



# Punctuated Generosity: How Mega-events and Natural Disasters Affect Corporate Philanthropy in U.S. Communities

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## **Abstract**

This article focuses on geographic communities as fields in which human-made and natural events occasionally disrupt the lives of organizations. We develop an institutional perspective to unpack how and why major events within communities affect organizations in the context of corporate philanthropy. To test this framework, we examine how different types of mega-events (the Olympics, the Super Bowl, political conventions) and natural disasters (such as floods and hurricanes) affected the philanthropic spending of locally headquartered *Fortune* 1000 firms between 1980 and 2006. Results show that philanthropic spending fluctuated dramatically as mega-events generally led to a punctuated increase in otherwise relatively stable patterns of giving by local corporations. The impact of natural disasters depended on the severity of damage: while major disasters had a negative effect, smaller-scale disasters had a positive impact. Firms' philanthropic history and communities' intercorporate network cohesion moderated some of these effects. This study extends the institutional and community literatures by illuminating the geographic distribution of punctuating events as a central mechanism for community influences on organizations, shedding new light on the temporal dynamics of both endogenous and exogenous punctuating events and providing a more nuanced understanding of corporate-community relations.

**Keywords:** communities, natural disasters, mega-events, punctuated equilibrium, corporate philanthropy, institutional theory

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The rhetoric of globalization suggests a decline in the significance of local communities for social and organizational behavior (Giddens, 1990; Sorge, 2005). Theorists have noted the emergence of the “ageographical city” (Sorkin, 1992) and the “transcendence of place” by “social organization that [spans] cities, states, and nations” (Coleman, 1993: 7). Organizational researchers, too, have shifted attention from local communities to “non-local events and ideas” (Scott, 2005: 474). In institutional research, in particular, the geography-independent organizational field (DiMaggio and Powell, 1983) has emerged as the primary focus of analysis (Scott, 2001). Despite these developments, a growing body of research suggests that, even in a global age, local communities maintain a significant enduring influence on organizations (Freeman and Audia, 2006; Marquis and Battilana, 2009). For example, geographic communities have persistent traditions (Molotch, Freudenberg, and Paulsen, 2000), identities (Romanelli and Khessina, 2005), legal regulations (Guthrie et al., 2008; Tilcsik, 2011), and relational systems (Kono et al., 1998), which in turn have longstanding effects on local organizations’ strategies (Lounsbury, 2007; Greenwood et al., 2010), governance (Davis and Greve, 1997; Marquis, 2003), innovation (Saxenian, 1994), and corporate social practices (Galaskiewicz, 1997). Research in this area has highlighted how the enduring institutional features of local communities affect organizations.

Yet, while this literature suggests that geography matters mostly through the influence of longstanding local conditions, it has largely neglected another critical way in which geographic location shapes organizations. Geographic communities not only constitute stable local contexts with persistent institutional features but are also sites of natural and human-made events that occasionally punctuate the stability of the local institutional field. Organizations in, say, Atlanta or New Orleans are shaped not only by their longstanding embeddedness in a local institutional environment but also by the experience of major events, such as the 1996 Olympics (Glynn, 2008) or Hurricane Katrina. Because punctuating events are geographically distributed, community location matters by determining organizations’ differential exposure to the dramatic impact of major events.

Researchers have long recognized that events—conceptualized as “shocks” (Fligstein, 1990), “discontinuities” (Lorange, Scott Morton, and Ghoshal, 1986), or “jolts” (Meyer, 1982)—represent a key source of change in fields. Prior work, however, has mostly focused on events in geography-independent fields centered around a market, a technology, or a political or legal issue (Romanelli and Tushman, 1994; Hoffman, 1999; Greenwood and Suddaby, 2006). In contrast, considering how punctuating events are geographically distributed harkens back to the original model of punctuated equilibrium (Eldredge and Gould, 1972). A core idea in that model—which was lost when it was imported into the social sciences—is that geographic location plays a significant role in determining which populations are subject to abrupt changes at a given time (Eldredge and Gould, 1972; Gould, 1980). We bring this idea to organization theory and elaborate it by considering both endogenous and exogenous punctuations, the associated temporal dynamics, and events of different magnitudes.

We demonstrate the theoretical value of our perspective in the context of corporate philanthropy, examining the effect of major human-made and natural local events on the charitable contributions of *Fortune* 1000 firms between 1980 and 2006. Prior research has shown corporate philanthropy to be an

excellent context in which to develop organizational theory (Galaskiewicz, 1985, 1997; Marquis and Lee, 2013), and given that corporate social practices in the U.S. are strongly oriented toward the community in which the focal firm is headquartered (e.g., Guthrie, 2003; Marquis, Glynn, and Davis, 2007), philanthropy provides a particularly useful lens to understand the impact of local events and the associated social-normative processes. To highlight variation in event effects, we focus on the consequences of two important but fundamentally different types of events: (1) mega-events (such as the Olympics and national political conventions), which are actively solicited by communities and hence “arise from the endogenous capabilities of [local] fields” (Glynn, 2008: 1138), and (2) natural disasters, which represent exogenous destructive shocks to communities. While both these types of events affect a local social-normative system and the philanthropic spending of locally headquartered firms, there is likely to be important variation in the nature and temporal dynamics of these effects by event type and across different communities and organizations.

## LOCAL EVENTS AND CORPORATE PHILANTHROPY

Our focus on local events highlights the importance of considering geography and events in tandem; only by recognizing organizational phenomena as both “emplaced” (Gieryn, 2000) and “eventful” (Sewell, 2005)—that is, as both situated in a particular geographic location and potentially transformed by significant events—can we understand the full scope of institutional dynamics. Fields form not just around markets, technologies, and issues, but also around geographic communities (Warren, 1967), and significant events in a community affect the local social-normative landscape and can become an important source of organizational change. Because even the most globally oriented organizations are rooted in the organizational field of some headquarters location (Marquis, Davis, and Glynn, 2013), and because events are catalysts for change in fields (Lampel and Meyer, 2008), focusing on local events provides a deeper understanding of field dynamics that influence organizations.

### Communities, Mega-events, and Disasters

We define a firm’s local community as the metropolitan region in which its headquarters is located (Marquis, 2003; cf. Marquis, Lounsbury, and Greenwood, 2011). This definition has significant precedent because a firm’s headquarters community is where most of its key executives reside (Palmer, Friedland, and Singh, 1986) and “look to the actions of other locally headquartered companies for standards of appropriateness” (Marquis, Glynn, and Davis, 2007: 927). Further, the headquarters community is particularly influential for corporate philanthropic contributions, which we define as charitable monetary donations—including donations in areas such as the arts, education, housing, health, social welfare, and the environment, among others, but excluding political contributions and commercial sponsorship (Marquis, Glynn, and Davis, 2007). Prior research has shown that philanthropic spending tends to be highly concentrated locally (Useem, 1988; Kanter, 1997), with 70 to 80 percent of donations typically staying in the headquarters city (Galaskiewicz, 1997; Guthrie, 2003). This fact underlies our research question: given the local focus

of corporate giving, what happens to the philanthropic behavior of local firms when a major event disrupts the life of a community? To address this question, we focus on mega-events, which are actively solicited, and natural disasters, which represent destructive exogenous shocks to communities.

Mega-events are large-scale cultural, political, athletic, and commercial events that attract significant media attention (Roche, 2000). We focus on three mega-events that are hosted at the community level: the Summer Olympics, the Super Bowl, and the Democratic and Republican presidential nominating conventions. The Olympics represents one of "the most visible rituals dramatizing the world polity" (Boli and Thomas, 1997: 41), the Super Bowl is the most popular annual sporting event in North America, and national conventions are among the most important political events in the U.S. In contrast to these actively solicited events, a natural disaster is a naturally occurring physical event with major unwanted consequences on a human population (Alexander, 1993). These include climatic events (e.g., floods and hurricanes) and geological ones (e.g., earthquakes and volcanic eruptions).

Both actively solicited events and destructive exogenous events can have important social-normative consequences, bringing to the fore pressures and opportunities for philanthropic contributions by locally headquartered firms. In particular, both mega-events and disasters can potentially strengthen the salience of local needs and identity and give rise to new normative expectations in a community, leading to an increase in corporate donations. Although this is likely to be a general trend, there should be important variation across events, organizations, and communities, and there may be countervailing processes that sometimes reverse this trend.

### Community Mega-events and Corporate Philanthropy

There are two major ways in which community mega-events affect the philanthropic contributions of local firms. As prior research indicates, such events have a potential to increase the salience of local identity and needs as well as to strengthen connections between local corporations and the main recipients of their charitable giving—local nonprofits.

First, prior research suggests that mega-events can increase the salience of local identity, community needs, and community expectations regarding philanthropy. Early theorists noted that "place" and associated events—such as public ceremonies and rituals—are key mechanisms that foster social solidarity and identification with the collective (Tönnies, 1887; Durkheim, 1965). Consistent with this classic insight, recent research has noted the potential of community mega-events to foster civic pride and create a sense of unity in the host community (e.g., Truno, 1995; Waitt, 2001). As a nonprofit manager remarked about Detroit's preparation for the Super Bowl, "It is changing the attitude of people within the city. There is a sense of pride. You can feel it" (Maynard, 2006). Accordingly, mega-events may foster an increased sense of citizenship among local corporate actors and help make community development goals more salient (Hiller, 2000; Burbank, Andranovich, and Heying, 2001). The Olympic Games in Atlanta, for example, "served as a restraint on some of the commercialism" of local corporations, many of which came to adopt a "statesmanlike" approach in their relationship to the community even in commercial matters (Glynn, 2008: 1133). Simultaneously, mega-events help highlight social

issues in the host community and encourage local actors to take action, as community needs frequently become an important theme in local public discourse before a mega-event (Misener and Mason, 2009). In parallel, community leaders might actively solicit event-related charitable contributions from local corporations (Schwartz, 1997). Moreover, as small-scale charity events associated with mega-events shine the spotlight on local needs and nonprofits, they create pressures and opportunities for corporate philanthropy (Kott, 2005; Babiak and Wolfe, 2006).

Related to the salience of community identity and local needs, a characteristic of communities with high levels of corporate philanthropy is the presence of strong and dense connections between local firms and local nonprofits (Galaskiewicz, 1985; Galaskiewicz and Burt, 1991). Strong links between corporations and nonprofits put corporations directly in touch with social needs and expectations in the community, creating strong normative pressures for philanthropic giving. One common example of such connections is the presence of corporate managers on local nonprofit boards. As Galaskiewicz (1997: 468) noted in his study of the Twin Cities, "stories were told about a new CEO in town who at first would slash the contributions budget but then suddenly increase contributions the next year, having served his first term on a prominent cultural board. It was in these arenas that executives were solicited for contributions [and] socialized into local culture." Such connections to local nonprofits likely foster greater philanthropy not only because corporate managers connected to nonprofits affect their own firm's giving but also because they influence other local corporations to which they are socially connected (Marquis, Glynn, and Davis, 2007). Accordingly, research shows that nonprofits that rely primarily on donations grow faster if they have ties to local elites, in part because such ties facilitate access to funding through informal means, such as normative appeals for help (Galaskiewicz, Bielefeld, and Dowell, 2006). As Marquis, Glynn, and Davis (2007: 936) concluded, one of the "key elements of local social normative systems that cultivate an environment that promotes high levels of local corporate social action . . . is dense connections between local nonprofits and corporations."

Mega-events, in turn, can strengthen local corporate-nonprofit connections. Preparations for mega-events involve the creation of temporary transorganizational structures (Anand and Watson, 2004)—such as task forces and host city committees—that bring together otherwise disconnected actors from the local corporate and nonprofit sectors. Likewise, smaller-scale philanthropic events that accompany mega-events provide settings for corporate donors and nonprofits to come together (e.g., Babiak and Wolfe, 2006), helping to cultivate mutual awareness and bonds that may last beyond the mega-event. Mega-events might also spur the emergence of new civic coalitions that coalesce from local networks of corporate and nonprofit actors (Hiller, 2000; Glynn, 2008). Thus community mega-events can provide a temporary social infrastructure to forge and strengthen links between local companies and nonprofits. As a result, because such links promote high levels of local corporate social action (Marquis, Glynn, and Davis, 2007), mega-events likely have a positive effect on the philanthropic contributions of local firms. The effect of mega-events, however, is likely to be subject to temporal dynamics such that the processes discussed above will lead to event effects before, during, and after community mega-events.

## Temporal Dynamics of Mega-event Effects

**Pre-event effect.** Through the mechanisms discussed above, mega-events can exert a significant effect on communities and resident organizations even before they take place. First, prior research suggests that preparations for a mega-event may promote a focus on local identity (Glynn, 2008), community needs (Hiller, 2000), and pressures for local corporate giving (Schwartz, 1997). Sydney residents, for example, reported strong feelings of community arising from the prospect of hosting the Olympics even when the games were still years away (Waitt, 2001), and, more than half a decade before it took place, the 2012 London Olympics had already created opportunities for “Londoners [to] come together around particular representations of themselves and the city” (Newman, 2007: 255). Likewise, it is during the pre-event preparatory phase that local leaders begin to seek out local event-related corporate contributions (Schwartz, 1997). Moreover, with regard to corporate-nonprofit connections, preparations for a mega-event require “a multitude of diverse community actors and institutions to coordinate . . . with each other within the urban field” (Glynn, 2008: 1118), and this coordination begins well before the event takes place (Hiller, 2000). Thus in anticipation of mega-events, temporary transorganizational structures and new civic coalitions that foster corporate-nonprofit linkages emerge. As a result, the general mechanisms we propose begin to operate in advance of an event: even before a mega-event begins, it can bring together local corporate and nonprofit actors and increase the salience of local identity, needs, and pressures for corporate giving. Hence we predict that—relative to years that do not immediately precede or follow, or coincide with, the local hosting of a mega-event—there will be an increase in philanthropic giving in years that lead up to such events.

**Hypothesis 1a (H1a):** In the years immediately preceding a community mega-event, there will be an increase in the philanthropic contributions of locally headquartered corporations.

**Same-year effect.** By the time of the event itself, new connections between local actors, such as corporations and nonprofits, will have emerged (Hiller, 2000), and the event will have reached its potential to foster a sense of community (Truno, 1995) and a focus on community needs in local public discourse (Misener and Mason, 2009). Moreover, in the event year, charity events that accompany the main event provide an additional forum for corporate-nonprofit interactions, and local needs move into the public spotlight at such events (Babiak and Wolfe, 2006). Thus based on the above-described mechanisms, we predict an increase in giving in the event year.

**Hypothesis 1b (H1b):** In years when a community hosts a mega-event, there will be an increase in the philanthropic contributions of locally headquartered corporations.

**Post-event effect.** Event-related increases in local firms’ philanthropic contributions could be either ephemeral or persistent (cf. Stinchcombe, 1965). We expect, however, that community mega-events will have a potential post-event effect on local firms’ philanthropic spending but that this effect will likely taper



off over time. This argument is based on two observations. On the one hand, consistent with the arguments of event organizers who extol the enduring legacy of mega-events, prior research suggests that organizational relationships formed during the planning and execution of a mega-event may persist even years after the event takes place (Glynn, 2008). Thus even if the event itself loses its salience and begins to fade from memory soon, newly forged local corporate-nonprofit links can last beyond the immediate aftermath of the event. In turn, as noted earlier, such links help increase and enforce the normative level of corporate giving. On the other hand, scholars have suggested that there are limits on the potential of a single event to trigger radical long-term changes in organizations and their relationships (Hannan and Freeman, 1984). In fact, researchers have noted that early-established patterns of organizational relationships can persist even in the face of subsequent shocks (Marquis, 2003). Thus, following a mega-event, local nonprofits and corporations are eventually likely to return to their regular relational patterns (Glynn, 2008). Accordingly, we predict a post-event increase in local firms' charitable giving but expect it to weaken with time.

**Hypothesis 1c (H1c):** In the years immediately following a community mega-event, there will be an increase in the philanthropic contributions of locally headquartered corporations, but this increase will taper off with time.

### **Magnitude of Natural Disasters and Corporate Philanthropy**

While mega-events are actively solicited, often because they are perceived as catalysts for community development, natural disasters strike exogenously, causing death and injury, as well as physical and economic damage. These destructive events can also have an effect on the philanthropic contributions of local corporations. Prior findings point to conflicting hypotheses. On one hand, several scholars have documented high levels of solidarity and altruism in the wake of disasters—a phenomenon described as “post-disaster utopia,” “altruistic community phase,” or “post-crisis benevolence” (Erikson, 1976; Kaniasty and Norris, 2004). According to this research, as communities coalesce around relief and rebuilding efforts, a local esprit de corps emerges, causing a rise in helping behaviors, such as donations and volunteering. A similar phenomenon might also occur at the firm level, given that the executives of local firms reside in the community. As Crampton and Patten (2008: 865) noted, being headquartered in a community creates a “sense of connection between the people that make up the firm and those affected by the disaster,” which in turn leads to “pressure on the company to respond.”

On the other hand, the negative effects of disasters may offset the above-described mechanisms. First, because disasters cause significant physical and economic damage, they may limit the philanthropic capacity of local firms. As Crampton and Patten (2008: 863) argued, “even in the wake of catastrophic events, corporate philanthropic giving is constrained by economic concerns.” As a result, local firms may be more preoccupied with the impact of the disaster on their own operations than with philanthropic disaster response, as was the case, for example, during Hurricane Katrina (see Muller and Kräussl, 2011). More important, even if a locally headquartered firm has few local facilities, there are compelling reasons to expect a reduction in charitable giving. In

particular, major disasters may compromise not only the philanthropic capacity of individual firms but also the overall philanthropic infrastructure of the community. If a major disaster causes the key nonprofit partners of local firms to dissolve or to suspend their activities, the community network of local philanthropy—through which donations normally flow—may be severely damaged. For example, nearly half a year after Hurricane Katrina, the majority of nonprofits in the area were still not fully operational; many of these organizations lost physical assets and staff, as well as board members that used to connect them to local firms. As a result, many local nonprofits—the primary recipients of donations by locally headquartered firms—remained largely incapacitated and unable to raise or use donations for months to come (Auer and Lampkin, 2006). Moreover, concerns about particularly damaging disasters may be elevated to a national or even international level, leading to philanthropic response from well beyond the affected community (Muller and Whiteman, 2009). In that case, as a wider group assumes responsibility for the philanthropic response, the pressure on local organizations to champion rebuilding efforts lessens.

Given the above arguments, it is unclear whether natural disasters will elevate or depress the level of philanthropic spending by local firms. Our discussion above suggests that the answer may depend on the magnitude of the disaster. The more damaging a disaster, the more likely it is to undermine the local philanthropic infrastructure and to attract a philanthropic response from outside the community. Thus, while the most damaging disasters will have a negative effect on local firms' philanthropic contributions, smaller-scale disasters will leave the philanthropic network of the community intact and put local firms at the forefront of disaster response.

**Hypothesis 2 (H2):** The effect of natural disasters on the philanthropic contributions of locally headquartered firms will depend on the severity of damage caused. Highly destructive disasters will have a negative effect; relatively less damaging disasters will have a positive effect.

Although we expect punctuating events to influence the charitable giving of locally headquartered firms, not all firms will be affected equally. The magnitude of an event's effect will depend on the moderating influence of both organizational and community characteristics that capture critical aspects of the relationship between firms and communities. As implied in our discussion of hypothesis 2, however, the most damaging disasters likely create relatively weaker public pressures on local firms to increase their philanthropic spending, so the strength of such pressures, and firms' sensitivity to them, will be less relevant than for positive event effects. Thus we focus our discussion of moderators on positive event effects, which stem from mega-events and small-scale disasters.

### Organizational Susceptibility to Community Demands

At the organizational level, two key factors affect both the extent to which a company faces public expectations—including community demands—regarding its philanthropy and the extent to which it is sensitive to such expectations: (1) the firm's prior history of giving and (2) the consumer orientation of its primary



industry. These factors not only play a key role in shaping corporate philanthropic behaviors (e.g., Burt, 1983; Lev et al., 2010) but also reflect a critical aspect of the relationship between a firm and its headquarters location, affecting the degree to which the firm is susceptible to demands that arise in the community.

**Prior history of philanthropy.** Previous research has shown the importance of a company's history of corporate social behaviors for its current behaviors (Godfrey, 2005; Muller and Kräussl, 2011), but a firm's history of philanthropy could affect its response to local punctuating events in different ways. On the one hand, there may be reasons to expect that a history of generosity will limit the positive effects of local events on a firm's giving. Companies with a solid track record of charitable behaviors might have built up a reservoir of public goodwill (Peloza, 2006), which could reduce pressures for philanthropic contributions during local mega-events and disasters. The managers of companies with low prior giving, by contrast, may view such events as a one-off opportunity to mend their firm's philanthropic reputation (Muller and Kräussl, 2011). On the other hand, however, there are compelling reasons why firms with a high level of past contributions should be particularly responsive to major community events. Recent research suggests that firms with highly visible philanthropic and other corporate social activities and aspirations tend to face increased public demands and media coverage (Luo, Meier, and Oberholzer-Gee, 2012). These great expectations and scrutiny, in turn, likely compel such firms to be generous when major events punctuate the life of their headquarters community. In the case of disasters, for example, Muller and Kräussl (2011: 914) pointed out that a key motivation to engage in corporate philanthropic responses is "to maintain a preexisting reputation for responsibility." Failure to respond to a local mega-event or a small-scale disaster might have damaging consequences because corporate reputations "require steady, incremental investments in CSR [corporate social responsibility] over time but are easily lost" (Muller and Kräussl, 2011: 914) in the spotlight of highly publicized events. Qualitative evidence supports these arguments, suggesting that major community events create high expectations for locally based firms known for their prior philanthropic involvement. As a manager interviewed by Bertels and Peloza (2008: 62) put it, "People know us and expect us to be involved in the community. When there are major events going on, if we want to be seen as a member of this community we need to take part. I don't mean to say we write a blank check, but we never say no." A history of corporate generosity should strengthen the positive effects that local punctuating events, in particular, mega-events and small-scale natural disasters, have on firm giving.

**Hypothesis 3 (H3):** The positive effect of mega-events and small-scale natural disasters on corporate giving will be stronger among firms with a prior history of large philanthropic contributions.

**Consumer orientation.** While we expect firms with a strong history of charitable activities to face greater public demands and scrutiny regarding their philanthropy, similar attention might be directed at firms that operate in industries in which the predominant customers are individual consumers rather than

firms. As a long line of research shows, firms in industries such as consumer goods and personal services are more sensitive to public perception about their philanthropy and have a greater incentive to appear charitable than companies that produce primarily for industrial use, such as business services and capital goods (Burt, 1983; Lev et al., 2010; but see Galaskiewicz, 1997). Given this heightened sensitivity to public perception, the visibility and public demands generated by local events may exert a stronger positive influence on charitable giving by corporations in industries that depend on consumer sales than firms in industries in which reputation among individual customers plays little role.

**Hypothesis 4 (H4):** The positive effect of mega-events and small-scale natural disasters on corporate giving will be stronger among firms that operate in industries in which the predominant customers are individuals rather than other firms.

### Community Characteristics

Although organizational factors are important in understanding the impact of events, the magnitude of an event's effect will likely depend not only on the characteristics of firms but also on the features of their community. Two community factors—network cohesion among local firms and the economic strength of the community—are likely to interact with community events in shaping corporate giving. Although distinct, both these factors capture the strength of influence that a community exerts on locally headquartered firms.

**Network cohesion among local corporations.** Scholars have long recognized that a crucial feature of geographic communities is the extent to which their constituent members are connected by cohesive social networks that foster pressures toward conformity (Warren, 1967; Laumann, Galaskiewicz, and Marsden, 1978). There is compelling evidence, in particular, that cohesive inter-firm networks in a community create normative environments for organizations, leading them to act in ways that are socially appropriate in the local context (Davis and Greve, 1997; Marquis, Davis, and Glynn, 2013). Most relevant for our framework is the notion that local intercorporate network cohesion creates social pressure for conformity with public expectations in the community regarding philanthropy (e.g., Galaskiewicz, 1985, 1991, 1997) and enables mobilization around a common focus by maintaining communication channels among community business leaders (Glynn, 2008). Thus in tight-knit local business communities, there are strong pressures both to meet public expectations and to keep up with other locally based firms. In such communities, if an event triggers an initial increase in philanthropic spending even just by some firms that are leading the way, its overall effect on giving is likely to be stronger than in communities that lack dense ties among corporate elites. As a senior executive put it, "We see what the big boys [in the community] are doing. . . . we need to keep some sort of pace. If you are not pulling your weight, it looks bad" (Bertels and Pelozo, 2008: 64). By contrast, in a disconnected local business community—in which social pressures and the potential for coordinated action are weaker—firms that would lead the way in responding to events easily remain without followers. These arguments suggest that positive event

effects will be greater in communities with stronger network cohesion among locally headquartered firms.

**Hypothesis 5 (H5):** The positive effect of mega-events and small-scale natural disasters on corporate giving will be stronger in communities with greater network cohesion among local corporations.

**Economic strength of the community.** Political economy perspectives on urban development emphasize the role of economic dependence in community-corporate relations (Friedland and Palmer, 1984; Logan and Molotch, 1987). This line of work suggests that if an urban community is more dependent on the presence of corporations than vice versa—for instance, because it is a community with a weak economy (e.g., DiGaetano, 1989)—then, “rather than the city being able to hold the corporation as hostage . . . the corporation [will] hold the city hostage” (Molotch and Logan, 1984: 495). In such cases, the community will be in a relatively weak position to coax charitable donations from local firms when mega-events or disasters bring local needs to the fore. Consistent with this argument, a long line of research suggests that communities with a weak local economy tend to provide benefits (e.g., subsidies or tax abatements) to corporations rather than coax contributions (e.g., taxes or charitable donations) from them for community causes (e.g., Rubin and Rubin, 1987; DiGaetano and Klemanski, 1999). Thus political economy perspectives suggest that our hypothesized positive event effects might be greater in communities with a strong local economy than in communities with a weak economic position.

**Hypothesis 6 (H6):** The positive effect of mega-events and small-scale natural disasters on corporate giving will be greater in communities with a stronger local economy.

## METHODS

Our primary data source was the *National Directory of Corporate Giving* (Foundation Center, 1981-2007), a comprehensive database of corporate philanthropy published in every even-numbered year since 1980, which created a unique opportunity to test our hypotheses. Using these data, we constructed a sample of *Fortune* 1000 corporations in each of the even-numbered years between 1980 and 2006. Given that this sample does not include corporations smaller than the *Fortune* 1000, our empirical results reflect the behavior of relatively large firms. Yet because donations by the largest few hundred firms account for the preponderance of total corporate giving in the U.S. (Cavicchio and Turok, 2008; Coady, 2008), our focus on *Fortune* 1000 firms' giving patterns has significant relevance for the overall phenomenon of corporate philanthropy.

Given a small number of missing observations (< 3 percent), our complete sample consisted of 13,583 firm-years. The *Fortune* lists include both public and private firms but data are not readily available for some of our control variables for some private firms in COMPUSTAT (such as financial performance indicators). Thus most of our main models (which included such controls) used a sample of 11,769 firm-years, including 2,571 firms in 157 metropolitan areas. To ensure that these missing data did not bias our findings, we reestimated all

models without control variables but with firm, year, and community fixed effects on the full sample of 13,583 firm-years. The results of theoretical interest that we report below remained substantively unchanged under the full sample, confirming that the missing data on some control variables did not threaten the robustness of our conclusions.

## Main Variables

For each sampled firm in each year, we used the *National Directory of Corporate Giving* to record *philanthropic contributions*, defined as the total dollar amount of grants given to charity either through a corporate foundation or directly by the corporation.<sup>1</sup> Consistent with our conceptual definition of philanthropic contributions, this variable included charitable monetary donations but excluded political contributions and commercial sponsorships. To correct for skewed values, we log-transformed this variable (+ 1).

We defined the geographic bounds of communities using core-based statistical areas (CBSAs). A CBSA is a "core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core" (U.S. Census Bureau, 2010). We then used the *New York Times* archives to create dummy variables indicating whether a given type of mega-event occurred in a company's community in the previous years, in the same year, or in the following years. Because the Olympics and national conventions always take place in even years, and our data consisted of even years only, we could not examine the effect of these events in the immediately preceding (t-1) or immediately following (t + 1) year. Thus our pre-event and post-event indicators for the Olympics and national conventions used two-year lags, capturing whether each of these events occurred in a community in year t + 2 or t-2. For the Super Bowl, we were able to use one-year lags in our main analysis; we found highly similar results when using two-year lags.

For data on natural disasters, we relied on impact estimates by the National Climatic Data Center (2010) and the Centre for Research on the Epidemiology of Disasters (2010). Before conducting our analyses, we defined three categories of natural disasters based on the extent of economic damage. In disaster research, it is common to use damages of at least \$1 billion as a minimum threshold to define significant disasters (e.g., Miskel, 2006; Cook et al., 2007). Thus we defined *small-scale disasters* as those with damages below this threshold. Then we identified the top 25 percent of billion-dollar disasters based on damages and labeled these as *major disasters*, a definition that corresponds to a \$5 billion minimum threshold. Finally, we categorized disasters that fell between these two extremes—damages above \$1 billion but below \$5 billion—as *medium-scale disasters*. All definitions used 2007 dollars. We examined the sensitivity of results to alternative definitions (based on different

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<sup>1</sup> It would have been ideal to include only donations in the corporate headquarters community, but data are only consistently available to capture firms' total philanthropic contributions. Although numerous prior studies on the topic show that the vast majority of corporate philanthropy is within the headquarters community (e.g., Useem, 1988; Kanter, 1997; Galaskiewicz, 1997; Guthrie, 2003), we acknowledge this as a potential weakness. Nevertheless, while this measurement issue may lead to the loss of some precision, it should make the estimates, if anything, more conservative. As our supplementary analyses demonstrate, we find highly similar patterns when examining how events affect donations received by nonprofits in the headquarters community.

monetary thresholds and human casualties), which yielded conclusions identical to those of our main analyses.

We measured a company's *history of philanthropy* (H3) as its annual average of charitable contributions (logged) at t-4 and t-2. As a sensitivity check, we estimated models with alternative measures: (1) using longer periods to define philanthropic history (e.g., average contributions in t-6, t-4, and t-2); (2) using only t-4 or only t-4 and t-6 to define the moving window; and (3) using measures of past philanthropy adjusted for firm size. In all these cases, we found results substantively similar to those reported below. We categorized industries as having an individual *consumer focus* (H4) using a classification by Lev et al. (2010), who distinguished industries in which the primary customer is the individual (e.g., consumer goods, personal services) and in which the predominant customer is industry (e.g., business services, capital goods). The categories are based on firms' four-digit Standard Industrial Classification (SIC) codes, which identify the line of business best representative of the company as listed in COMPUSTAT.

To measure network cohesion among local firms, we gathered data on the interlock network of shared directors among corporate boards. Board interlock networks constitute a key mechanism for information transmission and norm enforcement among firms in a community (Mizruchi, 1996; Davis and Greve, 1997). Our measure of *local network cohesion* (H5) was the reverse of the community's external-internal index, based on a network cohesion measure developed by Krackhardt and Stern (1988). This variable measured the ratio of locally headquartered firms' board interlocks within the community to their interlocks outside the community (Marquis, 2003). Thus this variable captured the prevalence of internal over external ties—the extent to which local firms had directors who also served on the boards of other local firms. We obtained these data from Compact D/SEC. We obtained consistent interlocks data for public firms, cleaned extensively to ensure accuracy, for 1987, 1992, 1997, and 2002, which yielded 152,466 director-year observations. Although it would be ideal to have these data for each year, extensive research suggests that the characteristics of these networks at the community level remain stable over time (Mizruchi, 1996). Our own analyses indicated high correlations even between the 2002 and the 1987 values of the internal-external ratio at the community level. Thus, in line with Davis and Greve (1997) and Palmer and Barber (2001), we gave observations values from the closest year for which interlocks data were available. Because we did not observe interlocks in the early 1980s, we ran our analysis without observations from 1980 and, for robustness, ran alternative models with only post-1986 observations. The results remained highly similar under these alternative models. Moreover, our conclusions remained substantively unchanged when excluding relatively small local corporate networks (e.g., communities with fewer than five locally headquartered firms) from the analysis.

Finally, we created two variables to capture the economic strength of communities: (1) municipal revenues generated in the community (*local government revenue*; from the *Census of Governments*) and (2) total personal incomes in the community. In our main analysis, we used the former; our results remained highly similar when using the latter.

### Control Variables

To rigorously control for unobserved factors, our analyses included firm, community, and year fixed effects. This approach controlled for all the

organizational, industry, and community characteristics that did not vary during our time period and for the effects of all common shocks and trends. Crucially, the community fixed-effects controlled for all enduring local characteristics—such as stable network patterns, norms, and physical geography—that have been at the center of prior research. We also controlled for time-variant factors. At the organizational level, we controlled for *sales* (logged), *earnings* (in billions of dollars), returns on assets (*ROA*), and number of *employees* (logged), as well as firm *age* (in logged years).<sup>2</sup> These data were from COMPUSTAT. When testing H3, it was also necessary to control for the focal firm's capacity for philanthropic giving because an alternative interpretation may be that firms with a history of generosity have greater capacity (e.g., greater funds) for philanthropy. To do so, we used data from the *National Directories of Corporate Giving* on firms' *corporate foundation assets* (logged), reflecting the extent of funds, staff, and other resources dedicated to philanthropy (Marquis and Lee, 2013). At the community level, we collected data on *population* size (logged) and real *per capita income* (in thousands of dollars) from the Bureau of Economic Analysis and, to capture the extent to which local governments outsource social service provision to nonprofits, we controlled for *local government revenue* and the political affiliation of the state's governor (*Republican governor*) (Salamon, 1987). Finally, we used Domhoff's (1998) list to construct an indicator of the presence of exclusive *upper-class social clubs* in the community. Such clubs are key settings for interaction among local corporate elites (Kono et al., 1998; Marquis, 2003) and affect the level of corporate support for nonprofits (Marquis, Davis, and Glynn, 2013).

### Statistical Model, Endogeneity Concerns, and Robustness Checks

Our data were organized in a pooled cross-sectional time-series format, with multiple observations per firm over time. To account for this fact and to control for all time-invariant heterogeneity across firms, we employed fixed-effects models. Thus the coefficients represent *within-firm* effects over time. To account for multiple observations per firm, we used cluster-adjusted, heteroskedasticity-robust standard errors (Stock and Watson, 2008). Finally, we addressed the unbalanced nature of our data, that is, the fact that not all firms were observed in all years (e.g., due to the death or downsizing of some firms). We conducted a set of standard econometric tests and found no evidence of selection bias due to this issue.<sup>3</sup>

**Fixed effects.** We took several steps to address potential endogeneity concerns and to verify the robustness of our results. While our time-variant

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<sup>2</sup> This helps avoid collinearity problems when controlling for year-specific effects with year dummies. Because of collinearity, using years, rather than logged years, to measure age would make it impossible to include all year dummies that would normally be in the model. Nevertheless, all coefficients of interest are very similar in their direction and significance regardless of whether age is measured in years (with some year dummies dropped from the models) or in log years (with year fixed-effects included in the models).

<sup>3</sup> These tests involve adding to our models various selection indicators that capture (1) whether a firm in panel *t* was also included in panel *t*-1, (2) whether a firm was observed over all time periods, or (3) the total number of periods in which a firm was observed (e.g., Verbeek, 2008). As these indicators were insignificant, we did not find evidence for selection bias. As an additional test, we also used Heckman's (1979) approach to test for sample selectivity on waves of the panel as separate cross sections, which yielded the same basic conclusion.



controls capture potentially relevant changes over time (for instance, in the size or economic situation of firms and cities), our fixed-effects approach controls for all—including unobserved—steady differences between firms and between headquarters locations, including all stable aspects of the geographic, cultural, social, and political landscape of communities. Hence our statistical approach does not compare charitable giving, for example, by firms in Chicago and firms in Oklahoma City; rather, it compares a given firm's philanthropic contributions at different points in time (e.g., in the year of a particular event versus other periods). Thus the possibility that one city might be more likely to host mega-events or experience natural disasters than another would not affect our main analysis.

**Reverse causality.** We used numerous tests to rule out reverse causality. First, we ran community-level cross-sectional probit analyses, predicting the likelihood of hosting mega-events as a function of corporate giving by local firms and community size (see Rose and Spiegel, 2011). The coefficient on corporate giving was insignificant throughout ( $p > .40$ ), suggesting that communities with more generous local firms were *not* more likely to host mega-events. Second, we used multi-episode event history models and found that, after controlling for community size, giving by local firms in years  $t-5$  to  $t-1$  did not predict event hosting in year  $t$ . Third, we compared philanthropic trends in cities that bid for hosting rights to those in which the event eventually took place. This analysis of actual hosts versus short-listed candidates should provide an apples-to-apples comparison (Greenstone, Hornbeck, and Moretti, 2008). Thus we compared donations by locally headquartered firms in Super Bowl host cities, candidate cities, and non-candidate cities.<sup>4</sup> As noted below, firms in these three types of cities had similar levels of giving before the event; however, in the event year, a marked increase in philanthropy occurred only in host cities. This suggests that our results were driven by the occurrence of mega-events (rather than just bidding) and that events drove giving, rather than vice versa.

**Triangulation: Received contributions.** Our main analyses focused on philanthropic donations given by firms. Yet if our underlying theory is correct, we should also observe similar patterns when analyzing contributions received by local nonprofits. Thus we tested the implications of our core hypotheses (H1 and H2) at the community level as well, regressing contributions received by local nonprofits on event indicators, fixed effects, and controls. We collected data for this supplementary analysis from the National Center for Charitable Statistics.<sup>5</sup> As reported below, this analysis revealed patterns highly similar to those of our primary models.

## RESULTS

Table 1 presents descriptive statistics and correlations. Most correlations are relatively low. Nevertheless, we conducted regression diagnostics to examine

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<sup>4</sup> We collected accurate and comprehensive data on all failed bids made during the finalist stage of voting for the Super Bowl. While similar data exist for the Olympics, there was only one unsuccessful U.S. Olympic bid during our period of interest, rendering a systematic analysis difficult. Comprehensive data on national convention bids are unavailable, particularly in the first half of our sampling period.

<sup>5</sup> The relevant database, known as the *Statistics of Income*, is based on annual IRS filings by all 501(c)(3) operating nonprofits above a minimum size threshold (see, e.g., Boris and Steuerle, 2006; Marquis, Davis, and Glynn, 2013).

**Table 1. Descriptive Statistics and Correlations**

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9
1. Philanthropic contributions	6.974	7.008									
2. National convention at t+2	.024	.153	.01								
3. National convention at t	.041	.198	.02	-.03							
4. National convention at t-2	.037	.188	.01	-.03	-.04						
5. Olympics at t+2	.005	.071	.02	-.01	-.01	-.01					
6. Olympics at t	.005	.069	.01	-.01	-.01	-.01	.00				
7. Olympics at t-2	.005	.068	.00	-.01	-.02	-.01	.00	-.01			
8. Super Bowl at t+1	.013	.113	-.02	-.02	-.02	-.02	.00	-.01	.49		
9. Super Bowl at t	.014	.118	.02	.00	-.02	.03	.34	-.01	-.01	-.01	
10. Super Bowl at t-1	.013	.114	-.03	-.02	-.02	-.02	-.01	.39	-.01	-.01	-.01
11. Major disaster at t	.025	.156	-.01	-.02	-.03	-.03	-.01	-.01	-.01	-.01	-.02
12. Major disaster at t-1	.022	.147	-.03	-.03	.02	.06	-.01	-.01	-.01	.00	-.02
13. Medium disaster at t	.039	.194	-.01	.08	-.04	.03	.19	-.01	-.02	-.01	.07
14. Medium disaster at t-1	.046	.210	-.02	.01	-.02	-.05	-.01	.18	-.02	-.02	.10
15. Small-scale disaster at t	.113	.317	-.03	-.02	-.05	.11	.11	.12	.06	.07	.00
16. Small-scale disaster at t-1	.131	.337	-.03	.00	.01	.13	-.02	.10	-.03	.06	-.05
17. History of philanthropy	7.449	6.637	.76	.00	.01	.01	.02	.01	.00	-.02	.02
18. Consumer orientation	.554	.497	.07	.02	.02	.00	-.02	-.03	-.01	.01	-.04
19. Local network cohesion	.258	.173	.04	.06	.05	.04	.04	.05	.05	.03	.08
20. Local government revenue	15.957	1.506	.06	.21	.22	.18	.02	.06	.08	.10	.04
21. Foundation assets	6.636	7.432	.81	.01	.02	-.01	.02	.01	.00	-.02	.01
22. Age	2.610	1.001	.22	.02	.01	.03	-.01	.01	-.02	-.01	-.02
23. Sales	7.901	1.153	.27	.05	.06	.05	.02	.01	.00	-.02	.02
24. Earnings	.306	1.593	.16	.03	.03	.06	.01	.00	.00	-.02	-.01
25. ROA	.041	.438	.05	.00	-.01	.01	.02	.01	.01	-.01	.00
26. Employees	2.712	1.085	.24	.04	.03	.02	.02	.02	.03	.01	-.01
27. Population	14.325	1.245	.05	.19	.21	.18	.02	.07	.08	.09	.05
28. Per capita income	34.614	7.878	.03	.05	.07	.08	-.02	-.04	-.03	-.05	-.02
29. Republican governor	.548	.498	.04	-.04	-.03	.07	-.05	.02	.01	.07	.00
30. Upper-class social club	.498	.500	.13	.16	.19	.17	.04	.06	.07	.05	.10

Variable	10	11	12	13	14	15	16	17	18	19	20
12. Major disaster at t-1	-.02	.03									
13. Medium disaster at t	-.02	.18	.01								
14. Medium disaster at t-1	.20	.04	-.04	.17							
15. Small-scale disaster at t	.04	-.02	-.04	.19	.00						
16. Small-scale disaster at t-1	.19	.01	.03	.17	.30	.11					
17. History of philanthropy	-.02	-.01	-.02	-.01	-.02	-.04	-.01				
18. Consumer orientation	-.01	-.02	-.05	-.06	-.05	-.05	-.05	.07			
19. Local network cohesion	.04	.06	-.03	.07	.06	.06	.07	.03	.02		
20. Local government revenue	.11	.04	.04	.04	.10	-.01	.10	.06	.04	.39	
21. Foundation assets	-.03	-.03	-.03	-.02	-.03	-.04	-.04	.71	.10	.03	.05
22. Age	-.01	.00	-.01	-.04	-.02	-.05	-.01	.26	-.05	.00	.10
23. Sales	-.02	-.01	.07	.02	.06	.01	.03	.28	.03	-.09	.14
24. Earnings	-.01	-.01	.04	.00	.02	-.02	.04	.17	.05	-.02	.09
25. ROA	.00	.00	-.01	.00	.01	.00	-.02	.04	.03	-.01	-.01
26. Employees	.01	-.01	.01	-.01	.01	-.04	.00	.25	.13	-.02	.15
27. Population	.10	.04	.07	.04	.10	.03	.12	.06	.03	.38	.98
28. Per capita income	-.06	-.04	.09	-.01	.11	-.05	.06	.03	-.05	-.13	.27
29. Republican governor	.08	.09	-.05	-.02	.08	-.05	.03	.06	.00	.01	.08
30. Upper-class social club	.05	.04	.07	.07	.06	.09	.11	.14	.01	.48	.68

(continued)

**Table 1. (continued)**

Variable	21	22	23	24	25	26	27	28	29
22. Age	.18								
23. Sales	.24	.21							
24. Earnings	.15	.08	.41						
25. ROA	.05	.03	.08	.21					
26. Employees	.24	.25	.73	.28	.07				
27. Population	.04	.08	.18	.10	-.01	.15			
28. Per capita income	-.02	.05	.27	.16	.03	.11	.30		
29. Republican governor	.03	.05	.07	.05	.00	.03	.09	.13	
30. Upper-class social club	.10	.10	.09	.06	-.01	.09	.69	.06	.04

the variance inflation factor associated with our variables and found that multicollinearity did not pose a significant threat. Table 2 presents tests of hypotheses 1 and 2.

### The Effect of Mega-events

In table 2, models 1–3 separately examine the effect of each mega-event. Models 7 and 8, on which we base most of our core conclusions, include all events simultaneously, estimating the net effect of different events in different periods. The conclusions that emerge from models 7 and 8 are notably similar. The difference between these regressions is that model 8 is estimated without control variables—but with various fixed effects—in order to include the full sample of 13,583 firm-years. Our findings of theoretical interest were robust to this sample. Finally, model 9 presents our community-level analysis of philanthropic contributions received by local nonprofits.<sup>6</sup> The fact that donations given by locally headquartered firms (models 7 and 8) and contributions received by local nonprofits (model 9) exhibit highly similar patterns provides additional evidence for our overall framework.

**Pre-event effect.** Our results point to the potential of some mega-events to exert an ex-ante influence on philanthropy, but only in some cases (H1a). Models 7 and 8 indicate that the net pre-event increase in corporate giving was the largest for the Olympics, an effect that is significant at the .05 level (two-tailed test). We find no similar effect for national conventions and the Super Bowl, however. One possibility is that this difference is due to the significantly larger scale of the Olympics and the attendant mobilization effort.<sup>7</sup> Thus our results provide only partial support for the ex-ante impact of mega-events.

<sup>6</sup> Because these data were available from 1987 to 2002, we did not have a sufficient number of community-level observations of Olympic Games to include the Olympics in these supplementary analyses. For Super Bowls, national conventions, and different disaster types, however, this supplementary analysis shows patterns of coefficient sign and significance highly similar to our primary (firm-level) models.

<sup>7</sup> Another possibility was that our pre-event dummies, which were lagged by just one or two years, did not capture pre-event effects that had occurred even earlier. To investigate this possibility, we created event dummies lagged by three to ten years for each type of mega-event. In a series of fixed-effects models, we examined the coefficients for these dummies but found no systematic pre-event effects on philanthropic spending.

**Table 2. Fixed-effects Models Predicting Philanthropic Contributions (H1, H2)\***

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9 <sup>f</sup>
<i>Mega-events (pre-event)</i>									
Olympics at t + 2	1.54* (.72)						1.63* (.82)	1.50* (.74)	
National convention at t + 2		.06 (.29)					.04 (.23)	.02 (.28)	.02 (.08)
Super Bowl at t + 1			.58 (.52)				.070 (.60)	.33 (.55)	-.02 (.06)
<i>Mega-events (same year)</i>									
Olympics at t	1.53* (.71)						1.83* (.76)	2.10** (.70)	
National convention at t		.05 (.25)					.09 (.25)	.10 (.24)	.18* (.08)
Super Bowl at t			.83* (.40)				.90* (.42)	.86* (.39)	.11* (.06)
<i>Mega-events (post-event)</i>									
Olympics at t-2	1.54* (.69)						1.87* (.76)	1.40* (.70)	
National convention at t-2		.54* (.25)					.56* (.25)	.50* (.24)	.14* (.07)
Super Bowl at t-1			.23 (.47)				.48 (.50)	.36 (.47)	-.03 (.06)
<i>Natural disasters</i>									
Major disaster at t				-.59 (.32)			-.31 (.33)	-.25 (.31)	-.02 (.04)
Major disaster at t-1				-.67* (.33)			-.68* (.33)	-.65* (.32)	-.09* (.04)
Medium disaster at t					.34 (.26)		.32 (.27)	.23 (.25)	-.02 (.03)
Medium disaster at t-1					.06 (.25)		-.02 (.27)	-.07 (.25)	-.00 (.04)
Small-scale disaster at t						.14 (.17)	.03 (.18)	-.05 (.17)	.04* (.02)
Small-scale disaster at t-1						.23 (.16)	.35* (.16)	.29* (.14)	.07*** (.02)
<i>Controls</i>									
Age	.97*** (.17)	.96*** (.17)	.96*** (.17)	.97*** (.17)	.97*** (.17)	.96*** (.17)	.97*** (.17)	.97*** (.17)	
Sales	.59** (.20)	.59** (.20)	.59** (.20)	.59** (.20)	.59** (.20)	.59** (.20)	.59** (.20)	.59** (.20)	
Earnings	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	
ROA	.08 (.11)	.08 (.11)	.09 (.11)	.08 (.11)	.08 (.11)	.08 (.11)	.08 (.11)	.08 (.11)	
Employees	.49* (.21)	.50* (.21)	.50* (.21)	.50* (.21)	.50* (.21)	.50* (.21)	.50* (.21)	.50* (.21)	
Population	1.31 (1.04)	1.41 (1.04)	1.29 (1.04)	1.48 (1.04)	1.28 (1.04)	1.38 (1.04)	1.55 (1.05)		.98*** (.11)
Per capita income	.04 (.03)	.05 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)	.04 (.03)		.01*** (.00)
Local government revenue	-.39 (.66)	-.49 (.66)	-.44 (.66)	-.45 (.66)	-.47 (.66)	-.44 (.66)	-.44 (.67)		.33*** (.04)

(continued)

Table 2. (continued)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9 <sup>†</sup>
Republican governor	.01 (.12)	.02 (.12)	.03 (.12)	.02 (.12)	.04 (.12)	.03 (.12)	.04 (.12)		-.02 (.01)
Upper-class social club	-1.36 (5.72)	-1.40 (5.72)	-1.24 (5.72)	-1.79 (5.73)	-1.08 (5.72)	-1.53 (5.73)	-1.99 (5.74)		
Constant	-12.26 (12.21)	-12.47 (12.22)	-11.81 (12.20)	-13.72 (12.23)	-11.34 (12.19)	-12.72 (12.24)	-14.59 (12.32)	10.49*	.28 (1.35)
Observations	11,769	11,769	11,769	11,769	11,769	11,769	11,769	13,583	2,723
Adjusted R <sup>2</sup>	.623	.622	.622	.622	.622	.622	.623	.615	.885

\* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ ; two-tailed tests.

\* Standard errors are in parentheses. All models include firm and year fixed effects, and models 1–8 also include community fixed effects.

† Community-level analysis of contributions received by local nonprofits from 1987 to 2002. Within this time period, we did not have a sufficient number of community-level observations of Olympic Games to include the Olympics indicators. For Super Bowls, national conventions, and different disaster types, however, this supplementary analysis shows patterns highly similar to those of our primary (firm-level) models.

**Same-year effect.** Model 7 provides strong support for H1b, indicating a positive same-year effect of the Olympics and the Super Bowl. These effects are significant both statistically and in a practical sense. As the confidence intervals around our coefficients are wide, it may be misleading to infer the magnitude of effects from point estimates. Thus we calculated effect sizes using a conservative approach based on the smallest value in each 95-percent confidence interval. Using this cautious method, based on the more conservative model 7, we estimate the same-year effect of the Olympic Games and Super Bowls to be roughly 30 percent and 10 percent, respectively. As discussed below, these similar findings across different event types indicate the generality of our model connecting local events and corporate giving.

**Post-event effect.** Both models 7 and 8 support H1c, showing a significant post-event increase from the Olympics and national conventions and indicating similarly large practical effects as those in the event year. We further explore post-event effects in table 3. Although the positive effect of the Olympics weakened over time, it remained detectable for six years (models 11 and 13). The post-convention increase in local corporate giving, which model 7 has shown to exist two years after the event, does not seem to persist much longer than that. These findings confirm that the post-event increase in local firms' donations tapers off with time, rather than changing philanthropic behavior in the long run. Again, that these effects exist to varying degrees for local events as diverse as the Olympics and political conventions strengthens the generality of our framework. Figures 1a–1c provide illustrative examples of the impact of mega-events. For each community in each year, these figures show the locally headquartered *Fortune* 1000 firms' total corporate philanthropic contributions divided by these firms' total sales. Thus these figures depict changes in the average level of philanthropic giving by local corporations, adjusted for firm size.

**Table 3. Fixed-effects Models Examining the Persistence of Post-event Effects\***

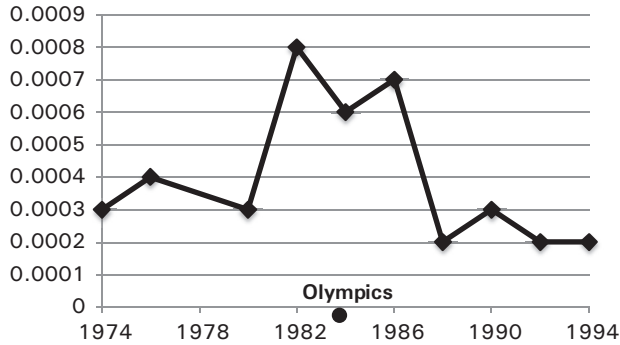
Variable	Model 10	Model 11	Model 12	Model 13	Model 14
<i>Olympics</i>					
Olympics in past 4 years	1.39* (.60)				
Olympics in past 6 years		1.30* (.53)			
Olympics in past 8 years			.21 (.57)		
Olympics in past 4–6 years				1.11* (.56)	.69 (.69)
Olympics in past 8–10 years					-.37 (.75)
<i>National conventions</i>					
National convention in past 4 years	.51* (.22)				
National convention in past 6 years		.15 (.22)			
National convention in past 8 years			-.07 (.24)		
National convention in past 4–6 years				.23 (.23)	.28 (.24)
National convention in past 8–10 years					.19 (.27)
<i>Other event effects</i>					
Olympics at t + 2	1.41 (.82)	1.37 (.82)	1.1 (.87)	1.70* (.83)	1.54 (.88)
Olympics at t	2.01* (.79)	2.04* (.79)	1.69* (.81)	2.09** (.79)	1.92* (.84)
Olympics at t-2				1.87* (.78)	1.70* (.83)
National convention at t + 2	.08 (.30)	.02 (.32)	-.12 (.33)	.15 (.31)	.15 (.31)
National convention at t	.17 (.27)	.08 (.28)	-.05 (.30)	.16 (.26)	.23 (.28)
National convention at t-2				.53* (.26)	.59* (.28)
Super Bowl at t + 1	.30 (.58)	.40 (.57)	.39 (.60)	.11 (.60)	.22 (.62)
Super Bowl at t	.85* (.42)	.86* (.42)	.88* (.42)	.86* (.42)	.86* (.42)
Super Bowl at t-1	-.70 (.53)	-.63 (.51)	-.55 (.51)	-.55 (.51)	-.47 (.52)
Major disaster at t	-.29 (.34)	-.38 (.33)	-.34 (.33)	-.35 (.33)	-.32 (.34)
Major disaster at t-1	-.65* (.32)	-.63* (.32)	-.65* (.32)	-.66* (.32)	-.66* (.32)
Medium disaster at t	.32 (.27)	.24 (.27)	.29 (.27)	.27 (.27)	.27 (.27)
Medium disaster at t-1	.03 (.27)	.03 (.27)	-.05 (.27)	.04 (.27)	.04 (.27)
Small-scale disaster at t	-.00 (.18)	.01 (.18)	.00 (.18)	-.02 (.18)	-.02 (.18)
Small-scale disaster at t-1	.32* (.16)	.36* (.16)	.36* (.16)	.34* (.16)	.35* (.16)
Constant	-13.94 (12.33)	-12.63 (12.38)	-13.21 (12.48)	-13.18 (12.36)	-14.07 (12.50)
Adjusted R <sup>2</sup>	.623	.623	.622	.623	.623

\* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ ; two-tailed tests.

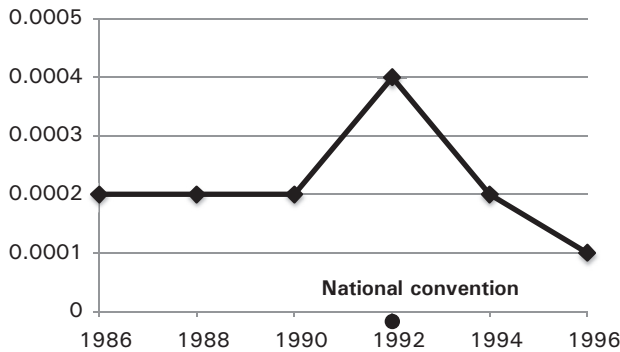
\* Standard errors are in parentheses. Models include controls and firm, year, and community fixed effects.



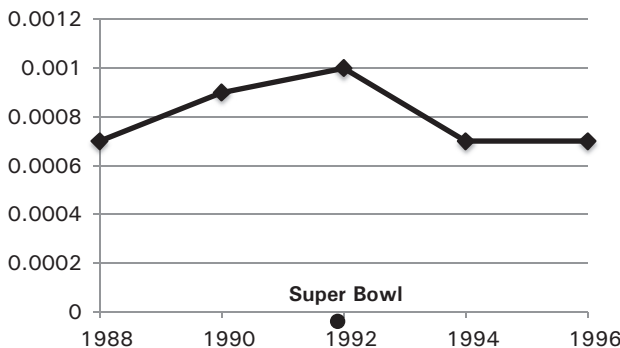
**Figure 1a. Corporate philanthropic contributions divided by firm sales in Los Angeles, 1974–1994.**



**Figure 1b. Corporate philanthropic contributions divided by firm sales in Houston, 1986–1996.**



**Figure 1c. Corporate philanthropic contributions divided by firm sales in the Twin Cities, 1988–1996.**



**The Effect of Natural Disasters**

Hypothesis 2 predicted a negative effect in the case of severely damaging natural catastrophes and a positive effect in the case of smaller-scale disasters. We find support for this prediction. In table 2, both models 7 and 8 suggest that

highly destructive disasters had a negative effect on charitable giving among locally headquartered firms, while small-scale disasters had a positive effect. Both these effects were most pronounced in the year after the disaster, perhaps because many disasters in the U.S. are hurricanes and other storms, which tend to occur late in the year, with their effects potentially spilling over into the next year. Standing between these two extremes, medium-scale disasters had no measurable impact. The same patterns emerged from our community-level analysis (model 9), showing that the most damaging disasters were associated with a reduction in the overall level of donations to local non-profits, while small-scale disasters were associated with an increase.

### Organizational and Community Moderators

Uncovering the moderating influence of organizational and community factors, table 4 presents tests of the interaction effects predicted in hypotheses 3–6. To avoid multicollinearity problems, these interaction analyses focused on same-year effects as well as those pre-event and post-event effects for which we found evidence in our tests of H1 and H2.<sup>8</sup> In models 15 and 16, which tested the organization-level moderators (H3 and H4), we included these interactions for all mega-events and small-scale disasters. In models 17 and 18, which tested the community-level moderators (H5, H6), we did not include the Olympics—the least frequent mega-event in our sample—to ensure a sufficient number of observations for every interaction.

We find some support for H3 and H5, as nearly half of the tested positive event effects were significantly greater for firms with a high level of past contributions (H3), and half of the tested positive effects were stronger in communities with a higher degree of network cohesion (H5). The result for H3 was also robust to controlling for corporate foundation assets, a measure of philanthropic capacity (model 15). In other words, firms without a strong history of prior giving and those located in communities with a less cohesive corporate network tended to have a relatively muted positive response to events. These findings are consistent with qualitative evidence suggesting that major community events foster particularly great expectations for local firms known for their history of philanthropy and that the pressures for philanthropy brought by events might be amplified in tight-knit local business communities (Bertels and Peloza, 2008).

At the same time, we find little evidence for the other two moderator hypotheses. Operating in an industry with an individual consumer focus (H4) or in an economically strong community (H6) did not consistently strengthen the positive event effects. Although somewhat surprising, the lack of evidence for H4 is in line with Galaskiewicz's (1985, 1997) previous finding that dependence on consumer sales is not a consistent predictor of philanthropic behaviors. The lack of support for H6, in turn, suggests that the positive event effects occurred in both strong and weak local economies; thus it was differences in local network cohesion, rather than economic weight, that drove community-level variation.<sup>9</sup>

<sup>8</sup> Additional analyses, in which interaction terms were entered one by one, or in smaller groups than in table 4, led to substantively similar conclusions as those for our main models.

<sup>9</sup> In supplementary analyses, we found that firm age and size did not consistently moderate the effects of mega-events and natural disasters, suggesting that these events affect the philanthropic spending of firms both large and small and old and young.

**Table 4. Fixed-effects Models Predicting Corporate Philanthropic Contributions (H3–H6)\***

Variable	Model 15: History of philanthropy	Model 16: Consumer orientation	Model 17: Local network cohesion	Model 18: Economic strength of community
<i>Interaction terms</i>				
Olympics at t+2 × History of philanthropy	.25 (.26)			
Olympics at t × History of philanthropy	.31* (.13)			
Olympics at t-2 × History of philanthropy	.14 (.11)			
National convention at t × History of philanthropy	.01 (.04)			
National convention at t-2 × History of philanthropy	.08* (.04)			
Super Bowl at t × History of philanthropy	.22* (.08)			
Small disaster at t × History of philanthropy	.03 (.03)			
Small disaster at t-1 × History of philanthropy	.02 (.03)			
Olympics at t+2 × Consumer orientation		.24 (1.49)		
Olympics at t × Consumer orientation		1.65 (1.43)		
Olympics at t-2 × Consumer orientation		1.93 (1.37)		
National convention at t × Consumer orientation		.89 (.47)		
National convention at t-2 × Consumer orientation		.76 (.47)		
Super Bowl at t × Consumer orientation		.75 (.83)		
Small disaster at t × Consumer orientation		.25 (.33)		
Small disaster at t-1 × Consumer orientation		-23 (.30)		
National convention at t × Local network cohesion			3.93* (2.00)	
National convention at t-2 × Local network cohesion			7.86** (2.89)	
Super Bowl at t × Local network cohesion			.10 (2.60)	
Small disaster at t × Local network cohesion			2.05* (1.02)	
Small disaster at t-1 × Local network cohesion			1.99* (1.01)	
National convention at t × Local government revenue				.24 (.31)
National convention at t-2 × Local government revenue				.10 (.33)
Super Bowl at t × Local government revenue				1.12 (.70)
Small disaster at t × Local government revenue				-.09 (.14)
Small disaster at t-1 × Local government revenue				.01 (.14)

(continued)

**Table 4. (continued)**

Variable	Model 15: History of philanthropy	Model 16: Consumer orientation	Model 17: Local network cohesion	Model 18: Economic strength of community
<i>Individual variables</i>				
History of philanthropy	.16*** (.02)			
Consumer orientation		-.30 (.37)		
Local network cohesion			-1.92** (.67)	
Local government revenue				-.38 (.67)
Olympics at t + 2	2.97 (3.35)	1.32 (1.01)	1.74* (.85)	1.60* (.80)
Olympics at t	-1.78 (1.64)	1.14 (1.99)	1.93* (.76)	2.03** (.76)
Olympics at t-2	.08 (1.28)	.74 (1.01)	1.87* (.77)	1.71* (.77)
National convention at t + 2	-.10 (.50)	.10 (.30)	.06 (.30)	.11 (.30)
National convention at t	.04 (.34)	-.40 (.36)	-1.17 (.98)	-4.07 (5.45)
National convention at t-2	-.13 (.51)	.06 (.36)	-1.79** (.87)	-1.04 (5.76)
Super Bowl at t + 1	-1.12 (.74)	.02 (.60)	-.02 (.62)	.20 (.60)
Super Bowl at t	-.33 (.89)	.49 (.52)	.60 (.99)	-18.00 (11.67)
Super Bowl at t-1	-1.26 (.82)	-.54 (.50)	-.56 (.52)	-.48 (0.51)
Small-scale disaster at t	.32 (.30)	-.08 (.23)	-.44 (.37)	1.47 (2.28)
Small-scale disaster at t-1	-1.20 (.64)	.27 (.21)	-.38 (.33)	.01 (2.22)
Constant	-17.4 (16.6)	-13.8 (12.3)	-27.1* (13.6)	-14.2 (12.3)
Observations	7,189	11,769	10,855	11,769
Adjusted R <sup>2</sup>	.662	.623	.627	.623

\* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ ; two-tailed tests.

\* Standard errors are in parentheses. Models include controls and firm, year, and community fixed effects. In addition, model 15 controls for corporate foundation assets.

## Robustness Checks

As noted above, we conducted a variety of robustness checks such as using different disaster thresholds or running community-level analyses of received donations, and these analyses supported our main findings. As explained in the Methods section, one important additional analysis was the comparison of philanthropic giving in Super Bowl host cities, candidate cities, and cities that neither hosted nor bid for the event. Table 5 presents some of these results. Models 19 and 20 include variables indicating whether the focal firm was located in a community that was a host or an unsuccessful bidder for an

**Table 5. The Effect of Super Bowls: Comparing Hosts, Bidders, and Non-Bidders\***

Variable	Model 19	Model 20
<i>Hosting or bidding for upcoming event</i>		
Hosting a Super Bowl in next 1-5 years	.41 (.30)	.52 (.30)
Made unsuccessful bid for a Super Bowl to take place in next 1-5 years	.003 (.28)	.06 (.28)
<i>Event in the current year</i>		
Hosting Super Bowl in year t		.81* (.40)
Made unsuccessful bid for a Super Bowl to take place in year t		-.36 (.29)
Constant	-12.12 (12.24)	-12.89 (12.25)
Adjusted R <sup>2</sup>	.622	.623

\* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$ ; two-tailed tests.

\* N = 11,769 firm-years (2,570 firms). Standard errors are in parentheses. Models include controls and firm, year, and community fixed effects. Firms in communities that made neither a successful nor an unsuccessful bid for a Super Bowl during the relevant period constitute the reference category.

upcoming Super Bowl. Firms in communities that did not bid for a Super Bowl during the relevant period constitute the reference category. This analysis suggests that, prior to the event, there were no significant differences in the level of philanthropy across firms headquartered in host cities, candidate cities, and non-candidate cities. Post-estimation tests show that the host and candidate pre-event coefficients were indistinguishable from each other and from zero (i.e., the non-bidders). We came to the same conclusion when estimating these effects at  $t + 1$ ,  $t + 2$ ,  $t + 3$ ,  $t + 4$ , and  $t + 5$  separately. In the event year itself, however, the clear increase in giving that we observed in our main models only occurred in the host cities, as indicated by the coefficient on same-year hosting (model 20). Thus we observed similar philanthropic patterns across hosts, candidates, and non-candidates prior to the Super Bowl, but hosts' patterns diverged sharply in the event year, even in comparison with candidates. These results suggest that our core result in this case is robust even when evaluated vis-à-vis candidate cities and that the hosting of mega-events drove philanthropic trends, rather than the reverse.

## DISCUSSION AND CONCLUSION

This study contributes to the institutional and community literatures by showing that communities shape organizations not simply because of their enduring features but also because punctuating events are geographically distributed, which allows communities to play a critical role in determining organizations' exposure to major events. In particular, we studied how punctuating events within communities affected the philanthropic contributions of locally headquartered corporations in the U.S. between 1980 and 2006. Three main findings emerged. First, we not only documented that actively solicited mega-events exerted a positive effect in the event year, but we also revealed more complex temporal dynamics. In some cases, the effects on corporate philanthropy were visible

two years prior to the event and lasted up to six years, before eventually tapering off. Second, as we predicted, the impact of destructive exogenous events was contingent on their magnitude: while major natural disasters depressed philanthropic spending by local corporations, smaller-scale disasters stimulated it. Third, we found that organizational and community factors—capturing organizations' susceptibility to philanthropic expectations and the strength of community influences on firms—moderated some of the event effects. Taken together, these findings offer several theoretical contributions: they demonstrate the theoretical utility of an emplaced and eventful perspective, highlight the importance of temporal dynamics and magnitude in understanding punctuating events, and shed light on the role of punctuating events in recursive institutional processes. Further, our findings challenge basic assumptions about the stable nature of corporate giving and provide balance to the literature on corporate-community relations, suggesting that some punctuating events create opportunities for communities to influence corporations in ways that benefit the local nonprofit sector, even if some firms remain unresponsive to such influence.

### **An Emplaced and Eventful Perspective**

In recent years, organizational scholars have revived interest in the effects of local geography and argued that, despite increasing globalization, local factors have remained critically important in understanding organizations and their actions. Thus an important element of our perspective is the notion that organizational fields can form around local communities (Warren, 1967; Marquis, Glynn, and Davis, 2007), rather than just markets, technologies, or issues (Hoffman, 1999). Building on this insight, we advance the literature on communities and institutions by highlighting a basic mechanism for local influences that is fundamentally different from the mechanisms identified in most prior research. We show that communities matter not only as relatively stable contexts with persistent features but also as sites of rare events that occasionally punctuate this stability. Thus geographic location not only determines enduring institutional conditions but also demarcates which organizations are exposed to the impact of different punctuating events. Communities matter both as sites of persistence and as sites of punctuation.

This conclusion demonstrates the value of juxtaposing emplaced and eventful theoretical approaches. A simultaneously emplaced and eventful perspective recognizes that social phenomena are constituted through a particular geographic location (Gieryn, 2000) and, at the same time, "takes into account the transformation of structures by events" (Sewell, 2005: 100). This juxtaposition has enabled us to provide insights that we could not have developed otherwise. A sole focus on geographic location would have highlighted stable community influences but would have missed the impact of events; an eventful but un-emplaced approach would have emphasized the role of events in non-local fields—for example, at the industry or national level—but would have missed the local nature of key events. Neither approach would have predicted the dramatically fluctuating patterns that we observed; only by recognizing the simultaneous importance of events and geography could we identify these previously unrecognized patterns, which in turn have major implications for



understanding the dynamics of events and fields, institutional recursivity, and the nature of corporate social practices.

### Events and Fields: Temporal Dynamics and Event Magnitude

Prior research has shown that significant events, such as regulatory changes (e.g., Fligstein, 1990), catastrophes (e.g., Hoffman, 1999), or other highly publicized dramatic events (e.g., Meyer, 1982; Pride, 1995), can trigger organizational change in fields. Our focus on events in communities goes beyond this work in a number of ways. First, we bring to the analysis of social phenomena a key insight from the original theory of punctuated equilibrium in the natural sciences. As Eldredge and Gould (1972) emphasized, rapid events of change take place within particular geographic boundaries, rather than affecting populations across the board; therefore change stems from the "differential... deployment of these punctuations" to populations located in different areas (Gould, 1980: 184). We developed this insight in a social context to show that communities influence organizations because punctuations are geographically distributed. Further, as we elaborated this insight, we highlighted the importance of considering both the temporal dynamics and the magnitude of punctuating events.

Second, a unique aspect of our framework is its emphasis on how a single event may shape organizational behavior at three distinct temporal stages: before, during, and after the event. The first part of our theorizing focused on pre-event effects and suggested that preparation for a local mega-event can increase the salience of local identity and needs and strengthen the local corporate-nonprofit network even before the event occurs. Accordingly, we documented substantial pre-event changes in philanthropic giving in case of the Olympics. Although the Olympics were still years away, the prospect of the games had a significant effect on the behavior of locally headquartered firms. In prior research, both institutional and strategy scholars focused mostly on what happens during and after punctuating events (Romanelli and Tushman, 1994; Lampel and Meyer, 2008). The possibility that the organizational consequences of an event might predate the event itself by a significant amount of time has remained largely unrecognized. Although researchers have noted that there might be proactive organizational changes in anticipation of possible future environmental shifts (Nadler and Tushman, 1995; Drazin, Glynn, and Kazanjian, 2003), their models focused on the role of anticipation in adjustment and did not consider specific changes that occur in advance of punctuating events. In contrast, our results suggest that an important aspect of some punctuating, field-configuring events (Lampel and Meyer, 2008) might be that they can trigger changes even before they take place. At the same time, we only detected an ex-ante philanthropic surge in case of the Olympics. On the one hand, this result is consistent with the extensive community efforts necessary to stage the Olympics; on the other hand, this finding also suggests that significant pre-event changes occur only in some circumstances.

Moreover, we found that local corporations continue to make larger philanthropic contributions even after the event in question has occurred. That significant mega-events would lead to fundamental transformations is consistent with the rhetoric of event promoters and organizers, as well as organizational theories that emphasize the potential of major institutional shifts to create

permanent change (Stinchcombe, 1965; Romanelli and Tushman, 1994). In the case of the Olympics, for example, the notion of the "Olympic Legacy"—referring to lasting changes in the host city—"has become an integral and institutionalized part of this event" (Glynn, 2008: 1123). As we observed, however, the surge in corporate giving did not become permanent; at most, the effects of the Olympics were detectable six years later. An intriguing question for future research is why such changes persist for a while and then fade away, with firms eventually returning to their pre-event patterns of giving. With regard to the mechanisms we propose, these findings may relate to the episodic nature of corporate-nonprofit linkages. Because funding relationships are sometimes multi-year, there is perhaps a natural expiration to some of the connections that are established as a result of a mega-event. We encourage future research on the various mechanisms whereby post-event effects may last, including the philanthropic agreements that firms might enter in the wake of major events.

Complementing our focus on mega-events, our analysis of natural disasters contributes to understanding the importance of event magnitude in punctuated change processes. Most research in this area has essentially treated such events dichotomously, comparing organizational outcomes under the occurrence and nonoccurrence of events. In contrast, our findings suggest that disruptive exogenous events may be more fruitfully viewed as occurring along a continuum and may exert very different effects depending on their strength. Though less severe disasters had a positive effect, highly destructive disasters had a negative effect. Crucially, had we treated natural disasters dichotomously, we might have inferred no relationship between disasters and our dependent variable. Furthermore, conceived in this way, our mega-event findings also shine light on the importance of an event's magnitude. The Olympics, arguably the mega-event with the greatest magnitude in our sample, exerted the strongest pre-event and post-event effects. Considered together, these findings suggest that there is a complex relationship between the strength of different types of events and the resultant organizational actions. Thus a critical question is not just whether an event of a given type occurs but what its magnitude is. Prior research has shown that the effect of an event might vary across organizations (Meyer, 1982) and historical contexts (Hoffman, 1999). By highlighting another contingent factor, an event's magnitude, we push research in a new direction to understand the complex dynamics of events and organizational responses.

At a more general level, figure 2 presents a typology of our findings organized along the above-discussed theoretical dimensions—event type and event magnitude—showing how these factors interact to shape the nature and temporal dynamics of an event's effects. This typology is one step toward a more nuanced conception of how the consequences of events unfold. As noted, while punctuating events have received much attention in several fields (e.g., Romanelli and Tushman, 1994; Lampel and Meyer, 2008), there is only a limited understanding of how the effects of these events manifest themselves at different temporal stages. As our results indicate, this inattention might obscure important event effects and variation in their timing.

Although our typology sheds light on how the basic characteristics and magnitude of events shape their consequences at distinct periods, we also recognize that some aspects of our setting may limit generalizability. First, our organizational outcome of interest, philanthropic giving, depends particularly

**Figure 2. Event types and magnitudes: A typology of event effects.**

		EVENT TYPE	
		Actively Solicited (Endogenous) Event	Destructive Exogenous Event
EVENT MAGNITUDE	High	<p><b>STRONG POSITIVE EFFECT</b></p> <ul style="list-style-type: none"> <li>▪ Temporal dynamics: Strong short-term effect as well as significant pre-event and lingering post-event effects.</li> <li>▪ Example: Olympic Games</li> </ul>	<p><b>NEGATIVE EFFECT</b></p> <ul style="list-style-type: none"> <li>▪ Temporal dynamics: Negative effect in the short-term aftermath of the event; because the event is unplanned, there are no pre-effects.</li> <li>▪ Example: Large-scale natural disasters</li> </ul>
	Low/Moderate	<p><b>MODEST POSITIVE EFFECT</b></p> <ul style="list-style-type: none"> <li>▪ Temporal dynamics: Modest positive effect limited to the short term; pre-event and long-term post-event effects are relatively weak.</li> <li>▪ Example: Super Bowl, national conventions</li> </ul>	<p><b>MODEST POSITIVE EFFECT</b></p> <ul style="list-style-type: none"> <li>▪ Temporal dynamics: Modest positive effect in the short-term aftermath of the event; because the event is unplanned, there are no pre-event effects.</li> <li>▪ Example: Small-scale natural disasters</li> </ul>

strongly on social-normative processes (Marquis, Glynn, and Davis, 2007); thus we encourage future researchers to examine how local punctuating events affect other organizational decisions and behaviors. Second, while a strength of our investigation is that it includes several different types of events, future work might further elaborate our typology in the context of other punctuating events, drawing on our distinctions between exogenous and endogenous events, high- and low-magnitude events, and the three basic temporal stages of event effects.

Finally, to increase confidence in our findings, we considered alternative explanations based on a strategic view of philanthropy as a marketing activity. Consistent with strategy-based explanations (e.g., Porter and Kramer, 2002), as a mega-event draws attention to the host community, it might temporarily increase the marketing value of corporate giving, but there are several reasons why strategic considerations cannot fully account for our results. First, we documented effects on philanthropy even years after some of the events ended. Arguments about heightened visibility during mega-events cannot account for this result. Second, there is often a much more direct and visible way than charitable donations to shine in the spotlight of a mega-event: commercial sponsorship of the event itself (Glynn, 2008)—a type of marketing expenditure that is distinct from philanthropy. Third, our moderator results do not readily mesh with a strategic explanation; for example, a purely strategy-

marketing-focused perspective could not readily explain why local interfirm network cohesion strengthens some of the event effects and why individual consumer orientation does not.

### **Endogenous Events and Institutional Recursivity**

As noted above, a key element of our theorizing is a distinction between exogenous and endogenous events. Much research has focused on exogenous jolts, but our analysis of mega-events has revealed key aspects of events that arise at least partly endogenously from community fields. This analysis contributes to institutional theory, not only by uncovering the temporal dynamics of event effects but also by highlighting the recursive relationship between events and fields. On the one hand, prior research has documented the effect of local factors on a community's chances of hosting a mega-event (Burbank, Andranovich, and Heying, 2001; Glynn, 2008). On the other hand, our results suggest that these events themselves may affect local social-normative processes that underlie corporate giving. Thus there is a recursive dimension to the processes at play: mega-events are partially products of local conditions, but their influence feeds back to affect local organizations. As Glynn (2008: 1138) speculated, "there may be a circularity to field-configuring events such that they arise from the endogenous capabilities of fields but, once in place, function through relational and symbolic systems to change those systems." We find support for this conjecture. Although our dependent variable captures an outcome of local social-normative systems, rather than those systems themselves, our findings are consistent with the notion that a punctuating event can significantly affect actors in the field from which it arose in the first place. Thus, by identifying partly endogenous events as cases of institutional recursivity, we contribute to institutional theory, which has been criticized for paying only scant attention to recursive processes (Barley and Tolbert, 1997; Hirsch, 1997). We emphasize that such processes may manifest themselves in organized, public events and play out in local fields. More generally, while extant theory has focused on recursivity between institutional conditions and agents (Giddens, 1984; Sewell, 1992), we point to the recursive dimension of punctuating events.

### **Corporate Social Practices and Corporate-community Relations**

Numerous scholars have called for research that shifts attention from the financial impact of corporate social practices to their antecedents and examines the effect of events (Margolis and Walsh, 2003) and communities (Marquis, Glynn, and Davis, 2007) on corporate social behaviors. By focusing on events within communities, we have developed a broader understanding of local influences on corporate social practices. While prior work focused on how corporate social involvement depends on the "ongoing vibrancy of business-civic connections that pervades some communities year after year" (Marquis, Glynn, and Davis, 2007: 940), we revealed how punctuating events intensify or dampen that vibrancy, causing significant fluctuations in giving. More generally, our work contributes to research on corporate-community relations (Galaskiewicz, 1997; Marquis, Davis, and Glynn, 2013). While some of this literature has focused on how corporations extract benefits from communities (e.g., Logan and Molotch,

1987), we suggest that, through public expectations associated with local punctuating events, a community might influence locally headquartered companies in a way that benefits the community and its nonprofit sector, at least temporarily. Yet not all communities are equally capable of exerting such demands, nor are organizations equally susceptible to them. Firms with little prior giving experience and those in communities with a less cohesive corporate network were less susceptible to pressures for increased contributions, indicating that philanthropic responses depend not only on the nature of events but also on individual firms' histories and local network structures.

## Conclusion

Even in a global age, local communities represent a critical context for organizational behavior. This study highlights an important but understudied aspect of that context: local punctuating events. In so doing, this paper speaks not only to the organizational literature on communities and institutions but also to a broader literature on place—a physical, geographic location that is invested with meaning and value. Theorists increasingly call for an exploration of how place matters for social phenomena, and thus far, most responses to this question have focused on how place “stabilizes and gives durability to social structural categories,” “arranges patterns of face-to-face interaction that constitute network-formation,” and “embodies and secures otherwise intangible cultural norms, identities, memories” (Gieryn, 2000: 473). We emphasize a different social mechanism by which place matters: the geographic distribution of punctuations that interrupt the life course of local actors. The English language is expressive in this regard. When an event occurs, it *takes place*—it prevails in a particular locale, introducing its own dynamics. We hope our study will stimulate more research into how such dynamics affect organizations.

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