Strategic Corporate Philanthropy: Questioning The Dominance Of Economic Explanations For Corporate Giving

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Although corporate philanthropy (CP) is widespread, it remains controversial. There is an ongoing debate about companies’ motives to engage in CP, sponsoring, and corporate social responsibility (CSR). For a long time, this debate was about the way CP could be reconciled with corporate strategy. In other words, companies were asked to connect CP to the business goals, to search for potentially beneficial outcomes for the organization, such as higher profit and better reputation (e.g., Saiia, Carroll, & Buchholtz, 2005). Although some authors argue that CP can never be beneficial to stakeholders, several other proposed that when organizations are able to strictly tie their CP to the organizational strategy, economic value can be created (e.g., Porter & Kramer, 2002). Maybe companies are not able to connect CP to their strategy, because meta-analyses on the relation between CP and future company profits show that this relation is weak (Margolis, Elfenbein, & Walsh, 2009).

In the past decade, several authors have taken a more descriptive approach of companies’ CP behavior, suggesting that the economic or strategic motives are far less dominant than had been previously assumed. They argue that companies frequently report moral motives (e.g., Aguilera, Rupp, Williams & Ganapathi, 2007). Furthermore Campbell & Slack (2008) did not find a widespread strategic approach to companies’ CP. Such findings are in line with our own research. In our previous studies, using large scale surveys (N>1000), we explicitly asked to report the company’s motives to engage in CP. Interestingly, different motives were important for companies at the same time. Besides a strictly economic motive, not only moral motives, but also a motive to contribute to management quality and the commitment of the employees turned out to be important (Gilder, 2013).

To get a better, more in-depth insight into the patterns of motives companies may have, as well the reasoning underlying these motives, we performed a qualitative study. We held 18 semi-structured interviews with managers in business services who were responsible for their company’s CP program. Our first analyses revealed that in these companies economic and strategic play a role, as is recognized in the literature, but that moral motives are important as well, whereas there is no clearly dominant motive. Companies are reluctant to communicate about CP to external stakeholders, but communication within the company seems to increase and seems to become more deliberate. The results are in line with our previous findings suggesting that the management quality motive may be more important than is recognized in the literature. Companies who do not yet engage in CP might be willing to consider to do so if they become convinced it contributes to internal management.
References