



Scaling-up or crowding out? The relationship of CSR and Corporate Philanthropy

Prof. Dr. Georg von Schnurbein
Center for Philanthropy Studies (CEPS)
University of Basel

1

Corporate Philanthropy

UNIVERSITÄT BASEL



Content

1. The corporate value of doing good
2. Analysis of the relationship of CSR and CP
3. Survey
4. Results
5. Discussion



1. The corporate value of doing good

Corporate Philanthropy in theory and practice

- Corporate Philanthropy in theory
 - Any voluntary action of corporate actors for a public purpose
 - Corporate giving, corporate volunteering, and corporate foundations
 - deficient conceptual framing (Gautier and Pache 2015)
 - “structurally incoherent discourse” (Spence and Thomson 2008)
- Corporate Philanthropy in practice
 - U.S.: evolution from a legally banned action to a widely expected, but still voluntary contribution to social action (Sharfman 1994)
 - CH: corporate donations (incl. foundations) estimated to up to 1 billion Swiss Francs
- Corporate foundations
 - Legally independent entities
 - Corporate foundations are both, civil society actors and CSR instrument
 - often linked to chairman’s or CEO’s office, not integrated to CSR unit



1. The corporate value of doing good

The relationship of CSR and Corporate Philanthropy

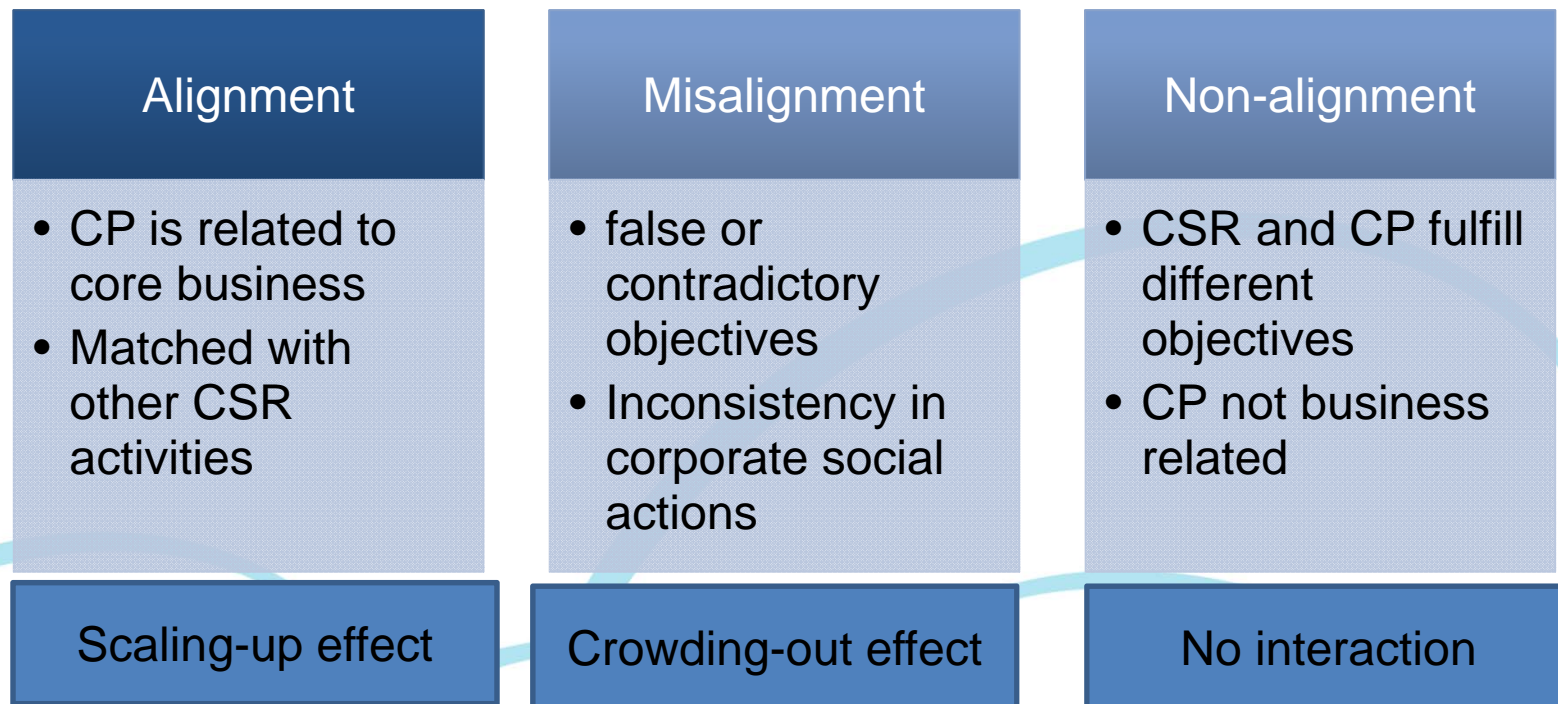
- Concepts of CSR show ambiguity on how philanthropy is integrated
 - **CSR-Pyramid: philanthropic responsibility is desired → icing on the cake (Caroll 1979)**
 - **Triple Bottom Line (Elkington 1998): no space for voluntariness**
 - **Corporate philanthropy: “last in, first out” (Wood 1991)**
- Drivers for CSR
 - **Regulation, shared value (business case)**
 - **Sustainability as a new key component of CSR**
 - **Financial markets: sustainability ratings and ESG factors**
- Drivers for Corporate Philanthropy
 - **Community orientation (legitimacy), tax deduction, future orientation**
 - **Voluntary by nature**



2. Analysis of the relationship of CSR and CP

Alignment, misalignment, non-alignment

- Alignment theory
 - **Alignment is the congruence of “competitive situation, strategy, organisation culture and leadership style.” (Chorn 1991, p 20)**





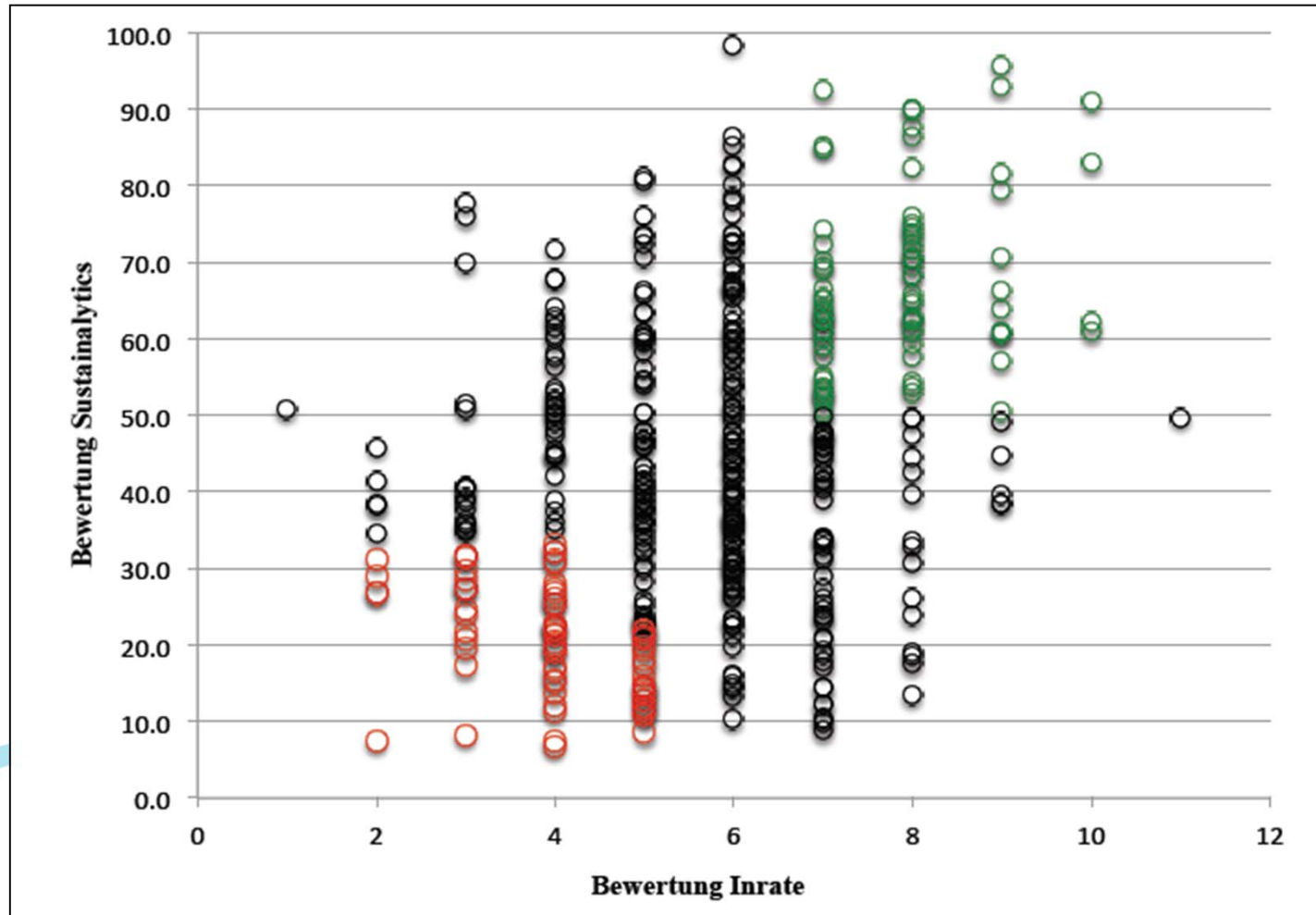
3. Survey

Methodology and Sampling

- Operationalization of CSR
 - **Sustainability ratings of U.S. companies by Sustainalytics and Inrate**
 - **Selection of companies with high and low level ratings**
 - **160 companies (83 high; 77 low)**
- Operationalization of CP
 - **Search for corresponding corporate foundations**
 - **«Trend tracker» by Foundation Center and Google**
 - **96 companies had a foundation**
 - **73 foundations with relevant data from 2004 to 2011**
- Controll variables
 - **Corporate profits of the year before**
 - **Industries based on data by Inrate**



3. Survey Methodology and Sampling





4. Results

Findings from the empirical study

- General findings
 - **average corporate profits increase from 2004 to 2011 by 38 percent.**
 - **The average foundation spending grew – except for 2009 – every year from 2004 until 2011 from USD 5 million up to more than USD 8.5 million.**
 - **In tendency, foundations of the more sustainable companies donate more**
- Findings from OLS regression
 - **Explaining the influence of sustainability rating, corporate profits, and industry affiliation on corporate foundation spending**
 - **Main influence: corporate profits of the preceding year**
 - **No influence: sustainability rating**
 - **However, sustainability has a positive influence on foundation spending**
 - **Industries with highest influence: health care, consumer discretionary goods**



5. Discussion

Findings from the empirical study

- Alignment of CSR and CP
 - **Neither scaling-up nor crowding-out effect were found**
 - **Both activities develop positively within the past years, but related to external effects**
- Effectiveness of corporate philanthropy
 - **If corporate philanthropy is dominated by social aims, business connectivity is less relevant**
 - **Effectiveness can only be proved if social outcomes are measured**
- Contents of corporate philanthropy
 - **CSR and corporate philanthropy may overlap, but cover different areas**
 - **CP deals less with sustainability, but more with community engagement, arts, education, or development aid**
 - **Challenge: more independence creates risk of evolution to misalignment**



Thank you for your attention!

Prof. Dr. Georg von Schnurbein

Georg.vonSchnurbein@unibas.ch

www.ceps.unibas.ch

The Center for Philanthropy Studies (CEPS) is an Institute of the University of Basel, based on an initiative by Swiss Foundations. The CEPS is supported by the following foundations:

Age Stiftung, AVINA FOUNDATION, Christoph Merian Foundation, Ernst Göhner Foundation, Gebert Rüdiger Foundation, Ria und Arthur Dietschweiler Foundation, Sophie und Karl Binding Foundation, Stiftung Mercator Schweiz, UBS Stiftung für Ausbildung und Soziales