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Corporate Governance and Philanthropy Relationship: The Influence of Institutional Context

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Corporate Governance and Philanthropy Relationship: The Influence of Institutional Context

Abstract
The effect of institutional context in the relationship between corporate governance and corporate philanthropy is poorly understood. In order to contribute to literature, we investigated the context of Latin America, because this region has a totally different institutional environment in comparison with United States or Europe, where the major of literature has been produced. We investigate the relationship between corporate governance variables (independent directors, women on the board, and board size) and philanthropy, and after the effects of institutional environment in this relationship. We used government effectiveness and control of corruption in order to represent institutional context. Panel data about 151 Latin American companies was analyzed by generalized least squares regression. Results indicate that philanthropy was negatively affected by independent directors, and positively affected by board size, confirming our hypotheses. On the other hand, women on the board affects philanthropy negatively, contrary of hypothesized. The moderation effect of government effectiveness was positive on independent directors, and negative on board size. And the moderation effect of control of corruption was positive on independent directors and board size. These results contribute to literature and change prior understanding, basically in US and European studies, about the relationship between women on the board and philanthropy. Moreover, this research show that studies in the Latin America context can contributes to literature because institutional context matters, and affects several business variables.

Key words: Independent directors, Women on the board, Board size, Corruption, Government effectiveness.

1 Introduction

Despite increasing interest regarding the role of corporate community investment, or corporate philanthropy, in the development of firm-specific competitive advantage (Porter & Kramer, 2002), the failure to take into account the role of corporate governance as it is applied in different institutional contexts has constrained the ability of scholars to understand its scope and limits. In this paper we argue that philanthropic freedom, which refers to the extent to which a given institutional context facilitates or inhibits charitable contributions, positively affects corporate philanthropy in Latin America.

Prior research has examined the impact of corporate philanthropy on firm financial performance (Wang, Choi, & Li, 2008) in terms of diverse contexts, including developed countries (Lee, Park, Moon, Yang, & Kim, 2009), emerging-market countries (Sánchez, 2000), and industry context (Brammer & Millington, 2004). Nevertheless, the Latin American context has received little attention from researchers regarding the relationship between corporate governance and corporate philanthropy. Given the extent of family control of firms and the influence of government in the region, Latin American firms likely behave in ways that differ from their developed-country counterparts. Therefore, we address the following question: How does corporate governance influence corporate philanthropy in Latin America?

Furthermore, Latin America provides a distinctive institutional context for corporate philanthropy given that specific laws encourage or discourage corporate philanthropy in each country. So we address the following question: How does the institutional context influence corporate philanthropy in Latin America?

In order to answer these questions, we use governance variables that are commonly studied in developed-country contexts, such as the participation of independent directors on the board, women on the board, and board size. Furthermore, we also include a measure of philanthropic freedom to understand the effect of institutional context on corporate philanthropy within Latin America. Data was analyzed with a generalized least squares regression model. The paper is structured as follows. In the next section, we develop the theory and hypotheses for the Latin American context. Then we explain the method. Finally, we present results, followed by the discussion and conclusion.

2 Theory and Hypotheses

We begin by examining the relationship of three standard corporate governance variables to corporate philanthropy (independent directors, women directors, and board size). These base hypotheses build from the extant literature, which we then place in the context of Latin America. We then introduce a key feature of institutional context – philanthropic freedom – to understand the impact of the institutional context on corporate philanthropy.

2.1 Independent Directors

Using agency theory, the literature argues that inside directors (corporate executives) will make decisions in an attempt to maximize their own benefit (Fama & Jensen, 1983; Jensen & Meckling, 1976). This logic has been extended to the decision about corporate philanthropy. Frequently, executives will approve corporate philanthropy based on their own interests, rather than the interests of stockholders. On the other hand, outside directors (nonexecutive directors) will better represent the interests of stockholders and provide a check on the agency problem faced by inside directors. Based on agency theory, one would expect to find a negative relationship between the number of outside directors on the board and corporate philanthropy (Wang & Coffey, 1992). Some research supports this view, finding that inside directors are negatively related to the decision to engage in charitable giving (Brown, Helland, & Smith, 2006), but not to the amount of giving.

In contrast, there is a value enhancement argument that says that inside directors (managers) use corporate charitable contributions to create value of stockholders (Brown et al., 2006; Harjoto & Jo, 2011); thus independent directors will support such value-enhancing philanthropy as beneficial for stockholders. However, in Latin America, we expect that the agency argument will predominate given the general lack of controls on corporate managers, such as weak institutional investors and weak minority shareholder rights (Nicholls-Nixon, Castilla, Garcia, & Pesquera, 2011). Thus, independent directors in Latin America will generally tend to act as a brake on inside directors and reduce the amount of corporate philanthropy.

H1: The percentage of independent directors on the board has a negative effect on corporate philanthropy.

2.2 Women on the Board

Prior research finds that the presence of women on the board is positively associated with corporate philanthropy in the United States (Marquis & Lee, 2013; Wang & Coffey, 1992; Williams, 2003) and corporate social responsibility (CSR) ratings, such as those by KLD Research & Analytics, Inc. (Bear, Rahman, & Post, 2010).

Wang and Coffey (1992), using a 78 Fortune 500 firms, find a positive relationship between women directors, and corporate philanthropy. In the same line, Williams (2003), using a sample of 185 Fortune 500 firms over four years, find support for the idea that firms with a higher proportion of women on the board, engage more in corporate philanthropy than firms with a lower proportion of women on their boards. Similar evidence is provided by Marquis and Lee (2013), who using a 10-year panel of Fortune 500 firms, and found that companies with more women on the board donate more money for philanthropy.

The central argument behind these research findings is that women may be more sensitive to a firm`s social activities than male directors (Harrigan, 1981; Williams, 2003), and often have goals that may put less emphasis on firm performance than male directors (Wang & Coffey, 1992).

Furthermore, the proportion of women on the board is influenced by several factors, including culture and legislation, among others (Byron & Post, 2016; Terjesen, Sealy, & Singh, 2009; Terjesen & Singh, 2008). In Norway, for example, the government requires that corporate boards for public firms have a minimum of 40 per cent women (Terjesen, Sealy, & Singh, 2009). Using data from 43 countries, Terjesen and Singh (2008) find that women's representation on corporate boards may be shaped by the larger environment, including the social, political and economic structures of each country. Although their study was broad in scope, they did not provide specific findings for some regions, including Latin America. A meta-analysis finds that a positive relationship between the representation of women on boards and firm social performance depends on national context, specifically stronger shareholder protections and higher gender parity (Byron & Post, 2016).

In terms of Latin America, there is little evidence in the general management literature about women's representation on corporate boards. Similarly, despite the research on the relationship between women on the board and philanthropy in the extant literature, there is little, if any, evidence regarding the situation in Latin America. Based on prior studies in the U.S. context, we suggest that Latin America companies will present similar effects, since in the Latin American culture, women are highly associated with social issues and community concern. Thus, we hypothesize:

H2: The percentage of women on the board has a positive effect on corporate philanthropy.

2.3 Board Size

Prior research affirms that larger boards tend to be less effective at decision making and monitoring (Jensen, 1993; Walls & Hoffman, 2013). Jensen (1993) argues that as board size increases, they become less effective – more symbolic and polite. In accordance with Jensen (1993), Brown et al. (2006) argue that larger boards tend to become symbolic and a source of social interaction for the directors, and add that, larger boards tend to set more objectives beyond profit maximization. As a result, boards become less effective in monitoring managerial discretion and controlling corporate philanthropy that benefits managerial interests, rather than stockholder interests (Brown, et al., 2006).

Additional empirical evidence in the U.S. shows that larger boards make more charitable contributions (Brown et al., 2006; Marquis & Lee, 2013). Using a ten-year panel of Fortune 500 companies, Marquis and Lee (2013) find that companies with larger boards make more philanthropic donations. Along similar lines, Brown et al. (2006), also using Fortune 500 data, find that larger boards are associated with significantly more philanthropy.

In Latin America, there is little, if any, evidence about the effects of board size on corporate philanthropy. There is no reason to expect a priori why this relationship should differ from the relationship in the United States. Consequently, we expect that larger boards will be less effective in protecting shareholder interests in Latin America. Thus, in Latin America, companies with larger boards should also engage in larger amounts of corporate philanthropy.

H3: Board size has a positive effect on corporate philanthropy.

2.4 Institutional Context

Context matters in corporate philanthropy and corporate governance studies, and the institutional context can be more or less propitious for making donations. Here we examine two dimensions of the institutional context in Latin America that we suspect should alter the relationships described above: government effectiveness and control of corruption.

2.4.1 Government Effectiveness

Government effectiveness refers to “perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies” (World Bank, 2015). A growing literature on political CSR argues that CSR and corporate citizenship can be considered as a substitute for government provision of public goods (Matten and Crane, 2005; Scherer and Palazzo, 2011). In emerging-market countries, firms will often provide basic services such as health and education, where governments fail to do so (Scherer and Palazzo, 2011). However, we amend this base argument by saying that this result occurs in the case of governments that are ineffective. There are some countries, like Chile, which have very effective governments, despite being emerging markets.

In such countries, corporate philanthropy will act like a complement. In other words, De Bettignies and Robinson (2013, p. 22) explain that “when government is relatively efficient…, social responsibility has no impact on the firm’s payoff. When the government is relatively inefficient, social responsibility makes the firm strictly better off.”

We argue that government effectiveness will alter the relationship between the corporate governance features and corporate philanthropy. Generally speaking, government effectiveness will mean that corporate philanthropy will be less sensitive to the presence or absence of corporate governance features than in the case of contexts characterized by ineffective governments.

H4a: The impact of corporate governance on corporate philanthropy is less in countries with greater government effectiveness than in countries with less government effectiveness.

2.4.2 Control of Corruption

Control of corruption refers to “the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests” (World Bank, 2017). It helps to create certainty for firms in general. Conversely, the uncertainty associated with corruption, similar to uncertainty in general, has been found to diminish investments of many kinds, including foreign direct investment (Wei, 1997). Certainty for firms is important in terms of corporate social responsibility, including philanthropy, because it allows firms to invest in CSR and achieve the economic, social, and environmental objectives they seek without fear of government expropriation of private efforts (Luo, 2006). In addition, where government does not control corruption, firms are more likely to compete on the basis of corrupt and other unethical business practices and be less likely to engage in CSR investment, including philanthropy (Ioannou and Serafeim, 2012). Empirical research finds a negative correlation between levels of corruption and CSR engagement (Ioannou & Serafeim, 2012). We suspect that the uncertainty found in countries with low control of corruption will also reduce the impact of corporate governance on corporate philanthropy. Given the uncertainty associated with corruption in countries that are not able to control it, corporate philanthropy will be low and thus less sensitive to good corporate governance practices. However, in countries that are more effective in controlling corruption, corporate philanthropy will be more responsive to changes in corporate governance measures.

H4b: The impact of corporate governance on corporate philanthropy is greater in countries with greater control of corruption than in countries with less control of corruption.

3 Method

The dependent, independent, and control variables were collected from the Bloomberg database. Although Bloomberg covers 1,806 Latin American publicly traded companies, only 306 have Environmental, Social and Governance (ESG) data. Due to missing values among these firms, we were left with a sample of 151 companies with ESG data for four years (2012-2015), totaling 604 observations.

Our dependent variable was the intensity of corporate philanthropy. For the independent variables we used the (a) independent directors, (b) women on the board, and (c) board size. As moderators we used (d) government effectiveness, and (e) control of corruption. We describe the dependent, independent, moderators and control variables as follows:

Corporate Philanthropy. The dependent variable was measured by the ratio of corporate community spending to the number of employees. Community spending was calculated by the amount of money (in millions of US dollars) spent by the firm on community-building activities. Data were collected from the Bloomberg ESG database.

Independent Directors. Independent directors were measured by the percentage of independent directors on the company's board, as reported by the company. Independence was defined according to the company's own criteria. Data were collected from the Bloomberg ESG database.

Women on the Board. Women on the board was measured as the percentage of women on the firm’s board of directors at the end of the fiscal year, if available; otherwise it was the number of women as of the date of the latest filing. Where the company had a two-tier board, this number referred only to the supervisory board. Data were collected from the Bloomberg ESG database.

Board Size. Board size was measured by the number of directors on the company's board, as reported by the company. It includes only full-time directors. Deputy members of the board were not counted. Data were collected from the Bloomberg ESG database.

Government Effectiveness. Government effectiveness “captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Estimate gives the country's score on the aggregate indicator" (World Bank, 2017). Data were collected from World Bank Databank.

Control of Corruption. Control of Corruption "captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests. Estimate gives the country's score on the aggregate indicator" (World Bank, 2017). Data were collected from World Bank Databank.

Control Variables. Our control variables included leverage (logarithm of ratio, total debts to total assets) (Brammer & Millington, 2004), size (logarithm of revenue), country and industry sector. For country, we included a dummy variable for Brazil. In this case, the variable was equal to one, if the firm was located in Brazil; otherwise, it was zero. For industry sector, we followed Brammer and Millington (2004), who included a dummy variable that represented industries with a huge environmental and social impact. These industries were energy, industrials, materials and utilities. So in this study, the industry dummy variable was equal to one, if the firm was in the energy, industrials, materials or utilities industries; otherwise, it was zero.

We used a generalized least squares regression model in order to analyze the effect of corporate governance and institutional context on corporate philanthropy.

4 Results

4.1 Descriptive Results

The sample has 151 Latin American companies based in four countries and operating in ten industrial sectors, as shown in Table 1, panels A and B.

Insert Table 1 about here

More than half of the firms are headquartered in Brazil, followed by Mexico, Colombia and Chile. In terms of the industrial sectors, utilities, materials and financials companies account for more than half of the sample, followed by industrials, consumer staples, consumer discretionary, among others.

We calculated the means, standard deviations, median, minimum and maximum values, and correlations among the variables, as shown in Table 2. The dependent variable, corporate philanthropy has a negative and significant correlation with independent directors ($r = -0.15$, $p = 0.004$) and a negative and nearly significant correlation with women on the board ($r = -0.09$, $p = 0.070$).

Insert Table 2 about here

Among the independent and control variables, the largest significant correlation occurred between board size and revenue ($r = 0.26$, $p = 0.001$). This correlation is considered relatively low, which decreases problems of multicollinearity. The correlation between women on the board and revenue ($r = 0.14$, $p = 0.004$), and independent directors and board size ($r = 0.12$, $p = 0.003$) are significant and positive. The rest of variables presented low and insignificant correlations, suggesting that multicollinearity is not a problem. In this line, we check and all variables had variance inflation factors (VIF) below 2.15, which were well below the recommended cutoff of 5.00, confirming that multicollinearity is not a problem.

4.2 Regression Model

In order to test hypotheses 1 through 4, we used a generalized least squares regression model with random effects. The result of Hausman's test ($\chi 2 = 1.82$, $p = 0.8728$) verified that a random-effects model was the most appropriate. Serial autocorrelation and heteroskedasticity were checked and both problems were present in the data. Nevertheless, generalized least squares (GLS) allows estimation in the presence of autocorrelation within panels and heteroskedasticity across panels. Using Stata 13.0, we provided appropriate corrections for these problems. We run statistical models using (a) a heteroskedastic, but uncorrelated error structure in order to correct problems with heteroskedasticity; and (b) a panel-specific autoregressive (AR1) autocorrelation structure, in order to correct problems of autocorrelation.

Eight regression models were analyzed, with Corporate Philanthropy as the dependent variable. The models testing the independent variables are displayed in Table 3.

Insert Table 3 about here

Model 1 includes only control variables. The coefficients are positive and significant for revenue, leverage, sector and country.

Model 2 adds all of independent variables. Independent directors are negatively associated with corporate philanthropy ($b = -33.46$, $p = 0.001$), providing support for H1. Women on the board, although statistically significant, are negatively related to corporate philanthropy ($b = -41.47$, $p = 0.01$), which is contrary to the sign hypothesized in H2. Board size is positively associated with corporate philanthropy ($b = 119.80$, $p = 0.05$), providing support for H3.

Model 3 to 5 include moderate variable government effectiveness. In the Model 3, government effectiveness moderates positively the relationship between independent directors and corporate philanthropy ($b = 412.90$, $p = 0.001$).

In the Model 4 we did not find statistical significance for government effectiveness moderation for women on the board. And in the Model 5, government effectiveness moderates negatively the relationship between board size and corporate philanthropy ($b = -503.10$, $p = 0.05$). Results of models 3 to 5 give partial support for H4a.

Model 6 to 8 include moderate variable control of corruption. In the Model 6, control of corruption moderates positively the relationship between independent directors and corporate philanthropy ($b = 475.90$, $p = 0.001$).

In the Model 7 we did not find statistical significance for control of corruption moderation for women on the board. And in the Model 8, control of corruption moderates positively the relationship between board size and corporate philanthropy ($b = 778.70$, $p = 0.01$). Results of models 6 to 8 give partial support for H4b.

5 Discussion and Conclusion

Latin America is clearly a unique context for studying the relationship between board structure and corporate philanthropy. As hypothesized, independent directors do tend to reduce corporate philanthropy. This result suggests that the argument based on agency theory applies better in Latin America than the value-enhancement argument. Thus, in Latin America, independent directors do act to constrain corporate philanthropy.

Surprisingly, women directors have a negative effect, contrary to our initial hypothesis, which suggested that women would favor community investment. One possible explanation is that culture trumps gender. In the highly masculine countries of Latin America (Hofstede & Bond, 1984), a concern with material well-being characterizes women as well as men. Given the poverty that characterizes the region, women directors may be more concerned about the economic success of firms, which provide jobs, rather than community investment.

Board size, as hypothesized, increases corporate philanthropy. This hypothesis, based on agency theory, suggests that larger boards have more difficulty in monitoring and controlling managerial discretion. Consequently, larger boards tend to permit higher levels of corporate philanthropy.

The results regarding government effectiveness are consistent with the hypothesized effects. In the cases of independent directors and board size, government effectiveness moderates the relationship between corporate governance and corporate philanthropy so that the impact of the corporate governance attribute on corporate philanthropy is less in countries with effective governments than in countries with less effective governments. However, this hypothesized effect does not occur in the case of women on the board.

In the case of the control of corruption, it moderates the relationship between corporate governance and corporate philanthropy so that the impact of corporate governance attributes on corporate philanthropy is greater in countries with greater control corruption than in countries with less control of corruption. Again, this effect only occurs in the cases of independent directors and board size. It does not occur for women on the board.

In the case of women on the board is particularly interesting. Their presence seems to limit corporate philanthropy more than that of men. Some research regarding women in Latin America suggests that professional women actually score quite highly on measures of masculinity (Long & Martinez, 1994). In order to arrive on the board of directors, women in Latin America may need to exercise the masculine elements of their personality in order to obtain acceptance on the part of their male colleagues as well as subordinates of both sexes. The lower levels of corporate philanthropy may suggest that such a dynamic exists in Latin America compare to other regions of the world. Curiously, the role of women on the board does not differ among Latin American countries with effective or ineffective governments and with or without corruption control.

In summary, the picture of Latin America is a variegated one, in which it is impossible to portray the region as uniform. Rather, it appears that where the institutional context permits greater governmental effectiveness, corporate philanthropy depends less on the attributes of corporate governance of independent directors and board size. However, where the institutional context does control corruption, then corporate philanthropy does depend on corporate governance attributes of independent directors and board size.

Furthermore, the region does not simply replicate results found in the United States. In the case of independent directors and board size, the agency-theory hypothesis clearly applies. Surprisingly, the presence of women directors does not facilitate corporate philanthropy, but hinders it. The principal lesson of this study is that Latin America is a unique region and firms wishing to operate there will need to understand and take into account these differences in their own corporate-governance decisions.

Certainly this paper has important limitations in terms of both the number of years of data and number of countries included. The study only includes four years of data, which is a relatively small panel. Also, the study includes only four countries. Countries like Argentina and Peru do not appear. Furthermore, the many smaller economies of Latin America are absent. Clearly these conditions are due to data limitations as a result of the small number of firms that are listed in stock exchanges. Over time, as the market grows, more firms should be listed, making their data publicly available. So further analysis could be done to extend the applicability to all of Latin America. In addition, some of the anomalies found in Latin America, such as the negative impact of women on the board might be studied in other emerging markets, which may also exhibit patterns of women with highly masculine traits (Gupta, Turban, & Wasti, 2009).

Certainly this paper opens up several avenues of future research. For example, the role of women in Latin American firms and the apparent need to take on highly masculine postures warrants future research. Although the paper is not without flaws, it clearly points to the importance of research that examines both the application and limits of commonly accepted ideas in the mainstream literature – mechanisms of corporate governance may not work effectively in other contexts and where they do work the institutional context alters these relationships. Clearly, further work needs to be done.

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TABLES

Table 1

Panel A - Sample characteristics: Countries.

Country	Firms	Freq.	Percent	Cum.
Brazil	94	376	62.25	62.25
Chile	13	52	8.61	70.86
Colombia	21	84	13.91	84.77
Mexico	23	92	15.23	100
Total	151	604	100	

Panel B - Sample characteristics: Sector.

Sector	Firms	Freq.	Percent	Cum.
Consumer Discretionary	12	48	7.95	7.95
Consumer Staples	14	56	9.27	17.22
Energy	6	24	3.97	21.19
Financials	27	108	17.88	39.07
Health Care	2	8	1.32	40.4
Industrials	17	68	11.26	51.66
Information Technology	2	8	1.32	52.98
Materials	26	104	17.22	70.2
Telecommunication Services	8	32	5.3	75.5
Utilities	37	148	24.5	100
Total	151	604	100	

Table 2 - Descriptive statistics and correlations.

	Variables	Mean	Median	Std. Dev.	Min	Max	1	2	3	4	5	6
1	Corporate Philanthropy	5111.15	591.97	14442.04	0.14	95014.73	1.00					
2	Independent Directors	36.59	33.33	21.46	0	100	-0.15**	1				
3	Women on the Board	5.77	0	8.47	0	45.45	-0.09†	0.02	1			
4	Board Size	9.37	9	3.01	3	21	-0.01	0.12**	0	1		
5	Revenue	21.81	21.64	1.43	15.64	25.71	-0.05	-0.03	0.14**	0.27***	1	
6	Leverage	3.04	3.36	1.61	-12.42	4.398	0.02	0.07	-0.02	0.05	0.14**	1

† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.00$

Table 3 – Generalized least squares regression model for Corporate Philanthropy.

	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)	Model (6)	Model (7)	Model (8)
Revenue	-1.09e-08***	-5.88e-09	-1.24e-08	-8.65e-09	-5.44e-09	-1.37e-08*	-7.82e-09	-8.93e-09
	(3.14e-09)	(5.92e-09)	(6.84e-09)	(5.50e-09)	(6.02e-09)	(5.58e-09)	(6.17e-09)	(6.31e-09)
Leverage	-25.92**	-45.65***	-50.18***	-49.00***	-42.25***	-64.47***	-50.41***	-52.98***
	(8.281)	(11.45)	(10.83)	(10.24)	(11.33)	(10.19)	(12.36)	(10.98)
Sector	3412.4***	2647.1***	2293.7***	2928.0***	2584.7***	3240.5***	2679.2***	2306.0***
	(290.0)	(327.9)	(333.7)	(330.3)	(330.2)	(316.9)	(332.8)	(338.5)
Brazil	1026.3***	1183.2***	872.4*	1215.4***	1163.5***	912.2*	1249.5***	832.3**
	(274.7)	(317.5)	(358.0)	(300.9)	(321.8)	(359.7)	(323.9)	(280.6)
Independent Directors		-33.46***	-24.12**	-35.69***	-32.97***	-42.03***	-35.05***	-41.07***
		(6.522)	(7.887)	(6.496)	(6.881)	(6.390)	(6.615)	(7.708)
Women on the Board		-41.47**	-33.35*	-40.57**	-40.34**	-50.18***	-30.04	-45.22***
		(13.56)	(14.17)	(14.77)	(14.64)	(14.20)	(16.49)	(12.22)
Board Size		119.8*	134.2*	132.1**	146.0**	110.8*	129.0*	252.7**
		(50.21)	(52.58)	(47.90)	(50.06)	(46.92)	(51.89)	(80.14)
Independent Directors X Government Effectiveness			412.9***					
			(80.74)					
Women on the Board X Government Effectiveness				99.07				
				(78.49)				
Board Size X Government Effectiveness					-503.1*			
					(243.0)			
Independent Directors X Control of Corruption						475.9***		
						(115.8)		
Women on the Board X Control of Corruption							171.5	
							(140.7)	

Board Size X Control of Corruption								778.7^{**}
								(242.6)
_cons	1181.1^{***}	1736.3^{**}	1596.6^{*}	1770.4^{**}	1487.1^{**}	2948.7^{***}	1798.9^{**}	1465.7^{*}
	(208.2)	(586.4)	(747.4)	(570.0)	(567.3)	(670.3)	(615.2)	(667.0)
N	343	303	303	303	303	303	303	303
Wald χ^2								
sig	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Dependent variable: Corporate Philanthropy.
Standard errors in parentheses.
† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$