

ABSTRACT

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Corporate philanthropy versus corporate social responsibility: friends or foes?

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Abstract:

Companies contribute to society in multiple ways. They make products or provide services that are wanted or even needed in society; as employers, they provide jobs for their employees. By engaging in corporate philanthropy (CP) and corporate social responsibility (CSR), they make entirely different, but also very important contributions. CP is the voluntary spending of money, goods and/or time on behalf of the wellbeing of other individuals, a group or the society as a whole. CSR refers to the company's voluntary initiatives to assess its effects on the environment and on social well-being and their actions to counter negative effects.

Both CP and CSR involve expenditures that do not have an immediate economic benefit to the organization. Although it seems to contradict business logic, a majority of Dutch companies nevertheless participates in at least one of these activities. However, our previous research has shown that, although companies indicate that ethical motives to participate in CP and/or CSR are relatively more important (de Gilder, 2013; see also Aguilera et al., 2007), economic motives do play a role for a large group of companies, and a substantial number of companies believe that such activities may also contribute positively to their company's financial performance (Porter & Kramer, 2002).

CSR does not involve giving to good causes (perhaps with employee volunteering as an exception). Our data from the bi-annual survey in the 'Giving in The Netherlands' project suggest that companies may shift from making financial contributions to good causes to investing in CSR, even though many companies engage in both CP and CSR. The number of companies that is giving

money to good causes is decreasing somewhat and a large majority of them contributes to only one or two good causes. the number of companies that participate in CSR activities is increasing, and many companies started new CSR activities recently. The government and other stakeholders emphasize the need for CSR and may thus contribute to this supposed strategic shift, as companies generally do not have a clear strategy on CP (Campbell & Slack, 2008). In the end, this may be detrimental to good causes. We will present the results of a (partly) longitudinal study that will shed light on this issue, and will give insight in the variables that enhance or counteract CP.

Most important references:

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