

ABSTRACT

European Research Network On Philanthropy
8th International Conference Copenhagen, July 13-14, 2017

A Question of Value: Corporate Philanthropy in the context of Social Responsibility

Submitted by: Michael Bzdak
Organisation: Rutgers University, , US
Author(s): Michael Bzdak
Keywords: Corporate Social Purpose; Shared Value; Corporate Philanthropy;
Stakeholder Theory; Value
Topic: Corporate philanthropy and CSR
Research method: Theory building
Geographical focus: Other
Type of article: Practice paper

Abstract:

The practice of corporate philanthropy is under scrutiny with some business writers calling for a redirection of philanthropic funds on the grounds that philanthropy does not help a brand and neither is it the most effective way to make social change (McLaughlin, 2014). Additionally, increasing attention to foundation philanthropy's role in global development has raised serious questions around transparency, governance and accountability (McGoey, 2015).

This essay examines key efforts to define the value of corporate philanthropy in the broader context of Corporate Social Responsibility. This is particularly relevant as companies begin to make long-term commitments to improving the world through the Sustainable Development Goals (SDGs). The tension, for companies, between creating business value and social value has led to multiple approaches, theories and practices. The paper will include a discussion of one corporation's efforts to define value in unconventional terms (Johnson & Johnson Value Map). The J&J CSR team is building on a successful record of trusting relationships with NGOs and governments based on shared values and shared commitment to solving a problem collaboratively with philanthropic resources. In the era of the SDGs, J&J recognizes that strategic philanthropy has been and will continue to be a proven catalyst for social change. A part of a new value proposition, J&J has redesigned and redefined their community impact strategy to include a more deliberate focus on employee engagement, innovative practices, human-centered program design and more locally-driven solutions.

The essay concludes with a discussion of the various ways that innovative philanthropists are measuring the value created by their generosity. Society is now at a critical point where companies are re-evaluating the place of CSR within their structures and relatedly, the place of corporate philanthropy within the CSR domain. There has been a call for all CSR to be more integrated into all business functions. It is a lack of standards in general that has hampered efforts to report the impact of corporate philanthropy among stakeholders. As the public sector, the private sector and civil society have been moving toward a more interdependent existence, it is a critical time to discuss new ways to measure and report the value of corporate philanthropy. This essay recognizes the need to re-envision philanthropy's role in creating value for all stakeholders.

Most important references:

- Aakhus, M., and Bzdak, M. (2015), Stakeholder engagement as communication design practice. *Journal of Public Affairs*, 15, 188–200. doi: 10.1002/pa.1569.
- Lim, T. (2009). *Measuring the Value of Corporate Philanthropy*. New York, NY: CECF.
- McGoey, L. (2015) *No Such Thing as a Free Gift*, London: Verso.
- Marques, J. & Mintzberg, H. (2015). Why Corporate Social Responsibility Isn't a Piece of Cake. *MIT Sloan Management Review*.
- McKinsey Quarterly (2014). *Business, society, and the future of capitalism*
- Mintzberg, H. (2015). Time for the Plural Sector. *Stanford Social Innovation Review*, Summer, 28-33.
- Porter, M. E., & Kramer, M. R. (2011). Creating Shared Value: How to reinvent capitalism and unleash a wave of innovation and growth. *Harvard Business Review*, (January February).
- Vogel, D. (2006). *The market for virtue: The potential and limits of Corporate Social Responsibility*. Brookings Institution Press: Washington, DC.
- 2016 Edelman Trust Barometer