

FIRM PHILANTHROPY AS A TOOL OF CORPORATE RESPONSIBILITY IN THE COMPANY



Corporate Philanthropy—a multi-faceted concept

- As with ‘Corporate Social Responsibility, corporate philanthropy’ is an umbrella term which encompasses a number of different values, interests, mindsets and alternative approaches.
- These, in turn, are based on a variety of perceptions shaped by cultural, contextual and professional factors. Such pluralism of definition inevitably gives rise to confusion and renders comparisons difficult.



- For most members of civil society the term ‘philanthropy’ triggers humanitarian, altruistic, pro-poor associations. In contrast, ‘strategic corporate philanthropy’ and ‘strategic social investment’ tend to derive from the primary purpose of benefiting the corporate bottomline by developing future markets or making the supply chain more efficient.



- For this reason, these approaches—together with cause-related marketing or sponsoring—are usually not associated by civil society with the term philanthropy.
- We therefore propose to differentiate between three concepts: corporate philanthropy, strategic corporate philanthropy and strategic social investments.



Corporate philanthropy

- In its original, altruistic meaning—phil-anthropos—philanthropy describes voluntary, active, non-reciprocal efforts (financial, organizational, human resources, etc.) by an entity with the sole purpose of benefiting human beings, or fulfilling an unmet social need, regardless of any specific ‘return on investment’ for the donor.



- Corporate philanthropy is needs-oriented and falls into Archie Carroll's category of "purely ethical" because it is not based on economic, legal or political considerations.
- Corporate philanthropy should not be charity per se—namely the unconditional support of needy people—since the use of corporate funds should be predicated on a minimum of good governance beneficiaries.
- It should also—except in cases of humanitarian emergency—address the roots of a problem rather than its symptoms (as charity tends to).



- A good example of this is supporting the elimination of neglected tropical diseases such as leprosy, by donating medicines for its cure and working with partner organizations involved in the fight against the disease.
- Most patients affected by such diseases are living in absolute poverty with a purchasing power of USD 2 or less a day—hardly a conventional customer base for the high-value, innovative medicines of a multinational, research-based pharmaceutical company.



- Corporate philanthropy goes far beyond what bottom-line duties require. It is one way to demonstrate what values the company stands for: making a difference and being part of the ‘solution’ even where turnover and profit are not increased.
- In the absence of an actively pursued business case, corporate philanthropy depends predominantly on the social values, sensitivity and awareness of a firm’s top management.



- It is part of management's value framework, company culture and core values.
- The values of decision-makers in companies are fundamental elements guiding corporate preferences: those managers who as private individuals value benevolence and welfare enhancement of the needy are likely to apply their intrinsic concern for others in the corporate context and support the company's engagement in corporate philanthropy.



- While the primary purpose of corporate philanthropy is altruistic, it can generate positive ‘moral capital’ among communities and stakeholders beyond the company’s direct business relationships.
- It can also strengthen the motivation of employees by making them proud of their company. Such ‘moral capital stock’ can provide a company and its shareholders with an “insurance-like protection” for a company’s intangible assets in the event of accidents or other unfortunate incidents.



- Where corporate management is perceived to be socially aware and responsive to others' needs, such events tend to be viewed for what they are—accidents—rather than being attributed to irresponsible motivations such as saving money at the cost of safety.
- When such events occur, a company needs moral capital to mitigate negative perceptions; but this has to have been created before the mishap eventuates.
- However—in contrast to other forms of created social value—both the moral capital serving as 'insurance' and the employee pride are desirable side-effects of the altruistic action, not its primary objective.

Strategic corporate philanthropy

- Strategic corporate philanthropy describes a corporate contribution concept whereby present or future business activities are supported while creating measurable social value. This ‘giving for reward’ style of philanthropy is a springboard for improving corporate financial performance and, as such, focuses on areas of strategic interest to the company.
- Recent years have shown steady growth in strategic corporate philanthropy.



- Integrated into the overall corporate strategic plan, it endeavors to strike an optimal balance between business interests and community needs. In its purest form, it is based on rational economic choice, investing only in activities expected to create measurable value for shareholders.
- A good example is a corporation that designs and markets computers donating computers to high schools in poor neighborhoods and university students from lowincome

Social
RESPONSABILITY



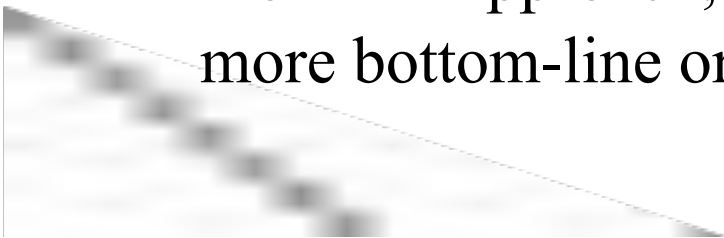
- The social value created by enabling students to work with state-of-the-art equipment is also a pre-investment in future market success, as it attracts potential future customers to the donated technology.
- In this situation, the business case is obvious: it is the creation of better brand recognition and loyalty, reputational capital, higher employee morale, deeper customer commitment and strategic benefits for the company.



- The very existence of a ‘business case’ for strategic corporate philanthropy is one reason many civil society stakeholders consider it to be a contradiction-in-terms, arguing that making corporate giving strategic detracts from the intrinsic value of the philanthropic act, devaluing its benefit.
- This critique contrasts a ‘value-rational’ with a ‘purpose-rational’ position and, given the global scale of poverty, is not especially helpful: as long as the activity creates desirable social value for beneficiaries, the motivation of the donor should not matter.



- Such criticism is likely to reflect ideological aversion to ‘big business’ rather than deep dedication to solving humanitarian problems.
- No doubt, strategic corporate philanthropy activities can result in desirable social and economic externalities.
- However, given their strategic primary purpose, they are likely to have a strategy- rather than needs-oriented focus, with potentially socially discriminating results: becoming engaged with the problems of the poorest might not be considered ‘attractive’ from a corporate strategy point of view.
- A similar approach, based on the same motivation but even more bottom-line oriented, are strategic social investments.



TaylorWessing

- Fundamental part of measuring Taylor Wessing's success is the difference they make to the lives of stakeholders - employees, clients, partner organisations, suppliers, regulatory bodies and their local community. It only takes a small amount of each individual's time for Taylor Wessing to make a great impact as a community and their CSR strategy reflects that throughout the five programme areas:
 - Community investment & charity
 - Pro bono
 - Diversity
 - The arts

16 TAYLOR WESSING PHOTOGRAPHIC PORTRAIT PRIZE



16.02.20 #1 Thea+Maxwell from the series Surfand by Joni Sternbach
© Joni Sternbach



Kallehong Matsenen 2016 from the series Similar Uniforms: We Refuse to Compare by Claudio Rasano © Claudio Rasano



Shimi, Beltar III, from the series Bei Mir Bistu Shein, by Kovi Konowiecki
© Kovi Konowiecki



Tilly and Ily, Beltar III, from the series Bei Mir Bistu Shein, by Kovi Konowiecki
© Kovi Konowiecki

- Three photographers have been shortlisted for the Taylor Wessing Photographic Portrait Prize 2016, the major international photography award organised by the National Portrait Gallery, London.

- The prize-winning portraits include photographs of a group of Israeli Orthodox Jews by Kovi Konowiecki; a Johannesburg school boy by Claudio Rasano and a Californian surfer and his girlfriend by Joni Sternbach.
- The annual Taylor Wessing Photographic Portrait Prize is one of the most prestigious photography awards in the world and showcases new work that has been submitted by some of the most exciting and cutting-edge contemporary photographers. Since the international competition began in 1993, it has remained a hugely important platform for portrait photographers and offers an unparalleled opportunity for celebrated professionals, emerging artists and amateurs alike.



Thank you for your
attention

