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# Capital with beliefs—a study of charitable donations of private business owners in Wenzhou, China

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## Abstract

Borrowing Weber's dual-interest model and "switchman" hypothesis, this study uses survey data to analyze the internal driving force and diversity in the charitable giving behaviors of private business owners from Wenzhou, China. The study found that (1) the political and religious beliefs of business owners can have a positive influence on donation behaviors; (2) there are significant differences in the direction, form, and consequences of the donation due to differences in these beliefs, highlighting the selection variation of different beliefs and the affinity of differential interests; and (3) the Chinese Communist Party, as an institutional environment outside of the power of business owners, is able to affect charitable giving by channeling the ideal interests of business owners.

**Keywords:** Belief; Private business owners; Charitable donations

"If money, according to Augier, 'comes into the world with a congenital blood-stain on one cheek,' capital comes dripping from head to foot, from every pore, with blood and dirt" (Marx 1995, 825). This saying, which equates capital with "bloody money" (Lagemann 1989, 23), is the extreme expression of "evil" in moral judgment. It emphasizes the exploitation of noncapital owners by capital owners. The focus of this study is "capital with beliefs" that is associated with donation behaviors (Bradley 1987; Brooks 2006) and looks at the behavior and logic of interests behind capital owners' charitable donations or giving. Specifically, this paper focuses on private business owners in Wenzhou, China. Are their beliefs associated with their donation behaviors? If so, how are they related?

## Theory and literature review

### Three factors and donations

As a social phenomenon, charitable donations are evidently related to transferring a donor's material interests. Why are people willing to make generous donations? The existing literature has focused on political, economic, and religious factors to explain this behavior.

#### 1. Political factors

Analysis of political factors has focused primarily on national policies, ideologies, and political beliefs. Regarding government policy, several studies find that

government can influence inequalities through redistributive policies, thereby, affecting donation behaviors (Brooks 2006; Curti 1958; Garnett 1956; Lin 2004; Ross Aileen 1953). Government can also encourage charitable donation through the implementation of tax credits (Eaton Berrien 1949; Labovitz John 1974; Latham Franklin 1950). Scholars also find that with regard to the power of state ideology, in both disastrous emergency and everyday donations, ideological propaganda has played an active role in the collective mobilization of material goods (Perry 2007; Siu 1990). As an ideological leader, the state is able to use the media, education, and other channels to quickly internalize rhetoric such as “corporate social responsibility” (Joyner and Payne 2002), “personal sacrifice” (Cao 2007), or “when trouble occurs at one spot, help comes from all quarters” into people’s minds, thus promoting charitable giving (Wuthnow and Hunter 1984). Among these rhetoric, party membership as a political belief (Gong 2012; Yang 2012) and political loyalty (Szelenyi 1982; Walder 2000) are closely related to charitable donations (Bradley 1987). Not only do party members donate more actively than nonmembers, but the decision to donate and the amount of the donation are also measurements of political performance. Some studies find that political beliefs and charitable donations are positively correlated (Layman 2001; Pipes Paula and Helen Rose 2002) for the reason that the party organization can enhance party members’ sense of social responsibility through internal discourse and organizing activities.

## 2. Economic factors

These factors focus on the economic aspects of rational donation and sees the charitable donations of business owners as investments expecting returns. One view is that charity is simply a marketing strategy for organizations. Charitable donations can bring in more material resources and improve business efficiency (Brooks 2006; Navarro 1988). Another view states that through charitable donations, organizations are able to achieve the transformation from financial capital to symbolic capital, using checks in exchange for intangible moral reputation and status (Acs and Phillips 2002; Bourdieu 1984; Ma and Parish 2006; Wilson 2000). When companies reach a certain size, most entrepreneurs use charitable donations to convert tangible monetary capital into relational social capital, cultural capital that embodies entrepreneurship, or symbolic capital that implies status and prestige (Brooks 2006). Another view focuses on the correlation between donations and attributes of companies (Amato and Amato 2007), namely business ownership, business assets, profits, firm size, number of employees, and so on. These directly affect the business owner’s decision to donate. Compared to state-owned enterprises and foreign enterprises, private businesses are even more generous in their charitable donations (Seifert et al. 2003).

## 3. Religious factors

The main ideas in the analysis of religious factors include the following. (1) Religion is one of the determinants that leads corporations to make donations. It forms a unique corporate culture within the enterprise that encourages charitable contributions (Brown et al. 2006). Research shows that religion works like a means of regulating corporate social responsibility other than law and policy (Stabile 2004). At the individual level, religion, religious doctrines, and religious activities internalize the concept of treating others with kindness, encouraging individuals to make charitable donations (Coleman 2003; Iannaccone 1997; Loseke 1997; McCulloch 1988; Naar 1981; Wilson 2003). (2) Religious organizations are a direct recipient for charitable donations and are important religious social care channels (Bishop 1912; Luidens and Nemeth 1994; Miyazaki 2000; Prevey 1899). For example, the earliest charity organization in ancient China was Liu Ji Guan (六疾馆) of Buddhism, and the most successful organization was the Buddhist charity Bei Tian Yang Bing Fang (悲田养病坊) (Weijun Huang 2013). (3) Different religious doctrines have different views of charity (Brekke 1998; Cohen 2005; Müller 1885; Tamari 1997), just as the meaning of “love” varies in different religions. In Christianity, it is “universal love, brotherhood” but “benevolence” in Buddhism, which differs from “kindness” in Confucianism. These interpretations bring different connotations to donations. They also encourage believers to practice their beliefs, combining “fortune,” “love,” and “devotion” (Bellah 1958). Studies have shown that the more pious the believer, the more the doctrines will constrain people’s actions, and the more people are encouraged to donate (Lin 2004).

#### **Ideals and interests: Weber’s dual-interest model and “switchman” hypothesis**

The three factors in analysis of donations do not exceed the material and spiritual aspects of actors, which closely surround their interests. What are interests? Charitable donation as an economic behavior that transfers material interests is linked with social structure (Granovetter 1985) and nested in cultural structure (Alexander 2003). This paper uses Weber’s “switchman” theory to expand the connotations of interest. Weber divides interests into two categories. First are material interests, referring to resources such as income, wealth, and power that are associated with economic rationality; second are ideal interests, referring to the spiritual aspect of interests that links with actors’ actions, that is, ideal types of the world in the minds of people such as political and religious beliefs. When discussing actions, Weber observes: “Very frequently, the ‘world images’ that have been created by ‘ideas’ have, like switchman, determined the tracks along which action has been pushed by the dynamics of interests” (Weber 1978, 280).

Compared with Marx’s material determinism, Weber’s switchman theory has the following characteristics:

1. It emphasizes that people judge the value of things prior to or in the course of actions; it proposes a dual-interest model, that is, if the pursuit of material interests acts like the driving force of a train, then ideal interests are like switchman who has the power to dominate the direction of the force.
2. By proposing ideal interests, it highlights the impact of the institutional environment on ideal interests. While ideals are distant concepts like ideologies, ideas, and

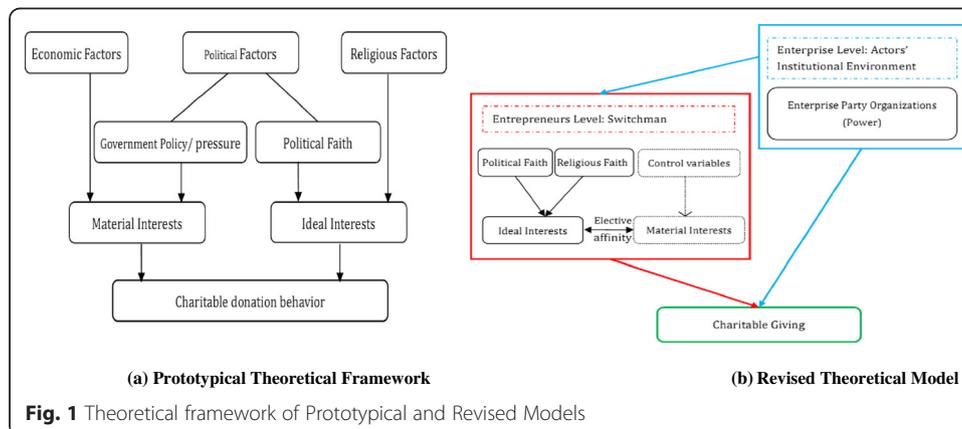
values, the concept of an ideal interest refers to a case in which such distant concepts are associated with actual behaviors and revealed as values, motivations, and behavioral characteristics. That is, ideal interest is closely associated with the specific institutional environment, actors, and actors' behaviors. Thus, the outcome of material interests and ideal interests arises in the context of structure.

- After classifying ideals and ideal interests as "ideals" and material interests as "interests," an important concept that associates ideals with interests for Weber is "elective affinity." Bendix believes Weber used elective affinity to express two aspects of the ideal: first, the spiritual ideal is a personal choice and is relevant to selection; second, this selection fulfills people's material interests; in other words, the ideal plays the role of imposing and conferring legitimacy on material interests (Bendix 1977), "providing profits with a positive and acceptable basis" (Weian Zhang 1995, 120). Of course, when using "elective affinity" to associate the concepts of ideals and interests, Weber does not deny the tension or separation that may occur between the two. Instead, in his cross-cultural comparative analysis of the origins of capitalism, Weber reveals an association from tension, separation to affinity that changes with the historical context and opportunities. For example, compared to the elective affinity between Western Protestant ethics and capitalist business interests (Weber 1958), Eastern Confucianism and Taoism reveal tensions with business interests (Weber 1951).

**Theoretical model based on "three factors" and "dual interests"**

The theoretical model of this paper uses Weber's dual-interests theory to incorporate the three aforementioned factors (see Fig. 1a). However, in line with the connotations of "capital with beliefs," and considering the actual objects of this study, we need to make further amendments to Fig. 1a.

Our research questions denote that charitable giving belongs to the transfer of material interests. Its motivations are rooted in the spiritual ideals of donors. Therefore, this paper focuses on the influence of ideal interests on private business owners' donation behaviors and views the influence of material interests as a control variable while measuring the impact of material interests alongside elective affinity measurements. That is, we focus on political beliefs and religious beliefs and then we compare the association of different beliefs with material interests.



In terms of economic factors that characterize material interests, we cannot deny that among economic benefits, social status, and political power (Weber, 1978: 926–939), businessmen (private entrepreneurs) always choose economic benefits first and then divert to social status and political power. However, in an institutional environment based on Confucian ethics, standards such as “selfishness is the source of all evil” and “agriculture is more important than commerce” are ingrained in people’s minds (Weian Zhang 1995). Such negative views of businessmen accelerate their shift to obtaining social status and political power. For example, during the market transition period, commercial capital was largely used to buy government positions, or to construct shrines, in order to gain political power and social status. Such consideration of interests emerges in donation behaviors. The motivations behind it are the existing concept of traditional Chinese culture and an exchange for social and political status. Without better measurements, this study uses “whether a corporate organization has party organization,” an indicator that characterizes both political power and the meaning of exchanging status, to measure the impact of economic considerations or material gain on donation behaviors of private business owners.

In terms of the object of this study, two important features of the backgrounds of private enterprises in Wenzhou are closely related to this study.

1. Over the 30 years of the reform and opening up, Wenzhou’s private economy has been booming, attracting the world’s attention. Many studies have noted that private enterprises in Wenzhou that started out as family businesses have always been characterized by the presence of a political system under the impact of the institutional environment (Cao 2005; Shi et al. 2004; Dickson 2003, 2008; Tsai 2007). In the beginning, the ownership format was “red hat” (红帽子) (affiliated business); when the business was expanding, the administrative structure was “red top” (红顶) (nonstate-owned party organization) and “red CEO” recruitment, as well as owners of private enterprises becoming part of the party, involved in the NPC (National People’s Congress) and CPPCC (Chinese People’s Political Consultative Conference) in politics and so on. “By the end of 2010, Wenzhou private enterprises had established 3672 party organizations, 32,464 people in nonstate owned party organizations, 12,195 people who are party activists. Wenzhou is at the forefront in building party organizations at nonstate owned enterprises” (Guan 2011, 10). This indicates that we need to consider the political beliefs of business owners when looking at ideal interests. We also need to consider whether as a political environment external to individual business owners, nonstate-owned party organizations can restrict or promote donations.
2. Located in the southeast coast of Zhejiang Province, Wenzhou is part of ancient Donggou country. Along with its long history, a rich religious culture has been passed down (Yang 1999; Jiao 2010). Watchman Nee’s advocacy of the “local church” movement influenced Christian culture in Wenzhou. Currently, Wenzhou has about 70,000 to 110,000 Christians, over 1200 churches, and an average of 10.15 churches per one million people (Hong and Zeng 2012). Wenzhou has become the Chinese city with the highest proportion of Christians (Weller and Sun 2010; Cao 2007). In addition, with the construction of Chongan Temple (later renamed Kaiyuan Temple) in the Eastern Jin Dynasty, Buddhism entered Wenzhou.

During the Tianbao years (742–756 AC), the establishment of Zen at Longxing Temple made Wenzhou the Zen center of the Jiangsu-Zhejiang region. After the reform and opening up, and with the temple's reconstruction, Buddhism has become the foremost religion in Wenzhou. At the same time, influenced by Wu and Yue culture, folk beliefs in Wenzhou have prospered, manifested mainly in ancestor worship and building shrines in villages, as well as worship ceremonies for numerous civil gods (Yang 1999). In short, Wenzhou has a collection of Buddhists, Christians, and folk believers in many gods. It is the Chinese city with the highest proportion of religious believers. This fact requires religious beliefs to be taken into account when discussing business owners' charitable donation behaviors.

With the above considerations, Fig. 1b becomes the final theoretical model used in this study.

This study incorporates the following:

First, according to Weber's dual-interest model, donations are certainly driven by multiple material interests, but with the limitations of length and our research topic, material interests are treated as a control variable, and the impact of ideal interests on donation behaviors of business owners is emphasized. Specifically, the impact of political beliefs, religious beliefs, and the two beliefs together on business owners' charitable donations is explored.

Second, according to Weber's switchman theory, a comparative analysis of representative data on donation channels, donor anonymity, and donor incentives is used to establish different ideals or beliefs that guide business owners in different donation directions, testing whether there is elective affinity between ideals and interests.

Third, as shown in Fig. 1b, when investigating the impact of the institutional environment on business owners' donation behaviors, this paper analyzes whether party organizations can influence business owners through ideal interests.

### **Data, measurements, and methods**

This study uses data collected by the Department of Sociology at Fudan University in 2011, "Survey of Charitable Donation Behaviors of Private Business Owners at Wenzhou." The survey used a multistage PPS sampling that covered major areas that have developed a private economy including cities, counties, and districts in Wenzhou. The sampling area includes Ruian City, Leqing City, Cangnan County, Yongjia County, Ouhai District, and Lucheng District. The selection of respondents also takes full account of the distribution and scale of different industries and companies in Wenzhou. This survey involves more than ten industries, including packaging, printing, electrical, clothing, auto parts, gifts, and footwear. At the same time, it involves four different categories of private enterprises ranging in size of "1–100 employees," "101–200 employees," "201–300 employees," to "more than 301 employees" in Wenzhou. Respondents were business owners whose corporation had maintained operations for more than 5 years, and it surveyed donation behaviors from 2008 to 2009. Of the 700 questionnaires that were sent out, 503 were returned as valid responses.

Donation behavior of private business owners is the dependent variable in this study and is measured from two aspects: the situation of corporate donations and business owners' subjective views of donations. Corporate donations are used to characterize business owners' donations because management of private enterprises is mainly concentrated in the hands of its owners. The survey shows that 82 % of respondents believe that the final decision making on investments and donations is decided by the chairman or general manager; the remainder believes this decision is made by the board. In fact, business owners must be a member of the board of directors and also often serve as the general manager. Specific measurements of the dependent variable include five proxies: (1) the amount of annual charitable donations; (2) the frequency of donations per year; (3) channels of corporate donations—civil affairs departments, religious organizations, and charities; (4) disclosure of donations; and (5) whether the government has incentives for donation. Of these, the first two objectively reflect the amount and frequency of business owners' donations, and the latter three reflect the subjective preferences of business owners. We aim to reveal different associations between ideals and interests. This study focuses on the years 2008 and 2009 because natural disasters occurred frequently in China during this period, including the Wenchuan earthquake, and basically, all Chinese people were involved in donations.

Independent variables involve two levels of analysis, namely business owners at the individual level and companies at the organizational level. At the individual level, although donations of business owners may be subject to material interests, this study emphasizes ideal interests and only studies the dimension of material interests in its elective affinity with ideal interests. Ideal interests are the values and ethical system internalized in individuals and refer to the political beliefs and religious beliefs of business owners. Political beliefs are made possible through voluntary participation and recruitment of additional members to the Chinese Communist Party. Members of the Communist Party are able to internalize the party constitution, ideologies, and corresponding ideological discourse into action. This means that party membership encourages business owners to respond positively to the call of the government. In this study, political beliefs are operationalized as whether business owners are party members. Compared to the transparency of party membership, religious beliefs are more hidden in China. This study thus uses objective religious beliefs and religious practices to measure the business owner's religious beliefs. Religion is measured by "Do you have religious beliefs?" (1 = yes; 0 = no). Panreligious behavior is used as a supplement, including questions regarding physiognomy, drawing fortune lots, fortune telling, visiting temples to burn incense, seeking witch doctors, observing Feng Shui, and so on. On the organizational level, we chose "whether a corporation has a party group" (1 = yes; square = no) to measure the organization's institutional environment, which also indicates whether private business owners identify with outside political power.

Control variables include economic factors at the organizational level and individual level. Organizational-level control variables are year-end tax liability, whether corporate headquarters is in Wenzhou, number of employees, whether or not corporates have subsidiaries, and the type of business. Types of businesses are divided into individual-owned company, cooperative company, limited company, and joint-stock company. At

the individual level, control variables include business owner's level of trust toward the government, charity, and religious organizations, which is measured by scales.

The analysis in this study uses linear regression, Poisson regression analysis, and a logistic regression model depending on the different dependent variables. When the dependent variable is a count variable like donation amount, we used linear regression analysis; when the dependent variable is the number of donations, we used Poisson regression analysis. Donation channels, whether donated in public and whether the government has incentives for donations, are dichotomous variables, and we therefore used a conventional logistic regression model to perform hypothesis testing.

### **Results 1: ideal interests and donation behaviors of private business owners**

The following are the results of how political beliefs and religious beliefs as ideal interests influence the donation behavior of private business owners while controlling for variables of material interests.

#### **Impact of political belief on donation behaviors**

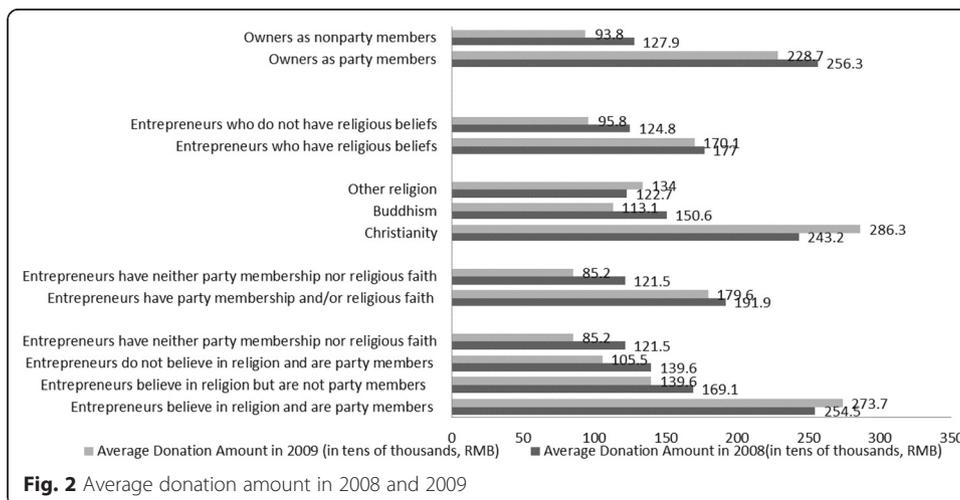
In Wenzhou, 46.38 % of the chairmen of private enterprises are party members, 41.81 % of the general managers are party members, and 50 % of companies do not have a party group. The fact that political beliefs are high among private business owners and the proportion of nonstate party organization is also high has its expected reasons. First, national policy promotes political beliefs. The 2002 revised Party Constitution and non-state party organization construction policy in 2003 incorporated private business owners into the development of the Communist Party of China. The proportion of private entrepreneurs with Communist Party membership reached around one-third up to 2011. Among private businesses with scales of more than 100 million yuan of assets, 53.2 % of their owners hold party membership; another 40 % are willing to become part of the Communist Party (Zhang and Lu 2013). The proportion of private enterprises that establish party organizations increases by 2 to 3 % every 2 years; to date about 30 to 40 % of private companies have established party groups. In nearly 70 % of these companies, the position of committee (party branch) secretary is held by the private business owner (Zhang and Lu 2013: 306–307). Second, after Xiaoping Deng's southern trip in 1992, the 1994 state enterprise consolidation policies promoted rapid development of China's private economy. As private enterprises revealed their identity, a number of state-owned/collective enterprises restructured their ownership and a number of government officials and intellectuals chose to start their own business. These restructured state-owned enterprises, government officials, and intellectuals became part of private businesses with original party membership. Thus, the fact that a high proportion of private entrepreneurs are party members is in a sense the result of the restructuring of state-owned enterprises as well as government officials (Dickson 2003, 2008; Tsai 2007). As a gathering place of private businesses, Wenzhou is especially pronounced in terms of these two aspects. For example, although Wenzhou has very few state-owned enterprises, restructuring of state-owned business is not a major factor; however, since 1992, the phenomena of government officials transforming into businessmen, "nonstate party organization establishment," and "red CEO" recruitment in Wenzhou have had demonstrative effects for the whole country.

Did political beliefs as ideal interests promote the charitable donations of business owners? The descriptive statistics in Fig. 2 tell us that business owners who are party members donated significantly higher absolute amounts than nonparty members and well above the overall average. Linear regression analysis showed further (Table 1) that from Model 1, the regression coefficients for the political identity of business owners and amount of charitable donation is 5.632 and is significant at the 0.1 level; Model 2 shows that in 2009, the regression coefficient of the political identity of business owners on the charitable donation amount is 11.12 and is significant at the 0.01 level. This shows that after controlling for the basic conditions of enterprises and entrepreneurs, a business owner’s party membership had a significant positive impact on the charitable donation amount in 2008 and 2009. Political beliefs can influence business owners through intrinsic values to promote their charitable donation behaviors.

**Impact of religious beliefs on donation behaviors**

The role of Wenzhou’s religious culture was also supported by the data. In the 503 valid surveys, we found that in subjective measurements, 47.02 % of business owners claimed to have religious beliefs; among them, Buddhism, Christianity, and Catholicism accounted for 59.25, 21.97, and 6.65 %, respectively. In the behavioral measures 69.63 % of business owners participated in religious ceremonies; 84.76 % respondents reported regular participation in drawing fortune straws, burning incense, and praying, worshipping, and other activities.

From the descriptive statistics (Fig. 2), we see that the amount of donations from business owners who are religious is relatively high. Among them, Christians donated more than Buddhist and folk believers on average. Linear regression analysis was also used for further analysis (see Table 1): controlling for material interests composed mainly of basic economic situations, religious beliefs, and panreligious practices of business owners had a significant positive effect on donation behaviors. From Models 1 and 2, in 2008 and 2009, the regression coefficients of religious beliefs and charitable donations are 9.933 and 9.916,  $P < 0.01$ ; panreligious activities and charitable donations are 3.992 and 4.170, respectively, and significant at the 0.01 and 0.001 level. This



**Table 1** Linear regression of religious beliefs and party membership on donation amount

	Donation amount in 2008	Donation amount in 2009
Owner is a party member (reference = owner as nonparty member)	5.632* (3.910)	11.115*** (3.910)
Owners with religious beliefs (reference = owner with no religious beliefs)	9.933*** (3.451)	9.196*** (3.579)
Owners taking part in panreligious behavior	3.992*** (1.346)	4.170*** (1.289)
Entrepreneurs have party membership and/or religious faith (reference = owner with neither religious faith nor party membership)	8.536** (4.243)	10.035** (4.342)
Four-way division (reference = owner with neither religious faith nor party membership)		
Nonparty members, believe in religion	7.464* (5.156)	4.513** (5.250)
Party members, do not believe in religion	1.301 (6.083)	2.799 (6.626)
Party members, believe in religion	14.342*** (5.072)	18.586**** (5.182)

Table presents nonstandardized coefficients and brackets for standard errors. Control variables not presented here include tax amount, headquarters location, enterprise ownership type, subordinate companies, trust in government, and trust in charitable organizations. Full tables are available upon request

\* $P < 0.1$ ; \*\* $P < 0.05$ ; \*\*\* $P < 0.01$ , \*\*\*\* $P < 0.001$  (two-tailed test)

suggests positive effects of religious beliefs on charitable donations. Driven by the ideal interests of religious beliefs, private business owners are more active in donation behaviors.

### Mutual impact of religious and political belief systems on donation behaviors

In summary, we verified that both political beliefs and religious beliefs have a positive impact on donation amounts. Although the goals of the two belief systems are completely different, they promote donation behaviors by molding the ideal interests of business owners. Accordingly, we speculate that although there is a significant difference between the two beliefs, there are shared values such as dedication and social responsibility that are capable of forming an understanding of donation as a form of transferring material interests within the society. To test this conjecture, we further investigated the behavior of business owners under the influence of both belief systems. Specifically, this study utilizes two methods of classification: the first classifies business owners who are party members or religious believers into the same category, and the remaining are classified as the second category, referred to as dichotomy; the second method classifies business owners according to combinations of the two variables, referred to as quartering—business owners who (1) have religious beliefs and are party members, (2) have religious beliefs but are not party members, (3) do not have religious beliefs but are party members, and (4) those who do not have religious beliefs and are not party members. Dichotomy can enlarge the role of ideal interests on philanthropy, and quartering can explore the role of the four categories on charitable actions.

The dichotomy in Fig. 2 shows that business owners who are party members or religious believers donate significantly higher amounts than the average amount donated by those who are neither religious believers nor party members. Quartering of the data shows that business owners who are both party members and religious believers dominated the amount of donations. Business owners who are not party members but have religious beliefs rank second, followed by business owners who are party members but do not have religious beliefs. Nonparty members who do not have religious beliefs donate the least.

In Table 1, Model 1 and Model 2 examine the effect of the two belief systems on donation amounts in dichotomy. Business owners who are party members or religious believers have regression coefficients of 8.536 and 10.035, respectively, and are statistically significant at the 0.05 level, indicating that business owners who have beliefs donate more. In the four-way classification, Model 1 and Model 2 test the two belief systems under cross-impact and show that business owners who are party members and have religious beliefs donate a significantly higher amount than those in other categories.

In short, the two belief systems play a positive role in promoting philanthropic donations of business owners. This thus confirms that business owners with beliefs are more willing to make charitable donations than those without beliefs.

## **Results 2: donation behavior differences under different ideal interests**

Results 2 attempts to verify the “switchman” hypothesis of Weber’s dual-interest model—ideal interests serve like switchman determining the directions of donations. At the same time, this section confirms the so-called elective affinity between ideals and interests. Specifically, we dive into the meaning of “why donate” and analyze differences between the two belief systems in terms of donation channels, donor anonymity, and donor rewards in order to respond to Weber’s switchman hypothesis.

As the dependent variable in this study, “donation channel” is measured by the following question: “In the past three years, what is the most important donation channel in your company?” This question has five possible answers: “The civil affairs department of the People’s Republic of China,” “Red Cross,” “Charity,” “Foundations,” and “The Church and Religious Organizations”. For ease of analysis, we merged these five options into three: first, the official channel “civil affairs departments”; second, semiofficial organizations like the Red Cross, charity, and foundations; and third, purely folk organizations like “religious organizations.” Using this question and controlling for a number of variables related to enterprises and business owners, we analyzed whether political and religious beliefs can play the role of switchman and affect the channel of donation for companies (see Table 2).

From the regression analysis, we find that religious business owners are more willing to donate to religious organizations rather than choosing civil affairs departments or charitable organizations that have an official background. However, business owners who are party members are more willing to donate to the Red Cross, charity, foundations, and other charitable organizations that are semiofficial, followed by civil affairs departments, and are least likely to choose religious organizations. Thus, the channels business owners prefer depend on the types of beliefs that business owners have. Those who have political beliefs have more affinity for charitable organizations

**Table 2** Faith, donation channels, donation disclosure, and government recognition

	Donation channels			Donation disclosure <sup>a</sup>	Government recognition <sup>b</sup>
	Civil administration departments	Charitable organizations	Religious groups		
Party membership (reference = owners without party membership)	0.366 (1.51)	0.520* (2.02)	0.223 (0.65)	0.565* (0.262)	0.553* (0.245)
Religious beliefs (reference = owners with no religious beliefs)	-0.743** (-3.10)	-0.0915 (-0.37)	0.844* (2.33)	0.145 -0.246	0.21 (0.235)

Table presents nonstandardized coefficients and brackets for standard errors. Control variables not presented here include headquarters location, enterprise ownership type, trust in government, and trust in charitable organizations. In the model of donation channels, trust in religious organizations is controlled for. Full tables are available upon request  
<sup>a</sup> $P < 0.1$ ; \* $P < 0.05$ ; \*\* $P < 0.01$ ; \*\*\* $P < 0.001$  (two-tailed test)

<sup>a</sup>Dependent variable is "whether enterprises make public donations (1 = yes, 0 = no)"

<sup>b</sup>Dependent variable is "Was the enterprise's donation rewarded by the government (1 = yes, 0 = no)"

with an official background, and religious believers favor religious organizations in which they are involved.

#### Differences in donor anonymity due to different beliefs

Since the establishment of New China, actively applying to be a member of the Chinese Communist Party has always been associated with being "advanced" and "honorable" as well as an indication of improvement. Thus, pertaining to party membership, "party members follow the lead of the organization/government" and "party members are the role models of good conduct," leads to the tendency to reveal information to the public in order to win approval in return. In contrast, converting to a religion or taking part in religious-related activities in hopes of receiving blessings from a superstitious power is an indication of being incapable, unbelievable, or superstitious. The anonymity of identity of the two beliefs also projects onto the anonymity of donation for business owners. Descriptive data shows that 68 % of business owners who are party members are more likely to donate publicly, compared to 32 % who donate anonymously. In other words, party members donate more publicly. We then used linear regression analysis to further analyze the different influence of religious and political beliefs on anonymity of donation. From Table 2, after controlling for basic situations of companies and business owners, the regression coefficient of party membership on donating publicly is 0.565 and statistically significant at the 0.05 level, indicating that business owners who are party members are more likely to donate publicly, but the effect of religious beliefs is not significant. Thus, "whether to donate publicly or anonymously" also depends on the beliefs of business owners: party membership has an affinity for revealing their transferring material interests, but business owners who have religious beliefs show their affinity for donating anonymously regarding "caring about donating publicly or not."

#### Different donation rewards due to different beliefs

In addition to being willing to reveal donation information, business owners who have party membership also receive more governmental incentives. However, religious business owners' donations are only slightly associated with the government, and they also

care much less about whether there is a reward. Descriptive analysis reveals that business owners who are party members are rewarded at a higher proportion (46 %) than nonparty members (32 %), while the proportion of business owners who have religious beliefs and are rewarded by the government (36 %) is almost equal to business owners without religious beliefs (37 %). This roughly indicates that business owners who have party memberships are more likely to receive governmental rewards because of donations, but donations from religious believers are not necessarily associated with government incentives. After controlling for the location of corporate headquarters in Wenzhou, business type, business owner's trust in the government, and business owner's trust in charities, logistic regression analysis further verified the previous conclusions (see Table 2). First, the regression coefficient of whether business owners have party membership on dependent variables is 0.553 and is significant at the 0.05 level, indicating that business owners who are party members are more likely to receive governmental incentives. Second, adding whether business owners have religious beliefs into the model did not show significance in a statistical test, indicating that religious beliefs are not associated with governmental incentives. In other words, in corporate donations, political beliefs and religious beliefs are subject to different government incentives. Thus, whether donations receive government incentives also depends on business owners' choice of beliefs. Party members are more likely to have affinity with rewards but not religious believers.

Taking the differences in donation channels, anonymity of donations, and rewards of donations due to the two different beliefs together, we find that these differences actually share internal logics: business owners who hold party membership showed an affinity for semiofficial government charities, which indicates that they may be more likely to choose public donations under official mobilization and are thus more likely to receive governmental rewards. The difference for religious believers is that since the donation channels they select are private, voluntary, and religious organizations, which determine that they donate anonymously, they are thus unlikely to receive governmental incentives. This inherent logic shows that there is a natural symbiosis of affinity between party members and government power that also occurs between religious believers and folk religion organizations; the two different elective affinities are dominated by two different ideal interests. Thus, we not only verified Weber's switchman hypothesis but also echoed Weber's elective affinity between ideals and interests with empirical data.

In addition to responding to Weber's thesis, the results of this section also challenged previous research regarding donations from the economic perspective. Previous studies often associate anonymous donations with whether there is an expectation of interests return from donations (Bishop and Green 2011; Wilson 2000). Donations open to the public or rewarded in return are classified as donations expecting benefits. Anonymous donations and those not rewarded are classified as donations not expecting benefits. The former's motivation belongs to the pursuit of self-interest, and the latter seems to be more generous and selfless. However, the reality is not necessarily so. First, we have verified the same strain of logic behind donation channels, openness to the public, and incentives. The different paths that lead to donations are driven by the interest groups that business owners belong to, and thus, we cannot say who does not really care about interests. Although anonymous and without government incentives, the susceptible

interests of religious believers are obtained through religious experiences conferred by donating (Bourdieu 1984) and are no less than the spiritual enjoyment given by the government to business owners who are party members. Secondly, today's era, especially in terms of donations from business philanthropists, is different from previous traditional times dominated by small-scale individual donations. When business owners see donation as a responsibility, they "tend to focus on the results of donations, or the impact of donations" (Bishop and Green 2011, 36), that is, they are concerned about what happens to those who receive the donations and whether the donations help to solve major social problems. This inevitably leads to disclosure of donations. In comparison, "donations driven by religion are concerned only about what donations can bring to the donor rather than those being donated" (Bishop and Green 2011, 36). This makes donors instinctively not care about disclosure of donation information and choose to remain anonymous because subconsciously they have already met their goal to carry out their wishes or have communicated with God in their heart. Again, making donations public or not, or being rewarded or not also depends on the donor's institutional environment, as was discussed previously.

### **Results 3: impact of party organizations in companies on ideal interests of business owners and donations**

With respect to state-owned enterprises, business owners of private enterprises often have supreme control over the ownership and management of capital. The question that this section aims to answer is whether donations under the guidance of the ideal interests of business owners are affected by the presence of party organizations in the enterprises.

#### **Effects of party organizations on business owners' political beliefs**

This paper argues that while influencing charitable donations, the ideal interests of business owners will also inevitably be affected by the institutional environment, namely whether there are party groups that affect the impact of ideal interests on donations, especially when business owners are party members and party members are expected to obey the party morally. Thus, we first analyzed the impact of party organizations in enterprises on the donation behaviors of party members. That is, based on the results of Model 1 in Results I, we added the variable "whether there are party organizations" and grouped variables. We looked at whether party membership has a significant impact on the donation amount.

For 2008 and 2009, statistical analysis shows that in private enterprises without party organizations, the political identity of business owners still remains a significant positive influence on donations<sup>1</sup>. Business owners who were party members donated more than those who were not. However, analysis also showed that when there are party organizations, business owners' party membership has no association with the amount of the donation. In other words, the role of party membership is weakened, and political beliefs do not play a significant role in companies that have party organizations. This may be due to the fact that when business owners are party members, party organizations in enterprises rather than business owners may make the decisions about donations. Thus, the symbiotic relationship between party membership and political power in the institutional

environment has been verified in that party organizations in private enterprises can affect the donation behaviors of business owners through consistency or affinity with business owners' political beliefs.

#### **Effects of party organizations on business Owners' religious beliefs**

The data was similarly divided into two categories—business organizations with party organizations and those without—to analyze the impact of party organizations on entrepreneurs' religious beliefs. Due to length limitations, the table is omitted here. The analysis indicates that in the absence of party organizations, the religious beliefs of business owners retain a significant positive effect on the donation amount and that business owners who have religious beliefs donate more than those who do not have religious beliefs. In enterprises that have party organizations, religious beliefs and donation amount are not associated; that is, the data no longer support the positive association between a higher number of donations and religious beliefs.

After the establishment of party organizations in private business, the impact of ideal interests comprised of political and religious beliefs on charitable donations significantly declined. This result led us to consider whether the party organization rather than business owners is making the decision to donate in private enterprises. The role of party organizations on corporate giving behavior forms the focus of the independent analysis below.

#### **Independent impact of party organizations on corporate donations**

By comparing the mean of donation frequency, we can see that the number is higher for those corporations with party organizations (3.67) than those without (2.01). To further investigate the influence of party organizations on corporate donation frequency, three control variables were introduced: corporate headquarters in Wenzhou, type of business, and number of employees. Using Poisson regression analysis, we examined the effects of party organizations on the number of donations (see Table 3). Table 3 shows that in 2008 and 2009, the regression coefficients for whether there are party organizations within the corporation on number of donations were 0.456 and 0.423, both significant at the level of 0.001. That is, corporations with party organizations donated significantly more times than those without party organizations.

Next, Table 4 shows the effect of party organizations on the amount of donations: In Models 1 and 3, when not controlling for business profits, the regression coefficients of whether a party organization existed in the corporation on the amount of donation were 26.843 and 20.297, both significant at the 0.05 level, but the model did not fit well. Model 3 does not even pass the statistical test. However, we can see that corporations with party organizations donated more. In Models 2 and 4, after controlling for business efficiency of operating, the presence of party organizations was no longer associated with the amount of the donation. In other words, after taking annual reported tax into consideration, corporations with party organizations no longer donated more than those without party organizations. This indicates that the absolute amount of the donation is higher for corporations with party organizations, but the relative amount of donations does not turn out to be strong.

**Table 3** Poisson regression of communist party on donation frequency

	Donation frequency in 2008	Donation frequency in 2009
Headquarters in Wenzhou <sup>a</sup>	-0.159 (0.152)	-0.261* (0.145)
Type of Enterprises <sup>b</sup>		
Limited liability	0.561**** (0.104)	0.288*** (0.094)
Joint stock limited	0.674**** (0.172)	0.426*** (0.148)
Number of employees	0.0001**** (0.00002)	0.0001**** (0.00002)
Party committees <sup>c</sup>	0.456**** (0.083)	0.423**** (0.081)
Constant	0.432** (0.175)	0.797**** (0.160)
<i>N</i>	244	250
Pseudo-R2	0.129	0.059

Table presents unstandardized coefficients and brackets for standard errors

\* $P < 0.1$ ; \*\* $P < 0.05$ ; \*\*\* $P < 0.01$ ; \*\*\*\* $P < 0.001$  (two-tailed test)

<sup>a</sup>Enterprises with headquarters outside Wenzhou as reference group

<sup>b</sup>Enterprises with individual proprietorship and joint venture as reference group

<sup>c</sup>Enterprises with no party organizations as reference group

In short, private businesses with party organizations in Wenzhou have higher donation frequency and are more inclined to donate through the civil affairs department of the government, but the amount of the donation does not have “epic” performance. This shows that (1) corporations with party organizations have greater enthusiasm for donations than those without party organizations; (2) party organizations are involved in the specific arrangements of corporate donations (high frequency, more inclined to donate through the civil affairs department), but when accepting this regime, business owners still hold considerable autonomy in arranging donations (control of total donation amount). These findings reflect the role and status of the establishment of party organizations in private business in Wenzhou.

### Conclusion and discussion

This study utilized a survey of private business owners in Wenzhou and analyzed the driving force of their internal logic for and the differences in their charitable donations. Via descriptive statistics and corresponding regression analysis, the basic conclusions of this study are the following: (1) Both the political and religious beliefs of business owners can play a positive role in promoting their donation behaviors. (2) People with different beliefs present obvious differences in directions, types, and results of donations: private business owners with party membership emphasize semiofficial charitable organizations in their choice of channels when donating, are willing to disclose their donation information to the public, and often receive incentives from the government. In contrast, most business owners who have religious beliefs choose religious organizations as their donation channel, care little about making their donations public, and are seldom rewarded. (3) Party organizations as an institutional environment external to

**Table 4** Linear regression of the CCP on donation amount

	Donation amount in 2008		Donation amount in 2009	
	Model 1	Model 2	Model 3	Model 4
Current year amount of tax payment		0.024**** (0.002)		0.010**** (0.002)
Headquarters in Wenzhou <sup>a</sup>	1.940 (22.471)	3.678 (7.774)	-1.257 (21.046)	-2.756 (8.051)
Type of enterprises <sup>b</sup>				
Limited liability	21.344* (13.221)	12.272**** (3.769)	19.550 (12.382)	11.086**** (3.871)
Joint stock limited	-4.917 (23.373)	-0.6118 (8.686)	-1.816 (21.890)	-0.550 (8.610)
Trust in government	0.689 (11.748)	2.859 (3.300)	3.439 (11.002)	1.524 (3.352)
Trust in charitable organizations	6.982 (9.083)	-1.130 (2.505)	5.241 (8.507)	-1.432 (2.574)
Party committees <sup>c</sup>	26.843** (11.703)	-0.805 (3.416)	20.297** (10.961)	3.333 (3.500)
Constant	-29,676 (34.978)	-11.127 (10.701)	-27.878 (32.760)	1.949 (11.003)
N	381	226	381	232
Adj-R2	0.013	0.435	0.011	0.148

Table presents unstandardized coefficients and brackets for standard errors

\* $P < 0.1$ ; \*\* $P < 0.05$ ; \*\*\* $P < 0.01$ ; \*\*\*\* $P < 0.001$  (two-tailed test)

<sup>a</sup>Enterprises with headquarters outside Wenzhou as reference group

<sup>b</sup>Enterprises of individual proprietorship and joint venture as reference group

<sup>c</sup>Enterprises with no party organizations as a reference group

individual business owners are able to affect donations through influencing the ideal interests of business owners, but this effect is limited.

The academic contributions of this research on private business owners' donation behaviors and its findings obtained from field research in Wenzhou are as follows. First, this study applied and verified Weber's dual-interest-driven models in the context of Chinese society. One of Weber's most famous theories on individual actions is the switchman metaphor, which points out the dual motivation of ideal interests and material interests behind individual actions. However, Weber's metaphor rarely receives attention (Swedberg 2003). Even in related writings devoted to Weber's sociological theories, the two types of interests do not receive equal treatment. Many sociologists prefer to highlight the importance of material interests while ignoring ideal interests (such as Gerth and Mills 1946; Bendix 1977; Blau 1996; Collins 1986). In this context, when controlling for material interests few empirical studies really explore how ideal interests affect the actions of human behaviors. This neglect is clearly contrary to the intended purpose of Weber's dual interests model. It is well known that as the forerunner of interpretive sociology, Weber tended to explain social action by understanding the meanings behind actions, and the meanings come more from what he called "world image" or ideals rather than Marx's traditional material interests. Because of this, Eastwood regards meaning and value of life as the most basic needs of individuals (the so-called ideal interests), and material interests rank behind (Eastwood

2005). Considering the important role of ideal interests in the whole system of Weber's theory and the long-standing negligence of ideal interests in sociological research, the study of the dual interests of motivations behind the donation behaviors of private business owners is undoubtedly empirical evidence or demonstration of the academic value of Weber's theory.

Second, in addition to contributions on the theoretical level, the study of donation behaviors of Chinese business owners has profound implications. As major market participants, the primary motivation for business owners to act is seeking benefits. On the surface, this motive is in direct conflict with "selfless" altruistic donations. Thus, a great deal of research through various methods seeks to understand why profit-driven business owners are happy to make donations (such as Zhang and Keh 2010). In various existing studies, a major explanation is that corporate donation itself is one of the most important strategies for pursuing their own interests. This interpretation was previously mentioned in the summary of the "three factors." In addition, this is also seen in relevant studies in China. Based on analysis of domestic A-share listed companies' donations after the Wenchuan earthquake, Leiwei Shan and colleagues (2008) point out the self-serving advertising motivation behind the behavior of corporate donations, and Yongqiang Gao et al. (2012) find that China's private enterprises use donations to divert public attention from their misconduct. These findings reveal some of the facts, but can interpretations based exclusively on material interests really explain all the motivations for corporate donations? Is corporate social responsibility behavior only a "show" rather than an action affected by genuine altruistic philosophy? The answers to these questions cannot be measured by the amount of material benefits obtained by donations alone but from their ideals and values, which is the focus of this study.

Third, the relevant findings of this study have considerable implications for policy making. By showing the ideal interests behind the behavior of corporate donations, the present study examines the intrinsic link between material interests and ideal interests, which is "elective affinity" in Weber's sense (Weber 1958, 120). That is, in daily life, people can choose different ideals such as values or beliefs, but certain ideals have the specific tendency of developing an affinity toward certain (material) interests. For example, for donation behaviors characterized by the transferring of material interests, the benefits for political parties will naturally become the motivation of actions when the donor has political beliefs. Obviously, this aspect allows us to determine what type of material interest and what type of ideal interest matches better and jointly promote corporate donations. In addition, we also believe that both individual choice of ideals and the affinity between ideals and interests are deeply embedded in the organizational and institutional environment and affected by institutional arrangements (DiMaggio and Powell 1983; Granovetter 1985). This paper confirms that the charitable donations of private business owners are impacted by their own organizational environment, namely the political power of party organizations. These analyses undoubtedly provide directions for social governance, pointing out how different types of elective affinity between different ideal and material interests are at play and become suitable in business environment, in order to optimize different combination of donor motivation, and to encourage corporate social responsibility and promote public welfare.

Finally, the findings of this study also complement the social practice of the reform with Chinese characteristics. Since 1978, Chinese society has successfully

completed the systematic transition from a redistributive economy to a market economy (1978–2000) and ushered in the prevailing market forces with the strong involvement of private business (2000–present). However, China's market economy did not grow directly from the spontaneous development of capital and capital competition but from the redistributive economy. It is the unexpected result of a “marginal revolution” with trials and errors led by “top design.” During the market transition process, a highly successful “dual system” (dual price and dual ownership) surfaced, as well as a “dual channel of reform” (government-led, top-down, “top-design” reform and grassroots-driven, bottom-up, “marginal revolution” reform), which marks the unique situation in China as compared to a Western market economy (Coase and Wang Ning 2013, 213). In a way, it is the “dual force” of government and civil society that achieved success in China's economic transition (Zhou, 2013).

This study used donation data from private businesses as an example, echoing the social practice of reform with Chinese characteristics that is currently occurring. In our findings, the coexistence of two different ideals and the fact that they jointly promote charitable giving confirm the coexistence and functions of the ideals of the Chinese Communist Party leadership always adhered to by the government and civil religious beliefs. The differences in donation channels due to the two different beliefs that lead to further diversity in the disclosure of donation information and in rewards, as well as the different impact of party organizations on ideal interests, also confirm that Chinese politics associated with “top design” still play a dominant role in civil actions and cannot be ignored. However, this effect is somewhat limited in the private economy since private business owners hold considerable autonomous power in accepting external institutional arrangements.

## Endnotes

<sup>1</sup>Due to limitations on length, we omitted the table of analysis here. Please contact the authors if needed.

### Competing interests

The authors declare that they have no competing interests.

### Authors' contribution

ZY collected data and drafted the manuscript. HA conducted statistical analysis. All authors read and approved the final manuscript.

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