Exploring the Effects of Foundation Governance on Corporate Philanthropy: Insights from Professional Sport

Daniel Yang, University of Michigan
Kathy Babiak (Advisor), University of Michigan

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With increased social and strategic pressures to encourage businesses to contribute to social welfare, a growing number of corporations have set up associated charitable foundations to institutionalize and formalize their corporate philanthropy (CP). Corporate foundations are nonprofit entities (either public charities or private foundations) that are established and/or supported by the corporate entity. Similarly, team charitable foundations have been a central avenue that facilitates corporate philanthropy in professional sport. Despite their growing visibility, team foundations as organizational entities in their own right with their own (quasi) independent governance structure have received less scholarly attention in the sport management literature. Specifically, little is known about how influential decision-making/governance bodies of team foundations, such as the board of directors, play a role in advancing or constraining corporate philanthropy. This study aims to explore the effect of team foundation governance on a professional sport team’s CP outcomes. The study examined the effect of board structural characteristics (board size and diversity) and board leadership (board chair affiliation with the parent team and presence of a paid executive director) on the level of philanthropic giving of the foundation. To empirically test the hypotheses, the study used longitudinal data of philanthropic giving and personnel information of team foundations in the United States from 2011 to 2017. The results showed that larger board size and the presence of a paid foundation executive director increase the philanthropic giving of team foundations. The study sheds light on the board attributes of team foundations and provides insights into how the internal governing environment shapes and steers a team foundation’s philanthropic practices.