

Paper: SMEs Motives and Characteristics for International Charitable Support

SMEs Motives and Characteristics for International Charitable Support

Abstract

Small- and medium-sized enterprises (SMEs) are becoming more involved in international social responsibility activities. However, most studies on corporate charitable support, especially on international aid and development charities, are primarily undertaken among large organizations. This paper therefore explores the motives that underlie corporate international charitable support among (SMEs) and their organizational characteristics. Eighty-three Dutch SMEs are studied on their characteristics and their motivations for international aid and development support. The results demonstrated an underlying structure of four reliable motives: egoistic motive, organizational impure altruistic motive, individual impure altruistic motive, and pure altruistic motive. From these four motives only organizational impure altruistic motive had an effect. The organizational impure altruistic motive showed a reversed relationship with support for international aid and development charity. Furthermore, the study showed that larger SMEs where the owners decides on corporate charitable support are more inclined to support international aid and development charities than small SMEs.

Key Words: corporate giving, small and medium sized enterprises, supporting motives, international charity

1 Introduction

Over the past years the amount of money spent by companies on corporate charitable giving has increased (Meijer, Bakker, Smit, and Schuyt, 2006). In particular, large companies show increasing interest in corporate charitable giving (Dean, 2003; Sen and Bhattacharya, 2001). Previous studies have showed that large companies have different motives for corporate charitable giving. Their motives are frequently presented by two opposite forms of motives: egoism versus altruism (Campbell, Gulas and Gruca, 1999; Graafland and Van de Ven, 2006). Advocates of the egoistic concept believe that every motive for benefiting others is ultimately undertaken for one's sake (Batson and Shaw, 1991). Contrary to purely egoistic motives, charitable support can also be motivated by a more philanthropic orientation referred to as altruism (Andreoni, 1990). The essential characteristic of altruism is that nothing is expected in return for the donation (Campbell, *et al.*, 1999), at least when the classical dichotomy is applied.

Most studies on motives for corporate charitable giving are based on large companies instead of small and medium-sized enterprises (SME). This is surprising because the majority of companies are SMEs (Madden *et al.*, 2006). SMEs are not simply a scale model of large companies, but form a fundamentally distinct entity. Many concepts that may have been developed for large organisations are applicable for small businesses. However, an important difference between SMEs and large companies is the existence of a close tie between SMEs and their owners. The SME manager and owner is often one and the same person. The result is that the manager-owner takes up, in addition to leadership duties, all or at least some of the liability risk. In this situation, the leadership person has an extremely high responsibility with regards to all business-related

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decisions (Loecher, 2000). The manager-owner is generally more self-sufficient and independent than the contracted management of large companies. The manager-owner has, in addition, a more pronounced desire to achieve these properties. This increases the opportunities for the personal ethics of the manager-owner to be integrated into and embodied by the company's activities. Another interesting feature of SMEs is that many SMEs are strongly engaged in some form of socially responsible activity in favour of their local community. These activities ranged from support for sports and cultural activities in the form of donations or sponsorships, to employee volunteering in local schools or partnerships with not-for-profit organisations. SMEs are also becoming more involved in international social responsibility activities. An important reason is that large companies are transferring their social responsibility agenda onto the suppliers, the so called supply chain pressure, but also that SMEs show an increasing number of international social responsibility initiatives. Many of these initiatives are focusing on improving the quality of living of people in developing countries. For firms, government, non-governmental organisations, it is important to understand whether the international social responsibility activities of SMEs are determined by normative and strategic motives. Both kinds of motives can play a role, but commitment to international social responsibility activities cannot remain stable and sustainable without a clear choice for morality as a substantial element in the motivational set-up of SMEs. The aim of this study is to further increase the understanding of the motives why SMEs are engaged into international social responsibility activities. It focuses on the specific features and motives of SMEs to involve in international charitable activities, in particular supporting international aid and development charities. A survey research is conducted to collect the

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data to analyze the relationships between organizational characteristics, motives and behaviour of SME to support international charities. Questionnaires were sent to 142 independent SMEs in the Netherlands. We have a response rate of 58 percent.

The structure of this paper is as follows. The next section introduces the concept of corporate giving and discusses the motives underlying corporate giving. This section describes three types of corporate motives: egoism, impure altruism and pure altruism. The following section presents the hypotheses related to SMEs support for international aid and development charities. Section 4 presents the data collection, sample and variables. Subsequently, section 5 shows and discusses the results of the empirical analyses. Finally, section 6 concludes.

2 Motives for Corporate Charitable Giving

Corporate giving or corporate philanthropy can be seen as an extension of Corporate social responsibility (CSR) and is indicated as one of the social responsibilities belonging to the total social responsibility of companies (Carroll, 1979). It can best be defined as ‘a transfer of charitable nature, of corporate resources to recipients at below market prices’ (Fry, Keim and Meiners, 1982: p.95). Previous research has suggested numerous motives underlying corporate charitable giving (e.g. Andreoni, 1990; Brammer, Millington and Pavelin, 2006; Navarro, 1988; Saiia *et al.*, 2003; Young & Burlingame 1996). Corporate charitable giving can stem from feelings of commitment, from sympathy, belief in the moral values of reciprocity and it can be motivated by private benefits to the donor like prestige and pride (Ackerman, 1996). Social pressure, guilt or a desire for ‘a warm glow’

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can also be accounts for charitable behaviour (Andreoni, 1990). Ray (1998) emphasized the role of empathy as motivation of helping behaviour. Empathy, 'results from an individual's ability to imagine herself in the place of another individual' (Ray, 1998: p. 395). It can be seen as a function of the perceived similarity between helper and the recipient. Hemmingway and MacLagan (2004) emphasized the existence of a strong relationship between corporate philanthropy and idealistic beliefs and values.

Corporate philanthropy can also be driven by strategic motives of companies. Strategic motives, of a company to behave socially responsible, refer to a company believing that corporate social responsibility pays off in the long run (Graafland, 2004; Grahm *et. al.*, 1987; Varadarajan & Menon, 1988). This might lead to an enhanced market position because customers and the public in general tend to show more favourable attitudes towards companies that donate to charities (Campbell *et al.*, 1999). Corporate philanthropy enhances the creation of goodwill within the community and increases employee morale and advantages in employee recruitment (Dean, 2003). An increasing number of companies are including corporate giving in their business strategy (McAlister and Ferrell, 2002).

The literature shows three broad categories of motives for supporting charities. The two opposing concepts of egoistic and altruistic motives have been extended by an intermediate concept through the division in pure and impure altruistic motives. These three categories of motives can be presented on a range from purely altruistic motives on the one end, impure altruistic motives holding an intermediate position, towards egoistic motives on the other end. Steiner (1975) emphasized that business decision making today is more a mix of altruism, self-interest and good citizenship. In addition Fry, Keim and

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Meiners (1982) apply three rationales for corporate philanthropy: through-the-firm giving (impure altruism), corporate statesmanship (pure altruism) and profit motivated giving (egoism). Corporate charitable giving could be motivated by making profit, or could be a means of satisfying non-profit related interests of shareholders. This latter one is also known as through-the-firm giving (Fry *et al.*, 1982). Additionally, corporate philanthropy can also be motivated by managers' having a highly developed social responsibility, referring to the rationale of corporate statesmanship. Batson and Shaw (1991) stated that both altruistic and egoistic motives can exist within an individual, due to the possibility of having multiple motives. These differing motives may evoke a variety of behaviours or no behaviour at all.

3 SME motives and characteristics to support international charities

Many companies include well-developed philanthropic programs into their business strategies with the aim of increasing corporate performance (Graafland, 2004). This result though, is in the first place based on research primarily undertaken in large organizations and in the second place undertaken for corporate charitable support in general instead of international charities support in specific. Consequently, it is interesting to study the impact of egoistic motives on SMEs charitable support related to international charities. Research of Madden *et al.* (2006) indicated that one of the primary reasons for SMEs to engage with their community was to benefit their own business. Furthermore, it was also believed that supporting community initiatives could benefit the morale of their workforce. This suggests that not only large companies apply motives of self-interest. However to what extent do these motives also involve decisions of SMEs concerning the

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support of international charities? Based on previous research though, several assumptions can be made. When SMEs apply egoistic motives for engaging with the community, they are likely to do the same where it concerns corporate charitable support. Secondly, behind many general business decisions egoistic motives have been a substantial driver (Fritzsche, 1995). Taking this into account, it is expected that egoistic motives also influence the specific support that is provided to one type of charitable support, namely international charity support. It is assumed that self-benefit can be gained through any kind of corporate charitable support. However, because the support provided and the related target group are not locally or even domestically oriented, SME's are less likely to support international charities (Madden *et al.*, 2006). The focus of charitable support for SMEs will essentially lie close to home. Subsequently, if SME's are motivated by possible benefits gained from charitable support, it is likely that these will stem to a lesser extent from international charities. Self-benefits for SMEs will probably relate to benefits within the community, thus locally or domestically oriented. For these reasons, it is assumed that egoistic motivations have a negative effect on SMEs support for international charities. Therefore, we formulate the following hypothesis:

H1: SMEs support for international aid and development charities is likely to depend negatively on egoistic motivations

The second category of motives that is suggested to influence SME's support for international charities are impure altruistic motivations. The assumption is that SME's, consistent with large organizations, apply impure altruistic motivations for corporate

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charitable support. They combine a concern for others with a more selfish perspective resulting in both private benefits and benefits related to the beneficiary. Madden *et al.* (2006) indicated impure altruistic motivations to be an important driver behind SME's community involvement. For these reasons it is believed that impure altruistic motivations also influence SME's charitable support. Regarding SMEs support for international aid and development charities in specific, part of the reasoning applied for the influence of egoistic motivations also applies for impure altruistic motivations. However impure altruism is a blended concept. The altruistic motivations carry a selfless perspective and for that reason are likely to influence the support provided to international charities. Support for international charities, is probably based on altruistic features like idealistic beliefs and values, moral perceptions and ethical norms (Bar-Tel, 1976; Batson, 1987). Due to the generally local focus of SME's (Saiia *et al.*, 2003), little self-benefit is likely to be gained from SME's support to international charities. The sincere concern, ethical perceptions and idealistic beliefs may dominate SME's support for international charities. Although impure altruism is a blended form integrating both the utility of the recipient and the utility of the giver, we expect that impure altruistic motivations are positively influencing SME's support for charities. Therefore we formulate the following hypothesis:

H2: SME's support for international charities is likely to depend positively on impure altruistic motivations

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Pure altruistic motivations are the third category of motives which are likely to influence SME's support for international charities. Previous studies indicated altruistic motivations to underlie corporate charitable support provided by large organizations. This research argues that these same motivations also apply on SME's and their corporate charitable support. More strongly phrased, we regard pure altruistic motivations as strongest motivations for SME's support related to international charities. The unique characteristic of pure altruism, is the total absence of selfish behaviour (Andreoni, 1989; 1990). The motivation stems from idealistic beliefs, moral perceptions, genuine concern for others and personal norms and values (Bar-Tel, 1976; Batson, 1987). This suggests that companies might have a strong sense of moral duty. Although SME's are close to their community and portray a high level of community involvement (Madden *et al.*, 2006) it is this moral duty and the true selfless alter-centred perspective within altruism that is most likely to motivate SME's to support international charities. Although the cause is remote, the feeling of true necessity of the aid makes the support provided probable. SME's genuine concern for the sake of others would dominate the distance. Within this type of motivations, no self-interest is involved. Although little benefits are expected from supporting international aid and development charities, we expect that these charities will receive support from SME's due to their strong ethical climate and the absence of the search of private benefits. This suggests that the support for charities related to international aid and development is especially influenced by pure altruistic motivations. Therefore, we suggest the following hypothesis:

H3: SMEs support for international charities is likely to depend positively on pure altruistic motivations

Aside from the motivations, previous studies also showed the effect of some distinguishing organizational characteristics on SME's support for international aid and development charities. Three main characteristics are identified on which SME's are likely to be dissimilar from their larger counterparts: the size of the organization (Graafland and Van de Ven, 2006; Wood and Jones, 1995), the ownership structure (Atkinson and Galaskiewicz, 1988) and the age of the organization (Canadian Business for Social Responsibility, 2003; Voordeckers, Van Gils and Van den Heuvel, 2007).

Size has been indicated to influence the amount of money and resources devoted to corporate charitable support (Canadian Business for Social Responsibility, 2003; Buchholtz et al., 1999; Waddock and Graves, 1997). In addition, size, also relates to the scope of stakeholders that is concerned. The amount of business exposure is greater for large organizations than it is for small organizations (Saiia *et al.*, 2003). Consequently large organizations are under greater scrutiny from a broader range of stakeholders than small organizations. For these reasons it is likely that small businesses are most focussed on their own community and least focussed on support outside of the local and domestic scope. For international charities it could imply that these charities are less supported by small businesses. Therefore, it is expected that medium-sized organizations are more likely to support international aid and development charities than small-sized organizations. Thus, this leads to the following hypothesis:

H4: Size of the organization is likely to be positively related to SME's support for international aid charities

Age of the organization and its possible relation with corporate charitable support is not clear cut. Most studies did not investigate the relationship between age of the organisation and corporate charitable support. Although, based on individual studies some plausible assumptions can be made. One would expect age of the organization to show a similar relationship as size of the organization. New companies are faced with the liability of newness and have fewer money and resources available (Neubaum, Mitchel and Schminke, 2004). Their priorities are expected to lie outside the scope of international aid and development support. For that reason it is likely that young companies are not particularly supporters of international charities. The organizational life cycle is a familiar concept which argues that over the course of time organizations move through a fairly predictable sequence of developmental stages (Dodge and Robbins, 1992). The more developed an organization is, the more stable the position of the organization and its chances for survival. New organizations have not yet developed themselves, but are working hard to 'stay alive'. It is likely that organizational members of new ventures might be especially pressured to make decisions that run counter to the tenets of more mature ethical and moral reasoning.

Contrary to some expectations, new and developing firms exhibited weaker, rather than stronger, instrumental climates. An instrumental climate reflects both the individualistic climate of self-interest and the company-focussed perspective on egoistic

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concerns (Victor and Cullen's, 1988). At the same time these new businesses reflected stronger ethical climates; climates in which the prevailing perceptions of typical organizational practices and procedures have ethical content. Similarly, managers in entrepreneurial organizations, generally young and developing organizations, tend to attain higher levels of cognitive moral development (Chau and Siu, 2000). Entrepreneurship increases the likelihood of ethical decisions in organizations (Chau and Siu, 2000). New businesses are generally strongly associated with entrepreneurial behaviour both in terms of new products/services and new processes.

However, although the new businesses might be characterized by strong ethical climates and for that reason ethical decision making, it is expected that these ethics are not likely to be directed to international charity support. They might apply strong CSR policies and even engage in corporate charitable support, it is not likely that with the challenges new and young SME's face international aid and development charities are supported. Therefore, we expect that age of the SME is positively related to support for international charities.

H5: Age of the SME is likely to be positively related to support for international charities

Ownership structure

Atkinson and Galaskiewicz (1988) suggested that corporate charitable support is influenced by the percentage of stock held by the CEO. The larger this percentage, the less the company gave to charities. They also observed that companies that were

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managed by managers who were not the owners, spend more on charities. Ulmann (1995) found similar results, indicating that dispersed corporate ownership enlarges the pressure for managers to engage in socially responsible activities. The general implication of these results is for SME's to be less likely to support charities due to the concentrated ownership structure by which SME's are characterized (Smith, 2007). Therefore, we expect that SME's whose owners have delegated the decisive power for corporate charitable support to managers or employees, are more likely to charities. it is likely that these companies also support more international charities. Therefore, we formulate the following hypothesis:

H6: SME's whose owners decide on corporate charitable support are less likely to support international charities than SME's in which managers or regular employees decide on corporate charitable support

4 Methodology

Description of the Data and Sample

We used a questionnaire to collect the data about motives and characteristics of small and medium sized firms. We identified companies as SME according to the definition of the European Union. Small companies range from ten to forty-nine employees and medium-sized companies range from fifty to two hundred and fifty employees. The questionnaire was divided in two parts. The first part consisted of collecting general information about the company and the categories of charities the organization supported. In the second part sixteen statements concerning the motives for supporting international charities. The

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questionnaires were sent to 142 independent small and medium sized companies (SME) in the Netherlands. Two weeks after the questionnaire were sent to the companies, they received a reminder mail. The companies that after one week did not respond received a telephone call. They were asked if there was any indistinctness concerning the questionnaire and if they would have the opportunity to fill out the questionnaire. Approximately one and a half week after this call, the companies who still did not reply received a second reminder. The total number of questionnaires received, through all the different steps of gathering the questionnaires, was thirty-eight. The response rate achieved is around 58%, which is considerably high for a mail questionnaire. From the Dutch SME's investigated thirty-five of the thirty-eight SME's supported charities. Moreover, fifteen of the thirty-five SME's supported international aid and development charities. These numbers are likely to appeal to charity organizations in general to focus primarily on large organizations as this is currently applied (Meijer *et al.*, 2006).

Variables

Dependent variable

The aim of this study is to investigate the relationships between the motives and organizational characteristics of SMEs and the international charity sponsoring by SME. Our dependent variable is defined as whether the SME is sponsoring international aid and development charity or not. Hence, the dependent variable of international charity and development giving of SME is a dichotomous variable. This binary variable has the value one when the SME is donating to international aid and development charity and zero otherwise.

Independent variables

The body of research on charity support through the means of corporate giving suggested pure altruistic motives to be one of its dimensions. The essential characteristic of pure altruism is that nothing is expected in return for the donation (Campbell, *et al.*, 1999). When studying the altruistic motives, several indicators for pure altruistic motives are suggested by a variety of researchers. Typical indicators belonging to the dimension of pure altruistic motivations relate to motives stemming from idealistic beliefs and/or moral and ethical values (Fritzsche, 1995; Meijer *et al.*, 2006). Moral duty and concern for others are also indicated as motivators for charitable donations (Ray, 1998). Both Batson (1987) and Bar-Tel (1976) argued the most common sources for altruistic motivation to be empathic emotion and feelings of sympathy. Hemmingway and MacLagan (2004) indicated that behaving socially responsible stems from individual values and action. In this study integrated the following indicators for measuring pure altruistic motives: Idealistic beliefs, Ethical and moral behaviour, Feelings of empathy and sympathy, Personal values.

Impure altruistic motives combine some level of altruistic and egoistic features. It is a combination of other-centred and self-centred motivations. Typical examples are motives stemming from religious beliefs (Hemmingway and MacLagan, 2004) and supporting the local community (Meijer *et al.*, 2006). Motives that relate to the improvement of safety and social coherence of the area in which the corporation is operating is frequently seen as another indicator of impure altruism (Meijer *et al.*, 2006). The area selected is not chosen impartially. Moreover it is likely to enhance the position, the image the organisation holds within the community. The perception a decision maker has about the

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particular social issue at hand influences the decision to engage in corporate giving. When there are strong associations with the cause that is supported by the charity then chances are that support in the sense of donations is provided. This relates to the personal values of the decision maker, but indicates partiality as well. For that reason personal values can be both associated with pure altruism and with impure altruism. General individual values concerning how prosperity should be shared relates to pure altruism when the decision maker is impartial. However due to the presence of strong associations, perceptions towards the specific cause, support is often provided relating to impure altruism. Other impure altruistic motivations relate to the so-called 'warm glow' that is received from the act of giving, guilt or social pressure (Andreoni, 1990). The following indicators are integrated into this research for measuring impure altruistic motives: combined benefit, 'Warm glow'-feeling, Impartiality, Personal values

The third and last motives are egoistic motivations. Advocates of this concept believe that every motivation for benefiting others is ultimately undertaken for owns' sake. Batson and Shaw (1991: p. 108) define egoism as 'a motivational state with the ultimate goal of increasing one's own welfare'. This definition emphasizes the self-centred focus within the egoistic concept. Indicative for motives that relate to the concept of egoism are commercial motivations; motives associated with the improvement of a company's competitive position, enhancement of a company's name or brand image (Dean, 2003). Neutralizing negative publicity is seen as another commercial motivation for corporate philanthropy (Ricks, 2005). The enhancement of employee commitment can be seen as another motive part of the egoistic concept (Turban and Greening, 1997; Greening and Turban, 2000). Apart from these organization specific motivations, a manager might also

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be motivated by personal interests phrased as personal motivations (Navarro, 1988). Private benefits to the donor like prestige and pride can be accurate motivations for decision makers to engage in corporate giving (Ackerman, 1996). In addition advantages can also be gained from tax benefits when engaged in corporate philanthropy (Grahn *et al.*, 1987). This study integrates the following indicators for measuring egoistic motives: Enhancement of commercial/strategic position, Increasing commitment of stakeholders, Initial and ultimate goal of self-interested benefits, Tax benefits.

Previous research has indicated a few important characteristics of SME's. These characteristics are size of the organization, age of the organization, and ownership structure. The variable *size* of SME is measured by the number of employees. The variable *Age* of SME is measured as the number of years the company exists since establishment. This independent variable *Ownership* of SME is divided into two categories; either the respondent is the owner or the respondent is a manager or employee in charge of corporate charitable support. This Ownership variable is a dummy variable. The type of industry might affect the supporting behavior of SME's. Therefore, we control also for the industry effect. Dummy variables are created for service industry, trade industry and manufacturing. The reference category selected is manufacturing.

Methods

We used a factor analysis to identify the motives for SME to support international aid and development charity. This method enables us to cluster the sixteen statements into factors. Each factor is corresponding with an identified motivation for a SME to support international aid and development charity. We used these factors to investigate the

relationships between motivations and the behaviour of SME to support international aid and development charities. A logistic regression is used to investigate the relationships between motives on the behaviour of SME's to support international aid and development charities. The foundation of the logistic model is the odds of supporting to international aid charities versus not supporting international aid charities. The organizational characteristics of a SME and the control variables are also included in the logistic regression.

5 Results

----- Insert Table 1 about here -----

Table 1 provides the results of the exploratory factor analysis. Data used for factor analysis have to be tested for sampling adequacy and significance (Hair, 2006). The Kaiser-Meyer-Olkin measure of sampling adequacy and the anti-image correlations for the different measures are above the minimum level of 0.500. All communalities are above 0.500, i.e. all variables have sufficient explanation in the model. Our analysis results in four factors. The first factor shows a Cronbach's alpha of .798. The minimum level of the Cronbach's alpha is .60 (Hair, 2006). The second factor has a Cronbach's alpha of .694. Again comparing this value to the criterion of .60, the items are sufficiently intercorrelated. Factor three shows a Cronbach's alpha of .671 which can also be judged as sufficiently high, indicating intercorrelations. However, internal consistency of the third factor can be increased by deleting the item 'the cause/charity is close to us', but the

increase is minimal. Due to this minimal increase and the conceptual weight this item has, it is maintained. The fourth factor shows an initial Cronbach's alpha of .680, however when reviewing the item-total statistics this value can be increased. It shows that when deleting the item 'compensating for less socially responsible behaviour' the Cronbach's alpha increases to .739. This increase is considerably high and for that reason the item is deleted from the dimension. This study results in four factors. However the three constructs or dimensions that theoretically would underlie the concept of 'SME's support for international aid and development charities' can still be recognized in the resulted four factors. The first factor combines other-centred and self-centredness. There is a will to help others but there is intentionally benefit for the philanthropist as well. This refers to an impure altruistic dimension. This factor includes personal values and benefits of the individual, and therefore this factor can be best interpreted as 'personal impure altruism'. The second factor is more difficult to interpret. It consists of one item, 'creating a status of good citizenship among the community' which belongs to the theoretically identified impure altruistic motivations. The second item, 'creating a positive corporate image among the customers', is theoretically identified as indicative for egoistic motivation. In terms of logic, this result does not appear to be awkward. It intuitively feels less egoistic to create a positive corporate image than applying corporate charitable support for reasons of increasing revenues only. It shows characteristics of selfishness but to a lesser extend than the items associated with egoism, discussed hereafter. For that reason this second factor will be labelled as impure altruistic motivations, but not related to the individual but to the organisation as a whole. The entity of benefit has shifted from the individual to the organization. For that reason this

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factor can best be interpreted as ‘organizational impure altruism’. It seems necessary to emphasize that this factor lies much closer to egoism than the first factor ‘individual impure altruism’. The division in these two types of altruism explains the additional factor, compared to the conceptual foundation. The third factor contains four items, theoretically indicated to be associated with pure altruism (‘it is our moral duty to help society’, ‘we want to set the right example’, ‘we are concerned about the specific group aided’ and ‘sharing prosperity worldwide’). The additional two items, ‘the cause/charity is close to us’ and ‘giving provides me with a ‘warm glow’’, are theoretically associated with impure altruism. However comparing these two items to the impure altruistic items of factor one and two, it seems that the items ‘the cause/charity is close to us’ and ‘giving provides me with a ‘warm glow’ are closer to pure altruism than the items of factor one and two. This third factor can therefore be interpreted as ‘pure altruism with impure altruistic features’, in short it will refer to ‘pure altruism’. The fourth factor is easily interpreted. It shows only selfish motives, for that reason the interpretation is straightforward: ‘egoism’.

----- Insert table 2 about here -----

Table 2 shows the results of the logistic regression. The result shows that more SME’s apply organizational impure altruistic motivations, the less support they are giving to international aid and development charities. For that reason international aid and development charities should not look for SME’s that apply organizational impure altruistic motivations. Regarding the individual impure altruistic motivations, no

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significant relationship was established. This result contradicts the expected relationship as phrased in hypothesis 2 for several reasons. For one thing the impure altruistic motivations, as elaborated earlier were not expected to be divided over two dimensions. Second, in contrary to the expectations, the relationship between the two was expected to be positively related. Consequently, hypothesis 2 could not be supported. The same counts for hypotheses 1 and 3. Contrary to the expectations, the relation between egoistic motivations and SME's support for international aid and development charities was not significant. The same applies to pure altruistic motivations and SME's support for international aid and development charities. The latter, in specific, was expected to show a strong significant relationship with SME's support for international aid and development charities. SME's self-benefits likely to be gained from the support for international aid and development charities were expected to be minimal. For that reason, when SME's supported international aid and development charities, it was assumed to stem from true altruistic feelings, or like Ireland (1973: p. 68) refers to 'the truly philanthropic motive' or 'Kantian' motive (Amos, 1982). Thus, hypothesis 3 cannot be accepted.

Interesting results did also stem from the organizational characteristics, as two of the three organizational characteristics, 'size' and 'owner position' showed a significant relationship with SME's support for international aid and development charities. Hypothesis 4 was supported, size of the organization showed a positive relationship with SME's support for international aid and development charities. Larger SME's are more likely to support international aid and development charities than do small SME's. Consequently, international aid and development charities should better seek their

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supporters in medium-sized instead of small-sized organizations. This can maybe explained by the fact that in general large companies have more money and resources to support international charities (Buchholtz et al., 1999, p.171; Waddock and Graves, 1997; Wood and Jones, 1995).

The organizational variable age of the organization did not have a significant effect on SME's support for international aid and development charities. The expected positive relationship of age and SME's support for international aid and development charities, described in hypothesis 5, can for that reason not be supported.

With regards to ownership, hypothesis 6 described the expectation of a negative relationship between SME's in which the owners decided on corporate charitable support and the support for international aid and development charities. 'Ownership' did reveal a significant relationship with SME's support for international aid and development charities. However, contrary to the expectations, it is better to seek support for international aid and development charities within SME's in which the owner decides on corporate charitable support. For that reason hypothesis 6 cannot be accepted. The theoretical support for this hypothesis originated primarily from the reasoning of ownership structure of large organizations. It was observed that when managers are not the owners, companies spend more on charities (Atkinson and Galaskiewicz, 1988). Apparently for SME's this is not the case. Possible explanations could be the different role of an owner in an SME compared to the role of an owner in a large organization. The owner of a SME is frequently also the CEO. The proximity of the owner in an SME to daily operations is different from its counterpart in large organizations (Atkinson and

Galaskiewicz, 1988). This might explain the reverse relationship in comparison to large organizations.

In addition to the categories of motives and the organizational characteristic variables, we also included control variables. The industry dummy variables showed a significant relationship with SME's support for international aid and development charities. The results indicate that SME operating in the trade industry are inclined to support international aid and development charities than SME's operating in the service industry or in the manufacturing industry.

6 Conclusion and Implications

This research has provided deeper understanding in a topic that has not received much attention in management literature. The general topic of international charitable support of SMEs is still underdeveloped. This is surprising because SME's constitute the great majority of all organizations in the society. Therefore, this study has made the first step in disclosing the motives and the characteristics of SMEs to support international charities. The results show that when SME's apply organizational impure altruistic motivations they are not likely to support international aid and development charities. The other identified motivations, egoistic, pure altruistic and individual impure altruistic motives, did not show a relationship with support for international aid and development charity. The motivations that are applied by small- and medium-sized business are therefore different from their larger counterparts.

This research demonstrated that SME's organizational impure altruistic motivations determine not to support charities related to international aid and development. All other

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motives, ‘pure altruism’, ‘individual impure altruism’ and ‘egoism’ which were identified to underlie the structure of SME’s support for international aid and development charities did not show a relation with SME’s support for international aid and development charities. Another interesting find is that in particular large SME’s in which owners decide on corporate charitable support are more likely to support international aid and development charities.

The results of this study provide initial insight for potential supporters of international aid and development charities to look for sponsors. For managers of international aid and development charities it is important to focus on larger SME’s, preferably medium-sized organizations of fifty employees and above, to find support for international charities. Furthermore, the findings also show that SME’s operating in the trade industry are more inclined to support international charities in comparison to SME’s operating in the service industry and the manufacturing industry. Moreover within these SME’s the owner should make the decisions concerning corporate charitable support.

The contribution of study is considerable. It is one of the first studies in corporate giving of which the unit of analysis is a SME. Moreover previous research on charitable support and corporate giving has not earlier chosen one specific category of charities like international aid and development. This makes this research unique in its type. For that reason, it is recommended that future research should be undertaken with larger samples. It is likely that more factors, identified in this research to underlie the support provided to international aid and development charities, will show a significant effect on SME’s support provided to international aid and development charities. Better sampling designs, probability samples and a larger sample size, can be employed later to test the robustness

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of these results and to establish the limits within which the findings are valid. Future studies can also integrate multiple categories of charitable support, making mutual comparisons possible.

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Table 1: Results of Factor Analysis

	Factor Analysis			
	Factor 1: Individual Impure Altruism	Factor 2: Organizational Impure Altruism	Factor 3: Pure Altruism	Factor 4: Egoism
it is our moral duty to help society			.578	
we want to set the right example		.782	.647	
creating a positive corporate image				.692
increasing returns/profit				.657
donations are tax deductible			.256	
the cause/charity is close to us		.692		
creating a status of good citizenship			.475	
giving provides me with a 'warm glow'			.611	
we are concerned about the specific group aided	.780			
assisting others and making myself feel important	.862		.427	
assisting others and making myself feel better				
Prosperity should be shared worldwide				

Table 2: Results of Logistic Regression

	Logistic Regression					
	β	S.E.	Wald	Df	Sig.	Exp. (β)
Ownership	4,098	1,960	4,372	1	,037	60,239
Service Industry	1,045	1,543	,459	1	,498	2,844
Trade Industry	4,949	2,455	4,063	1	,044	140,987
Size of SME	,026	,013	4,088	1	,043	1,026
Age of SME	-,024	,030	,647	1	,421	,976
Personal impure altruism	-,705	,727	,942	1	,332	,494
Pure altruism	2,554	1,565	2,664	1	,103	12,857
Egoism	,588	,886	,440	1	,507	1,800
Organisational impure altruism	-2,414	1,162	4,318	1	,038	,089
Constant	-7,049	5,005	1,983	1	,159	,001