Towards a Model of Strategic Corporate Giving

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Nonprofit Organizations (NPOs) are exposed to rising competition for funding resulting from a significant increase in the number of NPOs combined with reduced government spending (Salamon et al. 1999; Macedo and Pinho 2006; Raman and Zboja 2006; Hume et al. 2007). The situation is aggravated by the current economic and financial crisis. Corporate Giving (CG) is a relatively small but nevertheless vital part of the total income of nonprofits (Cantrell et al. 2008), and unlike government funding, it is especially important for NPOs to employ distinct fundraising strategies to generate this income. NPOs that are perceived by the donor organization to be aligned with the strategic interest of CSR policy are thought to have an increased likelihood of fundraising success (Sargeant et al. 2002). For NPOs, gaining more insight into the expectations linked to the firm’s CG programs as well as the decision making processes within the firm is a major challenge but also an opportunity as it enables them to develop a customer-oriented marketing strategy (Kotler and Lee 2005; Meijer et al. 2006; Cantrell et al. 2008).

Until now, the majority of research has been focusing on corporate social responsibility (CSR) and CG from a company’s point of view, especially on the giving-performance relationship (see Griffin and Mahon 1997; Orlitzky et al. 2003; Wang et al. 2008 for reviews). Researchers have included several possible mediating and moderating inter-corporate variables of the giving-performance relationship recently, such as industry type, market dynamism, and degree of internationalization, whereas little attention has been given to possible intra-corporate factors causing variation. E.g. there exists only limited theoretical and empirical research examining the decision processes for CG activities (Cantrell et al. 2008). In contrast, there is a strong probability for heterogeneity in organizational structures and managerial processes due to various explanatory variables (Brammer and Millington 2004), a differing degree of strategic thinking (McAlister 2002; Porter and Kramer 2002; Saiia et al. 2003) and also cross-boarder differences in managerial behaviour (Bennett 1998). Yet the possible relevance of organizational structures on the efficiency and composition of CG activities has been acknowledged (Brammer and Millington 2008) and a country-specific approach to CG has already been followed in Europe (Meijer et al. 2006).

Research Questions

To the best of our knowledge, there exists no conceptual framework linking the intra-corporate organization of CG to the CG implementation and success. This study aims at shedding light into this under researched part of CG concerning the intra-corporate organization and its strategic involvement which besides external, inter-corporate factors influence the CG implementation. The relationship between the key variables as well as with the CG implementation and success is not specified and approved yet, leading to the following research questions:

1) How are the intra-corporate key variables including the giving culture, degree of strategicness and decision process design linked to each other?

2) How does the intra-corporate organization and strategic involvement affect the corporate giving implementation?

3) What is CG success? How is CG success evaluated?

4) How does the CG implementation affect the CG success?

5) What implications result for nonprofit fundraising?
First of all, the first three questions shall be addressed in order to develop a series of propositions and a research model with causal relationships. Then this study aims at drawing first conclusions that result for NPO fundraising. The perspective of German and Swiss corporations and NPOs is taken, thus fostering the European research on CG, which until now lacks behind American research (Bennett 1998; Meijer et al. 2006).

Methodological Approach

As there exist relatively few studies and reports on corporate giving structures especially in a European context (Meijer et al. 2006), this study is exploratory in its nature. The value of using a qualitative approach for the discovery phase of research is well documented (Glaser and Strauss 1967; Dey 1999; Locke 2001). In order to explore the organizational and cultural anchoring of CG in Europe, a multiple case study approach was chosen which permits to draw cross-case conclusions (Yin 2003). Data collection took place in form of nine expert interviews (45-60 minutes) in nine enterprises which were conducted with top-level managers of German and Swiss corporations. This methodological approach of personal oral inquiry allows an unbiased, not predetermined and extensive collection of information (Morrison et al. 2002). An interview guide containing questions to seven fields (notion of corporate giving, corporate giving activities, decision processes, strategic involvement, benefits and goals, success, and external influences) has been used. Exploratory interviews as in this case foster the structuring and finding of common patterns in relatively unknown fields of research (Eisenhardt 1989). Additionally, this approach provides a possibility to overcome the “social desirability bias” identified by Meijer et al. (2006) inherent in the field of corporate social responsibility questionnaires. The results are validated by an analysis of secondary material, especially CSR reports and the promotion of CSR and CG on the internet homepages of the seven corporations under study.

Results

A first conceptual framework relating the intra-corporate organization and strategic involvement to other key variables of CG shall be derived from the cross-case analysis. Findings suggest that there is a great heterogeneity of CG structures in German and Swiss corporations regarding the CG scope, the standardization of decision making, the intended aims of CG activities, the evaluation of success and the degree of strategic involvement. This heterogeneity may be based on the varying strategic aspect of giving, as many corporations maintain a rather traditional philanthropic philosophy and seem to neither have ulterior motives nor any commercial effects in mind when undertaking CG activities.

Similarities and differences between the different cases shall be analyzed further and possible explanations be detected. Additionally, the partially existing lack of strategic involvement but also the indicating mind change in this regard shall be dissected in detail. Based on a thorough qualitative analysis, and accounting for the possibilities and limits of generalizability, implications for nonprofit fundraising will be derived. All findings shall be compared and regarded both in a European and an international context.

References


