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'Contested Perspectives on Corporate Philanthropy'

Jenny Harrow

Co-Director, ESRC Centre for Charitable Giving and Philanthropy

Cass Business School, City University London

Philanthropy represents a supply-side response in societies to welfare needs, operating on voluntarist principles

Salamon's (1992) widely –quoted understanding as

"the private giving of time or valuables….for public purposes "

Payton and Moody (2008), in contrast, seek a widened "affirmative concept of philanthropy ", as "voluntary action that advances a vision of the public good"

Corporate Philanthropy needs to be seen in the context of *the gift*

"to counterbalance the trend toward treating and thinking about corporate philanthropy strictly as a business transaction" (Lombardo 2006)

‘Charity Market Monitor’ (Pharoah, 2009) records that

“the total value of the (UK) community investment of the largest 300 corporate donors in 2007/8 was £1.7bn, the highest figure reported to date”.

- the profile is reconfiguring with the changing market place, with the major donors no longer dominated by financial services
- “despite major market falls, 11 of the top 20 increased their community investment”
- but what kind of “gift” – cash, in kind giving, volunteering, partnership working; so that “evaluation needs to take into account not only the monetary value but the breadth of benefit and impact”.

Yet the philanthropic boundaries are further blurred by the question “and *whose* gift is this “?

- Sectors and subsectors of industry
- business associations or business – based charities
- members of company boards ; or business owners
- senior (general) managers
- specialist managers (in firms; or in close – or distant – foundations)
- Employees (as donors, volunteers, nominators)
- Customers…………….

Multiple definitions of and explanations for corporate philanthropy, with redefinitions and "rediscoveries"

- transitional processes from corporate contribution management to strategic corporate philanthropy (Marx 1999)
- a component of corporate social responsibility, viewed by nonprofit managers as offering blended motives, altruism *and* self interest (Rumsey and White, 2009)
- activities which offer firms legitimacy and support in the societies in which they operate , whether genuinely (Fernando, 2007) ; or controversially (Shamir,2004)
- concurrently collaborative (with civil society organisations and NGOs) and competitive (within industrial sub sectors) (Harrow, Palmer et al 2006)

- found in small family firms' responsiveness to locality needs (Litz and Stewart,2000); but a function of large firms and boards (Brown et al, 2004)
- impacting consumer behaviour, such as brand recognition , brand preferences and brand equity (Ricks, 2000, King 2001)
- transitioning from corporate community involvement to corporate social initiatives - CSI ,(Hess et al , 2002, "the next wave…")
- demonstrating agency (and thus governance) challenges where and if corporate giving is incompatible with shareholder preferences (Bartkus et al 2002)
- a tool for human resource management in firms (Zappalà, 2004)
- philanthropy being "used by corporate wrongdoers to buy good will " , presenting results which "paint a mixed picture of the morality of corporate philanthropy" (Koehn and Ueng ,2009) (see also Yermack 2009)

Is corporate philanthropy then an “essentially contested concept”? (Gallie, 1955)

Concepts which are sufficiently value –laden that no amount of argument or evidence can ever lead to agreement on a single version that is the ‘correct ‘ or ‘standard’ use

Gallie uses the example of the “champion bowling team”;

So, substitute for a “winning England cricket team”…..open to debates that are “inevitable and endless…..”

At its core, if not permanently open to contest, then paradoxical, if the idea of business giving back contradicts the goal of being profitable

Centre for Charitable Giving and Philanthropy

Rosenbaum, 2000, thinking through "the methodology of a contested concept", identifies 3 categories of definition

- *observational definitions* – referring to an empirical phenomenon that we see taking place (events, activities, expressions, geographies)
- *functional definitions* - what the phenomenon does rather than what it is (products, performance, outcomes, results)
- *structural definitions* – looking at the underlying (not necessarily immediately observable) structures and mechanisms that give rise and expression to the phenomena (institutions, organisations)

- **observational definitions -** varying roles of managers ,leaders, employees and customers in acts of generosity (cash and kind),

geographical clustering, intra-firm incentivisation , varying visibility for firms with differing stakeholder groups (e.g. support for the arts); activist /NGO scrutiny of the 'acts of generosity'

- **functional definitions** – an allocation mechanism for funds and other resources; a series of transactions which exchange between more and less powerful parties for social purposes (improvement, change , stability);

reputation management; competitive and collaborative actions

- **structural definitions**– a inter-relating set of institutions - networks (people and organisations), formal and informal, the intermediary associations, the foundations, the community foundations, the benevolent societies, the receiving organisations (CSOs, NGOs) and groups of beneficiaries

The structural definitions and understandings of corporate philanthropy ,neglected but critical?

- in the institutional structures that the arguments about the protective power of corporate philanthropy are played out (Miller, 2008) ; and a wide-ranging view of 'protection' - for example, Campbell and Slack (2007) on using corporate philanthropy to deflect building society de-mutualisation calls
- through institutions that the visibility of corporate philanthropy is mostly maintained - Charity Commission, 2010 *: "Many corporate foundations are high-profile, sharing the name of the company that set them up, and can have a significant amount of media exposure"*
- Does visibility equate to vulnerability? See Gan's (2007) proposition that

"a corporation's vulnerability to public scrutiny drives its corporate giving"

…….

- Institutional theory offers the case for isomorphism (Di Maggio and Powell 1983), the homogeneity of the corporate foundations
- but this ignores internal complexities and critical organisation histories of individual corporate foundations

  e.g. The DHL UK Foundation and its "distinguished grandparents"

- The Philip Holt Charitable Trust & P H Holt Benevolent Fund 1880; National Freight Corporation formed NFC Foundation in 1988;NFC Foundation and PH Holt Benevolent Fund merged , after firm merger in 2000; renamed DHL UK Foundation 2008

- The fashion for benevolent societies' roles and rationales already returning in the UK?

  pre-modern part- philanthropic,part self-help institutions; a strong appearance on the corporate philanthropy stage, as their industry bases change and realign

Structural focus – for the UK, where the tensions (alibis?) are found during recession

- Northern Rock Foundation: nationalization of Northern Rock Bank 2008,included a requirement for the Foundation to receive a minimum of £15m a year in 2008, 2009 and 2010 from bank funds ; retains its (local) geographical focus (Harrow 2010)

- Lloyds TSB ; new covenants with "its foundations" because of lack of bank profits, (0.5 per cent of profits , + a Lloyds director on boards);

-the Lloyds TSB Foundations in E and W, N Ireland and Channel Islands have signed up; but not in Scotland,…

The Scotsman , Feb 24 2010: "Lloyds pulls plug on charity", severing connections with "its charitable arm"…….

in exploring "contestness" in corporate philanthropy, some critical omissions in this paper

- global and trans-national philanthropic actions and their impact on corporate philanthropy
- The changing discourse of corporate philanthropy (Spence and Thomson, 2009, on linguistic analysis on charitable giving disclosures by firms , present corporate philanthropy as " a structurally incoherent discourse")
- Whether the shifting of corporate philanthropy expression in recession continue - towards in kind and pro bono giving, but never back to cash?
- Whether the essence of its contestness points to further regulation…..

Corporate philanthropy being changed

- by employee- driven choices and directions
- By conceptions of philanthropy which are ‘post institutional ‘ ; notably the (apparent) rise of the philanthropreneur
- by challenges to “vertical philanthropy” to a “philanthropy of community” (Wilkinson-Maposa and Fowler 2008)
- by the continuing reconfiguration in conceptual thinking that accepts and maximises the advantages of the blurred boundaries which corporate philanthropy exemplifies – simultaneously part of the market and of civil society, with a firmer sense of purpose towards the market in times of recession?

Foster et al (2009), research on Canadian firms, *"from damage control to improving society"*

An "emerging typology of the role of the corporation in civil society":

- Donor – *reacting when asked;*
- Sponsor – *creating good will , investing in community*
- Partner - *fully engaged in community*

Suggest a research focus which tracks *"the evolution of philanthropy in an organisation, from the perspective of its founding vision"*

For Foster et al, only a “select few” have corporate philanthropy fully embedded in their organisational culture

- Does this matter?   (Are we worried?)

- Is it ever right for corporate philanthropy to be *sacrificial* giving?