that due to resources a corporation has, a corporate foundation can be more efficient than an independent foundation because foundations need a constant stream of revenue (Rey-Garcia et al., 2018). However, efficiency is not the only deciding factor for corporations to consider. Thus, we examine another vital element: consumer perception and how it differs between owning and sponsoring foundations. By filling this gap, we provide more tools and considerations for corporations who are considering adding or changing their CSR practices.

In the remainder of this paper, we first discuss relevant literature on CSR practices, specifically ones that utilize non-profits, whether it be through partnerships or formation of non-profit organization. Then, we propose a set of hypotheses, which we test with an experiment. After, we analyze the results, which leads to a discussion about the implications of the research. Finally, we determine the limitations of the research, which leads to reflections for future research.

Literature Review

General CSR Considerations

Consumers can actively evaluate CSR activities of businesses and come up with their own opinions (Zasuwava, 2017). However, consumers tend to see sincerity in CSR efforts unless the company already has a negative reputation (Rim, Yang & Lee, 2016). The level of sincerity is to be determined because consumers are aware that cause marketing and CSR is not purely altruistic (Mendini, Peter & Gibbert, 2018).

Research has found strategies to increase the effectiveness of CSR efforts. Having a better fit between the cause and the company can improve the company's image of seeming more "socially motivated," as well as improve consumer perceptions of its credibility (Becker-Olsen et al., 2005; Rifon, Choi, Trimble & Li, 2013). There has to be a connection between the business and CSR in order to elicit positive responses like better brand image and purchase intentions (García-Jiménez, Ruiz-de-Maya & López-López, 2017). Even if there is a popular cause circulating, if the business is not aligned with that cause in its mission, there could be negative effects (Romani, Grappi & Bagozzi, 2016). When the cause-marketing is favorable to employees it will be seen as more authentic, when there is a higher fit between the culture of the company and CSR activities it is more credible (Schaefer, Terlutter & Diehl, 2019). Overall, there is no one answer for ethical consumption, everyone is different, however, products that are for children's health are the most popular (Park, 2018). When working with a cause there should be information about the CSR being honest and truthful to reduce skepticism and this can be done by being transparent about the CSR activities (García-Jiménez et al., 2017). Businesses should also focus on thematic partnerships with a cause instead of taxonomic to increase purchase intentions (Mendini, Peter & Gibbert, 2018).

One trend that researchers are noticing is that cause-marketing may not be enough, and businesses should look into having a higher involvement in their CSR activities beyond giving money (Zasuwa, 2017). A way to show this higher involvement is by focusing on the sacrifice and effort that it will take to participate in CSR activities can increase effectiveness (De Vries & Duque, 2018). High involvement can also be shown through focusing on a long-term commitment, which will increase brand loyalty (van den Brink, Odekerken-Schröder & Pauwels, 2006).

Business-Non-profit Alliances

All types of alliances (i.e., business-business, business-non-profit, non-profit-non-profit) have been around for some time. No matter the type, brand alliances affect both brands (Simonin & Ruth, 1998). The level of the effect is different depending on the familiarity of the brand. The lesser known of those in the alliance will be affected more, whether it be a positive or negative effect (Simonin & Ruth, 1998).

Business-non-profit alliances can be beneficial to both parties. For the business, purchase intention increases when there is a sponsor connection with a non-profit (Cornwell & Coote, 2005; Park, Hitchon & Yun, 2004). When the motive for the sponsorship is perceived more altruistic, consumers will be more likely to identify with the business (Rim, Yang & Lee, 2016). Strong relationships between non-profits and for-profits built on trust, commitment, and communication can be beneficial to both; not only through money sharing, but also sharing of knowledge and information (Sanzo, Álvarez, Rey & García, 2015). However, this means that there must be clear cooperation and communication from both sides in order for the alliance to have its intended outcomes (Morgan & Hunt, 1994; Shumate & O'Connor, 2010).

Business-non-profit alliances can be quite complex. First and foremost, the fit between the two must be high, if is not, the level of perceived altruism will decrease (Kim, Sung & Lee, 2012; Simonin & Ruth, 1998). This is especially important if the business is sponsoring a lesser-known non-profit, otherwise the partnership will confuse consumers

(Kim, Sung & Lee, 2012). On the other hand, if a lesser-known company partners with a well-known non-profit, it can have negative effects because consumers will be weary of the true intentions of the company, so a lesser-known company should partner with a lesser-known non-profit (Kim, Sung & Lee, 2012). Reputation also plays into effect because companies with lower reputations will gain more from a sponsorship of a non-profit, however, the non-profit would gain more from a company with a higher reputation (Irmak, Sen & Bhattacharya, 2013). Another point to note is that if there is a problem with the sponsorship, the ways to fix that are very costly because most likely there would have to be an additional campaign made (Shumate & O'Connor, 2010).

Warmth and Trust

At their core for-profit and non-profit organizations can be quite similar. Both could be trying to sell a product or service for money, but it is what they do with that money that sets them apart from competitors in the market. This difference does not go unnoticed by consumers, in fact, it creates different attitudes. For-profit organizations are seen as more competent, while non-profit organizations are seen as having more warmth (Aaker, Vohs & Mogliner, 2010). This affects how consumers decide to purchase products. They are more likely to purchase a product from a for-profit due to its perceived competence, however, if a non-profit is seen as both competent and warm, the consumer will choose the product from the non-profit over the for-profit (Aaker et al., 2010). When any organization is seen as both competent and warm, it produces feelings of admiration towards the organization (Cuddy, Fisk & Flick, 2008).

Although warmth may not be enough to determine buying intentions, it can help dictate online interactions. The warmer an organization seems, the more likely consumers will endorse it online (Bernritter, Verlegh & Smit, 2016). This means that non-profits are more likely to receive these endorsements thus increasing engagement. Part of this warmth comes from brand trust which directly affects brand performance and purchase loyalty and can also increase prices and market share (Chaudhuri & Holbrook, 2001). Non-profits have a heavy focus on trust because without consumers trusting them with their money, they cannot be successful.

Corporate social responsibility is a way to increase the perceived warmth of a company and can be beneficial to a business in many ways. In general, consumers are willing to reward companies that are socially responsible (Becker-Olsen, Cudmore & Hill, 2005). This means that companies that practice CSR activities can increase purchase intentions and can even utilize those activities to assist in the formation of a brand extension (Koshate-Fischer, Stegan & Hoyer, 2012). If a business is creating a new product or extending the brand in another way, especially if that extension is distant, the response from consumers will be more favorable if the business participates in CSR (Johnson, Mao, Lefebvre & Ganesh, 2019). Consumers will also find companies being socially responsible more trustworthy (Fatma, Rahman & Khan, 2005). Research shows that it is better to develop “a favorable social responsibility reputation rather than an ability reputation” (Johnson et al., 2019). Businesses have been relying on competence to make money, when it is a combination of competence and warmth that will push them further (Aaker et al., 2010).

Perceived Impact

When donating to a nonprofit, there can be multiple factors which influence if donation is made beyond trust, one of which being the perceived impact of the donation (Duncan, 2004). Those considered "impact philanthropists" want to be sure that their donation will make a change (Duncan, 2004). Typically, they ask for the exact numbers that are being given to the cause and how much is overhead costs (Duncan, 2004). This is why many nonprofit organizations, like the Make-a-Wish Foundation, are reporting how much revenue goes to the services they provide (Vesterlund, 2006). By highlighting the money going to the cause, this can create higher charitable giving (van der Linden, 2011).

This is changing how nonprofits are marketing to potential donors because they want to show the impact they can have on a cause (Cryder, Loewenstein & Scheines, 2013). Now these organizations are finding ways to provide tangible information to illustrate what a contribution can do. One strategy stems from the identifiable victim effect which is why there has been an increase in the ability to give money to help a particular child (Cryder, Loewenstein & Scheines, 2013). Being able to give more specifically increases the perceived impact of a donation (Erlandsson, Björklund & Bäckström, 2015). Providing this "tangible evidence" increases impact and giving (Cryder, Loewenstein & Scheines, 2013).

Hypothesis Development

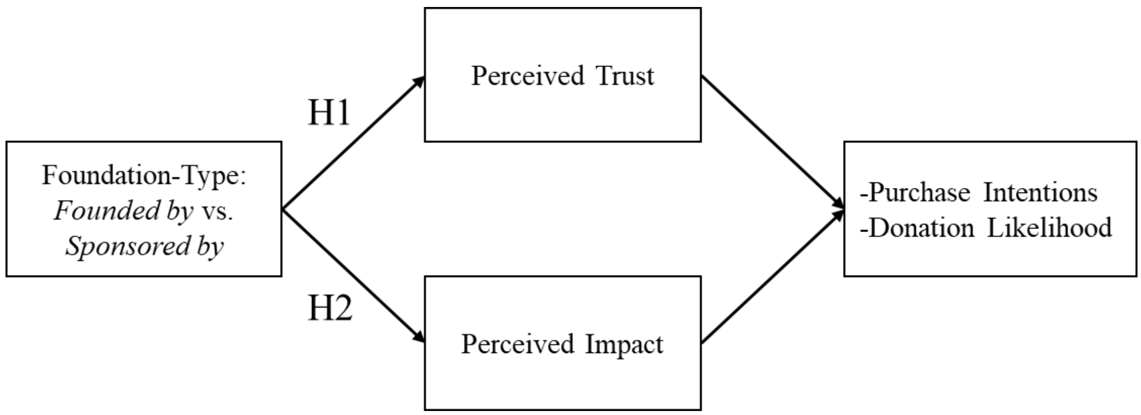
Businesses are competent in the eyes of the consumer (Aaker et al., 2010). Consumers are more likely to trust their products because they trust their strategies and ideas. Non-profits are warm, but consumers do not trust their products as much (Aaker et al., 2010). When a business and non-profit form an alliance, together they can have competence and warmth, however, the lack of warmth from the business and the lack of competence of the non-profit is noticeable (Aaker et al., 2010). Instead, warmth can be added to a business in a different way by forming its own corporate foundation. Trust comes from both competence and warmth (Aaker, Garbinsky & Vohs, 2012).

Consumers trust corporations more when it comes to money because they are seen as more competent, thus they will trust a corporate foundation more than a corporation sponsoring a foundation because the corporate foundation is part of that competent business. Since a corporate foundation is seen as more trustworthy, this will lead to higher purchase intentions since trustworthiness and purchase intentions are directly linked. Also, the perceived trustworthiness that consumers have towards the corporate foundation will have a positive impact on the donation likelihood to the foundation because consumers trust it with money. This leads us to propose our first hypothesis (see Figure 1):

H1: Corporate foundations (vs. sponsored foundations) will lead to more perceived trust toward the foundation thus creating a positive effect on a) purchase intentions toward the corporation and b) on donation likelihood toward the foundation.

Figure 1

Research Model and Hypotheses 1 and 2



Since businesses and corporate foundations are seen as more competent with money, they are also perceived as having more money, especially when non-profit has the phrase "no profit" in it (Aaker et al., 2010). With more money there can be more of it contributed to a cause. When sponsoring a foundation, consumers can perceive some of that money going to the sponsored foundation and not directly to the cause. With a corporate foundation, the employees and facility can be paid by the corporation (Rey-Garcia et al., 2018). This leads to consumers perceiving a higher impact to the cause when it is corporate foundation instead of a sponsored foundation. With a belief that more money is going to the cause, this can increase purchase intentions and donation likelihood. This formulates our second hypothesis (see Figure 1):

H2: Corporate foundations (vs. sponsored foundations) will lead to more perceived impact of the foundation thus creating a positive effect on a) purchase intentions toward the corporation and b) on donation likelihood toward the foundation.

Methodology

Participants, Design and Procedure

Participants from Amazon's Mechanical Turk (MTurk; N = 143; 35% female; median age = 32, mean age = 34.54, age range = 18 – 69; 79.7% Caucasian) completed a single factor between-subjects experiment with two conditions (*founded by* vs. *sponsored by*). In both conditions, participants imagined coming across a flyer of the hypothetical Literacy for All Foundation (LFA) that asked participants to donate to the foundation (see Appendix A for the flyers). In the *founded by* condition, the caption above the flyer stated that the LFA Foundation was founded by the hypothetical company Books Co. and the flyer disclosed that the foundation was founded by Books Co. In the *sponsored by* condition, the caption above the flyer stated that the LFA Foundation was sponsored by the company Books Co. and the flyer disclosed that the foundation was sponsored by Books Co. The alliance between LFA and Books Co. was mentioned in two places to ensure an effective manipulation. All the other parts of the flyers were identical between the two conditions. We selected Books Co. and the Literacy for All Foundation as unknown brands to regulate any preconceived notions, which in turn limits outside variables which could affect the outcome. Literacy was chosen as the cause because previous research shows that people generally support proceeds going to improving child health and we wanted this cause to appeal to different types of people (Park, 2018).

Measures

After reviewing the flyer, participants completed the measures of donation likelihood ("How likely would you be to donate to the Literacy for All Foundation?"; 1 = very unlikely, 7 = very likely), perceived impact of the foundation (three items; α = .95;

e.g., “By donating to Literacy for All I think one can make a big difference,” 1 = strongly disagree, 7 = strongly agree; adapted from Erlandsson, Nilsson & Västfjäll, 2018), perceived trustworthiness of the foundation (“I believe the Literacy for All Foundation is: 1 = untrustworthy, 7 = trustworthy), and purchase intentions (“Imagine you are in the market to buy a book. How likely would you be to purchase from Books Co.?” 1 = very unlikely, 7 = very likely; adapted from Zhang and Buda 1999). In addition, as an attention check, participants indicated whether they knew Books Co. was a company (“In the flyer you just reviewed, Books Co. is a: 1 = company, 2 = foundation, 3 = not sure what it is”) (all measures are shown in Appendix B). Table 1 presents the descriptive statistics and correlation matrix. The study ended with demographic questions.

Table 1

Descriptive Statistics and Correlation Matrix

		M	SD	1	2	3	4
1	Perceived Trustworthiness	5.35	1.17	-			
2	Perceived Impact	4.43	1.36	.48	-		
3	Purchase Intentions	4.74	1.33	.46	.53	-	
4	Donation Likelihood	3.71	1.83	.44	.66	.70	-

Note. $N = 93$. All correlations are significant at $p < .01$ (two-tailed).

Results

Attention check. Since company-foundation alliance is in the center of the current work, it was important that participants were aware of Books Co. being a company. Out of 143 participants, 50 indicated that they thought Books Co. was a foundation. Thus, participants who reported Books Co. as a foundation were excluded from the analysis leaving a sample of 93, including participants who either knew Books Co. was a company (80) or were unsure about it (13).

Primary analyses. Using PROCESS Model 4 (Hayes, 2018), we tested the indirect effect of foundation-type (1 = founded by, 2 = sponsored by) on purchase intentions through perceived trustworthiness of LFA and perceived impact of LFA (in parallel). Results revealed a significant effect of foundation-type on trustworthiness ($b = -.51$, $p < .05$) and a significant effect of trustworthiness on purchase intentions ($b = .31$, $p < .01$). Results also showed a significant effect of foundation-type on impact ($b = -.56$, $p < .05$) and a significant effect of impact on purchase intentions ($b = .38$, $p < .001$). More importantly, supporting H_{1a} and H_{2a}, the indirect effect of Foundation-type on purchase intentions was significant through both trustworthiness and impact as the confidence interval did not include zero (trustworthiness: $\beta = -.16$, SE = .09, 95% CI: -.3583, -.0055; impact: $\beta = -.21$, SE = .14, 95% CI: -.5404, -.0060), and the direct effect was no longer significant ($\beta = -.16$, $p = .51$).

Next, we tested the indirect effect of Foundation-type (1 = founded by, 2 = sponsored by) on donation likelihood through perceived trustworthiness of LFA and perceived impact of LFA (in parallel)[1]. Results revealed a significant effect of foundation-type on trustworthiness ($b = -.51$, $p < .05$) but the effect of trustworthiness on donation likelihood was not significant ($b = .26$, $p = .07$). Results also showed a significant effect of foundation-type on impact ($b = -.56$, $p < .05$) and a significant effect of impact on donation likelihood ($b = .79$, $p < .001$). Moreover, the indirect effect of foundation-type on donation

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[1] We employed *donation amount* as another dependent variable but did not report it since the results were identical to *donation likelihood*.

likelihood was not significant through trustworthiness (β = -.13, SE = .11, 95% CI: -.3832, .0308), which does not lend support for H_{1b}. However, supporting H_{2b}, impact was a significant mediator since the confidence interval did not include zero (β = -.44, SE = .25, 95% CI: -.9486, -.0052). The direct effect of foundation-type on donation likelihood was no longer significant (β = -.16, *p* = .58).

Discussion

Corporate social responsibility (CSR) has been around for years and it is not going anywhere any time soon. Research has shown that there are benefits to practicing CSR like increasing purchase intentions and consumer trust (Koshate-Fischer et al., 2012; Fatma et al., 2005). Consumers are prepared to reward the companies that are showing that they are socially responsible (Furlow, 2011). Besides the research on why CSR is important, there is plenty of research for companies about important topics to remember when practicing CSR as well as plenty of research warning companies of what to avoid. For instance, which non-profits to stay away from depending on a company's reputation (Kim, Sung & Lee, 2012). Research also highlights practices of CSR: corporate foundations or businesses sponsoring a non-profit foundation. These alliances can be beneficial to both parties by increasing purchase intention as well as sharing information between the two (Cornwell & Coote, 2005; Park et al., 2004; Sanzo et al., 2015). However, there are many complications and ways it can go wrong, whether it be from lack of familiarity or a noticeable discrepancy between the fit (Kim, et al., 2012; Simonin & Ruth, 1998).

With all of these obstacles and hoops to jump through, it is difficult for companies to know which options of CSR practices are viable and more importantly, which ones produce more positive outcomes. Our research looked at two similar options for businesses, starting a corporate foundation and sponsoring an independent foundation, and compared them. Not only did we want to look at benefits for the business, but also for the foundation.

We proposed two hypotheses, the first of which described how corporate foundations are seen as more trustworthy to consumers thus increasing purchase intentions and donation likelihood. The results partially supported this hypothesis. There was evidence for trustworthiness increasing purchase intentions. There was no significant evidence for trustworthiness impacting donation likelihood. Our second hypothesis proposed corporation foundations having a higher perceived impact to the cause thus increasing purchase intentions and donation likelihood. This hypothesis was supported by the experiment.

Our research offers several contributions on CSR practices. First, it confirms that consumers do want to reward CSR behavior (Becker-Olsen, Cudmore & Hill, 2005). There were higher purchase intentions because of the corporate foundation, a type of CSR practice, being utilized. Second, it confirms that consumers can determine their own opinions of CSR activities (Mendini, Peter & Gibbert, 2018; Zasuwaya, 2017). Our research shows consumers can see differences in CSR practices when it comes to perceived trustworthiness and perceived impact, which then affects their purchase and donation decisions.

Second, we fill the gap regarding consumer perceptions of corporations' relationships with foundations. Past research explained how corporations should start their own foundations because of the efficiency with the resources and funds they have (Rey-Garcia, 2018). Efficiency does not necessarily dictate effectiveness and corporations must consider both (Rey-Garcia, 2018). Our research found that corporate foundations are seen as more trustworthy and having a higher impact on the cause they support to consumers. The higher level of trust and perceived impact was found to lead to higher purchase intentions for the corporation. Donation likelihood to the foundation was increased by perceived impact, but not by trustworthiness. This is because when perceived trust was put against perceived impact, impact seemed more critical than trust, hence the lack of significance. Perceived impact was previously linked to increased donations (Cryder, Loewenstein & Scheines, 2013).

Practical Implications

Beyond adding to current CSR research, our results have implications for the business world. The results of this research support corporate foundations being a viable CSR option for businesses. When compared to a corporation sponsoring a foundation, they are seen as more trustworthy and having a higher impact on the cause the foundation is supporting which leads to an increase purchase intention. Consumers are more likely to buy from a corporation which has created a foundation.

Corporate foundations also see an increase in donations to the foundations over the sponsored foundations. However, because it is the higher perceived impact that leads to the improved donation likelihood, corporate foundations should focus on trying to illustrate the impact they are making on the causes they support. Research shows the best ways to do this is by providing "tangible evidence" of the impact a contribution can have on the cause itself and by being transparent about how the money is being used (Cryder, Loewenstein & Scheines, 2013; Vesterlund, 2006).

Limitations and Future Research

The current work has limitations. In our manipulation of the foundation being owned or sponsored by a corporation, the level of clarity about what was a foundation and what was a company was not as strong as it could have been, since many participants failed the attention check. This was illustrated during the attention check when almost 35% of participants could not answer the question correctly. They did not know what Books Co. was. Future research should find ways to make it clear to the participants the differences of the foundations, which could create more reliable results.

In addition, there were several participants that were excluded from the overall results due to the attention check. This is not ideal because it creates a selected group and could create an outcome with misleading results. The final sample size was smaller than what was expected due to the high number of exclusions, which is a problem since we have little power for an already small effect. Similar to the first limitation, future research should address the issue by creating manipulations that will not require excluding participants.

Another limitation is the order of measures was not as fine-tuned as it could have been. Purchase intentions should have been before any of the mediators that were asked because it was a dependent variable. These mediators could have disrupted the thought process of the participants thus changing the opinions and answers of the participants. Future research should consider the impact of the order of the questions. A final limitation is a single item was used for the trustworthiness measure, however, using an established multi-item measure could have produced more reliable results.

This research used a company and foundation that are unfamiliar with consumers; future research could use a company and foundation that are known to consumers to see if there is a difference in the perceived impact and trust. On top of that, there can be a moderator with the level of fit between the company and the foundations, since there are popular foundations, such as the Susan G. Komen Foundation that many companies sponsor. There is little fit between Quilted Northern toilet paper and breast cancer (Twombly, 2004), however, they have sponsored the Susan G. Komen Foundation.

Another moderator to potentially use is reputation. Our research did not point to any specifications for the reputation of the company of the foundation. We allowed the participants to make their own assumptions and randomly assigned them to one of the two conditions (founded by vs. sponsored by) to account for any confounds related to the reputation of the company. There is research about reputation of a corporation affecting the success of business-non-profit alliances (Irmak, Sen & Bhattacharya, 2013. It is unclear if the level of reputation could affect trust or perceived impact.

CSR is a broad subject and can be practiced in many ways beyond foundations. A way to look at the broad concept could be comparing corporate foundations with other forms of CSR. Other examples of CSR include sustainability efforts, volunteering or even participating in fair trade. This could help determine which CSR activities produce the most positive results.

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Appendix A

Flyer Images used in the Experiment

Sponsored by:

Founded by:

Appendix B

Measures

Perceived trustworthiness (adapted from McKnight, 2002)

I believe the Literacy for All Foundation is: 1 = untrustworthy, 7 = trustworthy

Perceived impact (adapted from Erlandsson, Nilsson, and Västfjäll 2018)

By donating to Literacy for All, I think one can make: (1 = strongly disagree, 7 = strongly agree; $\alpha = .95$)

a. A big difference

b. A big difference for people affected by illiteracy

c. A big difference for projects to help with illiteracy

Purchase intentions (adapted from Zhang and Buda 1999)

Imagine you are in the market to buy a book. How likely would you be to purchase from Books Co.? (1 = very unlikely, 7 = very likely)

Donation likelihood

How likely would you be to donate to the Literacy for All Foundation? (1 = very unlikely, 7 = very likely)

Donation amount

Imagining you had $20 to donate, how much of it would you give to the Literacy for All Foundation? (slider scale: $0-$20)

Attention check

In the flyer you just reviewed, Books Co. is a: company, foundation, not sure what it is