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Upfront

Hidden Agenda

**Corporations give away billions each year,
but what's the real reason why?**

By Gerald Burstyn

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CORPORATE PHILANTHROPY

Hidden Agenda

Corporations give away billions each year, but what's the real reason why?

Each year, corporations give away billions of dollars in philanthropic gifts to improve education, safeguard the environment, promote the arts, and encourage a civil society. In the United States alone, corporations contributed \$13.5 billion in 2003, according to the Committee to Encourage Corporate Philanthropy.

But what is the motivation behind corporate giving?

According to a study on business giving to the arts in the United Kingdom, corporate philanthropy is almost never altruistic. Indeed, it is specifically strategic, guided by a set of principles that fulfill a firm's overall mission, goals, or objectives.

"Pure altruistic philanthropy is rare, if it exists at all," concludes Lance Moir and Richard J. Taffler from Cranfield University. The researchers came to this conclusion after analyzing 60 successful cases of businesses supporting the arts in the UK. They analyzed the reasons offered by businesses for their support by using content analysis, a method of meanings from texts by weighing words, sentences, or themes and assigning them values. The study appeared in the October 2004 *Journal of Business*.

"Our analysis demonstrates the main motivations are either marketing or reputation with key opinion formers," state the authors. "The giving is a means to an end rather than an end in itself." They found that the one main motivation is



advertising – "using their giving as a form of direct marketing." And the second motivation is legitimacy enhancement through association with the nonprofit.

For example, Moir cites Anheuser-Busch as a company that uses its philanthropic activities for explicit marketing purposes. A quote from the brewing company's literature about a "festival" it sponsored spells that out: "Anheuser-Busch was able to make full use of the event, generating a great deal of favorable publicity and exposure. In particular, the festival provided a platform for the company to strengthen its relations with the license trade whilst generating greater interest in the brand to develop further sales in the region."

Other businesses, like hearing aid

manufacturer Scrivens, seek a balance between company and societal interests in their giving. Moir cites Scrivens' philanthropy as a classic example of "corporate citizenship." In its company literature, Scrivens describes its reasons for giving to the arts: "Generating a national profile for the message that hearing loss need not be a barrier to the enjoyment of music; encouraging people with hearing loss to attend symphony hall; generating national media coverage; and providing the audience with direct access to Scrivens products."

Corporate philanthropy has long been understood as the product of a personal initiative of an influential or wealthy executive. But on closer analysis, says Moir, business giving is just another facet of company operations.

Charles Moore, executive director of the Committee to Encourage Corporate Philanthropy, said he sees no conflict in aligning business priorities with philanthropic interests. "[It] doesn't mean you're simply trying to gain" through philanthropy, he said.

Whatever the real motivations of business may be, Moir suggested that nonprofits might take a more businesslike approach when courting philanthropic dollars. It's important to understand, he said, that nonprofits are "selling a product," providing access to customers and marketing opportunities in exchange for corporate support. —Gerald Burstyn

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