

A cross-region comparison of the role of corporate foundation in philanthropy

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Papers:

1. "Corporate Foundations in Latin America"

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2. The Influence of State and Company on Corporate Foundations in Europe

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3. Corporate foundations in Russia: overview of the sector

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Companies increasingly play a meaningful role in the civil society and philanthropy sector through corporate philanthropy. This includes voluntary financial contributions, in-kind donations and corporate volunteering to social and charitable causes (Gautier & Pache, 2015; Liket & Simaens, 2015). One of the ways they organize their philanthropic effort, is by setting up corporate foundations. Corporate foundations can be defined as non-profit entities that are often linked to the founding (for profit) corporation through their name, funding,

trustees, administration and potential employee involvement (Westhues and Einwiller, 2006). Corporate foundations are growing in number (Herlin & Pederson, 2013), size and importance (Marquardt, 2001) and becoming increasingly visible in the philanthropic sector.

Yet, there is little research that studies these types of foundations. Given the relative novelty of the topic in academia, it is of particular interest to develop a comprehensive understanding of the role of corporate foundations in the philanthropic landscape. Therefore, this panel presents three papers addressing this research question, each from a different context: Europe, Russia and Latin-America. We do so as contexts explain a great deal in philanthropic behavior and traditions (Wiepking & Handy, 2016), and the role of certain actors in philanthropy (Anheier & Salamon, 1998). The papers in this panel are part of a larger international project that studies corporate foundations which results in an academic handbook.

1. Corporate Foundations in Latin America

The goal of this paper is to provide an overview of the evolution, context, current characteristics and future perspectives of corporate foundations in Latin America (Central and South America). First, an operating definition of corporate foundation consistent with regional traits will be outlined. Second, a brief depiction of the state of research on our unit of analysis in the region, based on a review of available statistical data and, more generally, sources for empirical data on corporate foundations will be performed. Thirdly, historical and institutional factors influencing the endeavours of corporate foundations in the broader context of the dynamics of philanthropic foundations, corporate philanthropy and social investing, and corporate social responsibility in the region will be briefly described.

No publicly available, updated census of the population of active corporate foundations, including main characteristics, exists in the region and the universe of corporate foundations is unknown, with the exception of Mexico. For these reasons, this paper adopts a case study research approach based on the combination of multiple sources (Yin, 1994). Case studies will focus on Brazil, Mexico and Colombia, the three largest countries in the region in terms of population, where some exploratory studies and partial census have been recently undertaken, though of limited comparability (Velasco et al. 2015 for Brazil; Layton 2013 and Villar et al., 2014 for México; and Fundacion Promigas & DIS, 2012 for Colombia).

The cases will explore the extent to which the tradition of corporate foundations in the region, mainly connected to the Catholic faith, and/or to the philanthropic initiatives of local

entrepreneurial families, has been invigorated by a new generation of corporate foundations connected to corporate social responsibility strategies of large firms in the region (both multi-latinas and foreign multinationals) will be analysed. Finally the commonalities and differences between those three countries will be explored, particularly in terms of prevalent characteristics of corporate foundations, roles played by platforms promoting the institutionalization of corporate philanthropy (GIFE, CEMEFI and AFE, respectively) and challenges and opportunities faced by corporate philanthropy.

2. The Influence of State and Company on Corporate Foundations in Europe

The European Foundation landscape in general can be described as very diverse. Welfare and legal regimes influence the role foundations in general play in providing social services or stimulating innovation (Anheier & Daly 2006). Corporate foundations are a special type of foundation as they depend on the intentions and support of for profit entities (Bethmann & von Schnurbein 2015). Therefore they are not only dependent on the normative expectations about their legitimacy (DiMaggio & Powell 1983) but also on the role the corporations assign to them.

In our paper we look at patterns of behavior and clusters of types of corporate foundations on a European level. With our exploratory study we start filling a black box with some light. There is no comparison or descriptive analysis about corporate foundation in Europe so far. The aim of the paper therefore is to put forward a set of propositions about European corporate foundations landscape. While legal environments are taken into account we are specifically interested about the roles and strategies of corporate foundations in relation to welfare regimes (Esping-Anderson 2009) and varieties of capitalism (Amable 2005).

As data about corporate foundations is very limited we draw on a diverse set of sources to put forward our propositions. Our main informants are researchers from the ERNOP network as well as representatives of national foundation networks organized in DAFNE. Further data was gathered at a workshop on the governance of corporate foundations at the first European knowledge exchange of corporate foundations in December 2016. Country reports of research institutes and private organizations are also analyzed (e.g. ACF 2016, PWC 2016).

Additionally, we use the case of the Vodafone foundations to analyze the role of corporate foundations in different welfare state regimes across Europe. Vodafone is active in 14 European countries and in each country a separate Vodafone foundation exists. We cluster

the countries based on the Social Origins Theory (Anheier and Salamon 1998; Einolf 2015), as shown in table 1.

Table 1: Classification of countries according to Anheier and Salamon (1998) and Einolf (2015)

		Size of nonprofit sector	
		small	Large
amount of state funding	High	Statist Albania, Greece, Hungary, Rumania, Czech republic, Turkey	Liberal Great Britain
	Low	Social democratic Italy, Netherlands	Corporatist Germany, Ireland, Malta, Portugal, Spain

Preliminary results show that even in countries where legal codes ask for a clear separation of corporate interests and foundation activities corporate foundations in general strive to produce value for the company. The strategies of corporate foundations tend to be aligned with corporate interest. Only in rare cases no connection can be found. In statist countries such as France e.g. corporate foundations seem to play more of a reputational role in Switzerland with a liberal welfare regime. The case of the Vodafone foundations, only little differences between the different clusters can be found, which leads us to the overall conclusion that the connection to the parent company is dominant over local regulations and traditions. In our final paper we expect to trace more processes providing patterns of corporate foundation behavior. We aim to provide an empirical grounded starting point in analyzing a special type of foundation that has been neglected largely by research so far. Together with our panelist that presents their analysis of other world regions we want to show the roles these institutions play for philanthropy in general.

3. Corporate foundations in Russia: overview of the sector

Corporate social responsibility (CSR) is not as new phenomenon for Russia as it is considered to be. Surely, corporations are quite heavily influenced by international requirements for CSR. Along with that corporations are influenced by soviet legacy – they

face pronounced expectations from citizens and officials to contribute to social infrastructure and to tackle social problems. Therefore, CSR in one form or another is quite common in Russia. More than 150 biggest Russian corporations systematically implement CSR programs. Only 55 of them provide open financial data and it constituted 15.5 billion Rub. in 2015 (268.5 mln. US\$). Informal or traditional corporate philanthropy still dominate, especially among small or middle-size companies, therefore there is no complete statistical data about CSR.

This paper is based on available literature, statistical information, corporate reports on CSR and interviews with representatives of corporate foundations and experts. Three following aspects of Corporate foundations will be examined in the paper. First aspect is statistical portrait of sub-sector of corporate foundations: its size, funding models, payouts, projects being funded, etc. Indeed, corporate foundations' sub-sector is rather narrow. The estimated number of corporate foundations is 30 in Russia. Less than 30% of corporations established corporate foundations (29%); the majority has a special CSR department in the organizational structure (45%). International corporations, which are very significant players in CSR field, usually do not have corporate foundations as Russian legal entities, as they have global corporate foundations (e.g. Alcoa, IBM, JTI). Revenue structure of corporate foundations includes contributions from the founders, fundraising activities and endowments. Corporate foundations have rather stable structure of interests – usually projects in social and educational fields are awarded with grants.

Second point to be considered is institutional context: current legislation about foundations and CSR; tax regulations; public opinion about CSR. Officials underestimate this sphere, currently there is no legislation aiming on foundations in general, including corporate foundations. Tax benefits are also very limited for any type of nonprofit or philanthropic activity.

Third aspect to be covered in the presentation is hybrid role of corporate foundations, their operation in the spheres of social policy and nonprofit sector. Corporate foundations stimulate nonprofits to develop via participating in grant competitions. At the same time corporate foundations tackle social problems and strengthen local communities for active citizenship.

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