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THE RECONSTITUTION OF CORPORATE SOCIAL INVOLVEMENT  
AND SOME OF ITS POTENTIAL IMPACTS ON NONPROFITS

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# **The Reconstitution of Corporate Social Involvement and Some of its Potential Impacts on Nonprofits**

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## **Introduction**

During the last three decades dramatic economic and social changes have transformed the environment in which corporations in the US were used to operate. Chief among these changes is the globalization of economic activity aided by the successful economic development of Japan, North Korea, Taiwan, Singapore (Berger, 1986). In addition, the collapse of communism in Russia followed by the incorporation of the Eastern block of European nations and China to the modern capitalist economic system, only served to reinforce these changes. Thus, after only a two-hundred-year history, the Western ideal of *laissez-faire* economics is rapidly becoming a global reality.

In the US the downsizing of the federal government, and the deregulation of major industries such as telecommunications, transportation, banking, and utilities, aimed to facilitate the global competitiveness of American corporations, have accelerated the impact of foreign competition by immersing these and other industries related to them into an environment of fast-pace change (Want, 1995). These external and internal economic and political transformations have resulted in combinations of reengineerings and downsizings, mergers and acquisitions to

reposition American corporations as more efficient, market-focused organizations, offering a menu of related services in national and international markets. These changes and their impact are still unfolding in the present.

In the US, corporate social involvement aided by the impact of the two World Wars, the Depression, and related legal changes, has steadily increased, particularly since the 1950s, primarily through the establishment of corporate foundations, corporate contributions and community relations programs (Hall, 1989; Sharfman, 1994). Corporate contributions programs typically functioned by providing small grants to most nonprofit or community groups that asked for support. These programs were based on the separation of business interests and community involvement and were dominated by the personal and professional interests of senior executives. Corporate community relations programs operated by organizing fund-raising events and providing volunteers, facilities and other resources to well-known charities.

In the midst of increased competition and the attendant corporate reengineerings and downsizings, corporate contributions and community relations programs were perceived as nonessential to the functioning of their organizations and their budgets and staff were progressively reduced. The unsystematic giving of resources to hundreds of nonprofits on the basis of “public relations” motivations and “enlightened self-interest” in the long-run well-being of communities was considered irrelevant for the short-run viability of the corporations (Hall, 1989).

Yet, since the mid-1980s through the action and inspiration of nonprofit advocacy organizations and the initiatives of a few corporate contributions and community relations managers, a new approach has started to crystallize. The new approach termed the strategic

approach seeks to focus the corporate social involvement on community issues that relate only to corporate markets and strategies (Plinio and Scanlan, 1991; Smith, 1994; Alperson, 1995; Tillman, 1997). But more importantly the new approach seeks to deploy these focused resources in a manner in which they can achieve real and preferably measurable community impact. Thus, this “win-win” approach aims to utilize the reduced corporate resources in a way that can enhance the business performance and survival of the corporation precisely by “doing good” in the community. Towards that end corporate contributions and community relations have been increasingly seen as parts of the same corporate function making available an array of resources that can enhance the corporate “investment” in the communities in which corporations are doing business. Hence for the rest of the paper “community relations program” will refer to this integrated program that includes corporate contributions.

In the 1990s, large and very large corporations, who were also previously the major of corporate philanthropists (Useem, 1987), have increasingly integrated their Corporate Contributions and Community Relations programs into one unified program and adopted the strategic approach for the new program (Waddock and Boyle, 1995; Altman, 1997). As these changes have been taking place, some social scientists and nonprofit advocates have began voicing concern about some likely and some unanticipated adverse impacts that the strategic approach may entail for nonprofits and communities. In the most in-depth study into the functioning of corporate philanthropy programs, Murray (1991) suggests that if corporations increasingly support only nonprofits that are linked somehow to their business goals, “many important and necessary charitable organizations may be overlooked” (p. 28). Even more specifically, addressing the relationship of corporations with those nonprofits that they do

support, Marx (1999) asks, “has corporate philanthropy predominantly become a short-term business deal with direct and measurable economic returns to shareholders?” (p. 186). Lastly, Weisbrod (1999), indirectly addressing the impact of the strategic approach after taking direct aim at the reduction of public funds to nonprofits, warns that “forcing nonprofits either into alliances or into competition with profit-oriented firms is a sure way to brake down public trust in the integrity of nonprofit organizations”.

As I understand it, Murray is concerned about one unanticipated adverse effect of the increasing adoption of the strategic approach, that is, that in the end, in a given community, there may be no corporations with business interests related to the work of some important nonprofits. Marx is concerned about the business connection of the strategic approach overwhelming the intent of doing good for the community, thus resulting in a shallow social impact. Lastly, Weisbrod is concerned about the pressure nonprofits may feel to engage in an economic exchange leading to the temptation to sell off their reputation for trustworthiness for corporate funding.

### **Source of data and research design**

In this paper I will address these three concerns on the basis of evidence from my current study of the strategic approach. This is an inductive study, focusing on the opportunities and obstacles that organizational participants face in the process of adoption and implementation of the strategic approach. The study is based on large and very large corporations, which within the last 1-5 years have adopted and are implementing the strategic approach in community relations programs. The data are derived from 25 in-depth interviews with vice-presidents,

directors, or managers who have full information on the transition to the strategic approach and the power to affect its course. The interview-guides were formed on the basis of 10 preliminary interviews with managers of strategic and non-strategic corporate community relations managers and consultants associated with the Boston College Center for Corporate Community Relations and on a review of the corporate philanthropy literature and of the strategic approach in community relations literature.

The companies were selected on the basis of three criteria: (1) achieving a representation of 1-2 companies across major industries, (2) a representation of companies across the four regions of the country (East, West, South and Midwest, including 2 corporations in Canada) and (3) the division of these corporations from diverse industries and regions of the country into two groups: manufacturing and service industries. The intention behind these selection criteria was to get a sense of the obstacles and opportunities in the process of adoption and implementation in general, rather than those related to the specific conditions within certain industries or those related to regional dynamics involving the companies and their surrounding communities. Most of the interviews were conducted over the phone but a few were conducted in person. The typical interview lasted about one and a half hours and was tape-recorded and transcribed. I also requested and received permission from all the respondents to call them back for a short interview to clarify information, pursue some questions further, and verify my interpretations. I exercised this option five times and the typical follow-up interview lasted about thirty minutes. The interviews are confidential, that is the names of people and organizations will be altered, but in a way that preserves some of the business and geographic context.

On the basis of my current research, I proceed below by addressing one by one the three potential threats detailed above, that the adoption of the strategic approach may pose for the partnerships between corporate community relations programs and nonprofits. These are important questions and this research gave me an opportunity to consider them from the perspective of the practices and views of the managers of corporate community relations that are adopting the strategic approach. Next, I discuss the evidence as a whole, adding, as a necessary balance to these arguments, the positive impacts of the strategic approach on the basis of my research. I conclude by offering suggestions, on the basis of this research, on how nonprofits can address these threats to their partnerships with corporate community relations programs.

### **The evidence on threat # 1**

If corporations increasingly support only nonprofits that are linked somehow to their business goals “many important and necessary charitable organizations may be overlooked”(Vic Murray, 1991)

At a minimum, all the participants in this study agree that their programs will never be 100% strategic because of (1) community emergencies, (2) important community needs that are not strategic, (3) the quid-pro-quo commitments that the involvement of their senior managers engenders in fund-raising events or (4) the pressure emanating from the community and/or other corporations to participate in popular causes. The consultants I interviewed and proponents of the strategic approach in published statements concur on this point. The following three accounts are typical of all the interviews.

And thanks for reminding me because I meant to mention that to you when we were talking about social vision and we made it fairly clear in that report that while we have a theme and that's the education theme, that's not at the expense of fundamental community needs so there is a balance in our budget, whether it's a 60-40 or a 70-30 balance, there is a balance where we do some of the more fundamental community needs like hunger, child poverty, family violence, that kind of thing. And they don't necessarily align with our social vision but they're, we're not, and it goes back to the points I made about [person's name], our CEO, and his view that we're here to leverage the business where it's appropriate, but we're not here to leverage it at the expense of why we started the philanthropic program in the first place to support our community (Petroleum / gas, Canada).

And it's not just non-profits, you're always gonna have grass-roots projects come up or issues that people galvanize around and then go away. Those if they touch a community nerve are always gonna be funded whether they are within focus areas or not. I don't think that corporate philanthropy can ever be 100% strategic; you are always gonna have to go outside. Because you are gonna have your CEO that has a pet project, you know there is just so much community support around an issue. It might not be your issue but for political reasons per se you need to contribute. So I don't think an organization can ever be 100% [strategic] (Utility, West).

You, know, I have to tell you, this word "strategic" I think is sometimes carried a bit too far. . . . You can't always be totally strategic in everything you do. The human factor, the flexibility has to come into play here. Things can't always be laid out on paper and "this is what we're going to do." It doesn't always work that way. . . . When people are in need, people that we really want to help, that may be, they may be part of a group that we don't have defined on paper as our particular focus and the way we're going to operate. But we know these people need help and we're going to help them. So, we step outside of that. I think having a focus and I think trying to be a strategic issue can be as good but there's more to it than that. . . . There is an emotional part of this- I can't define it any better than to say the human factor. [Pause] I have goals and objectives for what I do; I define those every year and we've reached them. But to say that we're not going to step outside those goals and do other things, we are and we will always do that. . . . I think that being as strategically focused and defined as we can be, we can have more impact and we can help. [Pause] We can have a greater impact but at the same time you have to have that element of flexibility along with it (Chemicals, Midwest).

For instance you said something earlier that "as you're thinking about becoming more strategic and having a greater impact you know what happens to all of the little guys?" You know, well we have discussed that here. We won't—well we will have a certain amount and we think we'll probably have a certain percentage of the foundation that will always continue to provide the smaller donations and therefore for all intents and purposes not really abandoning, certainly not abandoning everyone and maybe not anyone (Apparel, East).

When questioned further about this likely adverse impact of the strategic approach, in the aggregate, respondents pointed out that (a) there maybe some difficulty in the short-run but when corporate community programs settle with this change of approach, the end result may be only a substitution of sources of funding, (b) other large corporations that still practice the traditional approach of multitudes of small grants may complement the change, and (c) the continued support of large, umbrella organizations like the United Way may be a way of addressing this issue.

Yeah, not being a struggling non-profit I may be seeing things a little differently but I think that if there are so many different types of businesses that if all the businesses were strategic the non-profits are still gonna be funded. Like AIDS is not an issue for my corporation but it is an issue for healthcare, or medical, pharmaceutical companies, you know that kind of thing. So while I may suddenly have to tell an organization, “No, you’re not in our focus but look to other businesses that you have a mutual interest or cause” or you know its a—that I think that if organizations are good and they are meeting the community need they are gonna find someone to continue to support them (Utility, West).

As you can see from the plan we give to a number of areas but we do not do a lot with Health so we are going to drop this and focus more on the other areas. There are other organizations that such a focus makes more sense for them. . . . You know, I think there’s a lid for every pot, as my grandmother used to say. You know, there are folks that have to and will continue do traditional grant making and that’s important because there are those old, established organizations that are still going to rely on those organizations (Finance, East).

Significantly, all metropolitan areas have various forums and networks of grant-makers who do refer worthy or struggling nonprofits to each other to support. This is a social structure especially relevant in small communities, where the expectation that another corporation will inevitably be choosing to support an area of social need (e.g. arts, health, education, etc.) that is

not supported any more by its traditional corporate funders, may turn out to be problematic due to the small number of corporations. That is, when all is said and done, there may be no supporters for a particular type of nonprofits in this small community environment. Also in small communities there are very few large corporations and they stand out for having the resources, the expertise, and the contacts to act authoritatively.

I don't think we're concerned about that [threat] as well. But having a really good network in the community—if you're all concerned about that, then if something's gonna slide through the cracks, we can talk about it. You know, "How can we handle this, how can we deal with this, how can we help with this?" And I think that helps because it's not then twelve or fifteen corporations in isolation, but we're all kind of pulling together once a month to talk about what's happening, so we can catch some of these things or talk about providing advice to that non-profit about how do they want to present their proposal if they're talking to different ones of us who have different needs. And one of the things that we're doing, have done in the past and are doing again is pulling the—there's another group in [name of city] that's a fund-raising executives group, so those are all the people who work for the non-profit, who have to do grant applications and look for money, so we meet with them a couple of times a year just to talk about their needs and our needs and how we can work together. So that's another really good connection that you can do if you work as a group (Finance, Canada).

Yet, in communities with only one major corporation the formalization of community relations and/or its strategic approach may result in substantial reductions of funds to types of nonprofits (health, civic, cultural etc.), or no funding for new ones because of commitment to existing ones.

I think one of the things again though that's certainly not unique to us but I really find to be a good feature of ours, although actually there is a bad side to it to, is this continuous funding. The fact that we do continue to fund agencies for years and years. It's good because again our focus is clear. With so few funders in [name of city] it really wouldn't make sense in my mind to stop funding for an example the Boys and Girls Club, because if their doing some of the best job in that particular area it only makes sense to keep funding them. But the downside to that is it does make it harder for newer programs to get our attention because we don't have the money and so a lot of our money is in a sense precommitted because we will tend to keep supporting

those good strong programs in those areas. . . . It's a hard thing and I've heard other funders that do that, I mean that's one of the reasons a lot of them have this whatever three years and your out kind of thing so they can keep bringing in a stream of new programs. I think some of the way that could work is you'd have to be in a community where there really were other funders. So if you had already a steady stream where other funders could pick up the slack, that kind of model might make more sense. I think for us in [name of city] it would be crazy because there isn't necessarily a set of other funders for those agencies if we were to stop funding them (Household products, West).

Actually, for many programs the focusing of support on 2-4 categories of social involvement presents for the community more a hypothetical than a real problem in terms of its impact for some nonprofits that do not function in those areas. That is, community relations professionals speak about establishing funding priorities as a dilemma and do not wish to narrow down their area of support so much that they lose flexibility, yet they definitely want to address the flood of letters and applications from nonprofits asking for support that paralyze their programs and render them ineffective. In the end, many programs retain a degree of flexibility in funding by asking the nonprofits on occasion to refocus their projects in a creative way so as to satisfy both goals without distorting the intent of the nonprofit program.

It's still, even though we have that social vision theme, it's still a fairly broad screen. Everybody can position themselves as education-oriented. Under that umbrella, there are a million things you could do. So we haven't got ourselves quite as narrow as we need to. On the other hand, I don't want to go too narrow because I think that destroys some of your flexibility. If your riverbanks are too close to each other you miss some opportunity or peripheral vision. If you are just aiming for the end of the river, you miss the scenery on both sides. I think you lose something (Petroleum / Gas, Canada).

What I ask them is to really focus on environment, education, and public safety. Now, what that does is it brings into question, maybe. . . let me think. I don't know if I can think of a program or not. Maybe someone is doing something with drug awareness education. Well if they can make the case that it is really public safety then I am happy with that. If they are really

involved with something that is way outside of those three focus areas, then we are going to try to gain some understanding and move in the directions of environment, education, and public safety (Chemicals, South).

Many respondents suggest that smaller corporations that are not strategic can be a source of funds for nonprofits that are not getting as much because of the strategic approach, however, they add that this will take more effort on the part of the nonprofits because such corporations give smaller amounts. The evidence in the literature supports this suggestion by showing that small and medium size corporations are an important source of support in the community (Levy, 1999)

My response then to non-profits that say “You’re doing everything strategic and therefore you’re cutting us short,” is “Well, quit coming back to [name of company] as the only people you ask for money. Go find people, it might take some work on your part, you might have to take the phone-book out, you might need to beat the streets for a while, but go find who the new businesses are, go find the people who are providing 20 or 30 jobs. Approach them, tell them what you are all about, and ask for a donation. You might not get \$50,000 like you’re looking to get from us. You might have to ask 10 people for \$5,000.” It’s harder work on their part but it doesn’t mean it’s not out there. It’s discouraging for me when I hear non-profits say that because again I think a lot of non-profits, over time, have targeted the same, here we call them “the usual-suspects” (Insurance, East).

Finally, beyond referring nonprofits to each other, as the community relations manager from Canada hinted above, another function that grant-maker groups do perform is becoming a forum for community leaders and managers of nonprofits to discuss present and future community needs. This is a very important function because it can (1) facilitate an authoritative assessment of community needs, which is a constant need for corporate programs that position themselves strategically and want to be identified as addressing measurably important

community needs, and (2) galvanize the grant-makers to cooperate and possibly lead to the activation of the latent potential of such networks to also act as a unit in addressing local community needs.

And there are probably about I would say ten to fifteen of us that are considered a core group and I think we consider ourselves that because we've gone through, we're kind of first generation you know, we built our own programs and pushed our way up through the management, pushed the program up through the companies instead of having it dictated from the top down and it's been a lot of work. Then there's the second generation. You know we sort of were the path-finders for the next group to come in and these are the young ladies that are able to take advantage of some of the ground-work that we made. So, we have—we meet once a month and we share what we're doing you know, what sort of programs we're involved in, particularly what we actually share are our signature programs. But, we also use that forum to invite speakers from the county to come in and educate us on certain needs. For example, we brought in the Chief of Public Health and identify for us the corridors of poverty in our county and we were very curious, what's the most expensive disease, you know? We found it was teen-pregnancy! And we have a very diverse population out here as you can imagine. . . . So, as a group, what we're working on—something that I'm working very hard to pull together is a strategic think tank with some of the core members of this consortium and we're talking about and you're the first to know here. . . [laughs] so, we're sitting in one of the consortium meetings of which there were 44 attendees and I looked around the room and I thought, OK, if everybody has a million dollar budget and the average, that's about what it is, I'm looking at 44 million dollars here and that's only one year's worth of giving into our region and it struck me that—I mean, hit me like a lightning bolt—my goodness, what have we been doing? Where are we and how strategic have we really been as a group? Because even though we're a consortium, we've never worked together, we've never applied a group—I mean it's never been a group effort. And I thought you know we could be a driving force for real change in the community if we were to work together, if we to target one area or that sort of thing, so, almost everybody, everybody is giving to K-12 education because California's schools are so bad. I mean it's reached a major crisis. But, the government is also giving to the schools, the state's giving to the schools and I thought you know we've been doing this, we've been giving to K-12 education all in our own little program you know for at least three years--we've been pouring money into this and what has it accomplished? We haven't assessed how effective we've been and so we're gonna get together and we're gonna be a visionary committee or a visionary think-tank for the new corporate philanthropy. We're just gonna take a look at what's reasonable and what's more effective and how we can be a driving force for change (Pharmaceutical, West).

Education's big in [name of city], so is health care. I think we're doing a lot of the right things in working together. We've brought in you know the [name of city] Educational Alliance Center [name of organization is changed] to come in and speak to our breakfast group, so they could hit all of us at once and talk about what we can be doing with them and what kinds of school and business partnerships we're involved in you know, who's doing mentorship programs, who's doing another kind of program so that it can be quite coordinated that way, and I think that's really important. Cause we bring a lot of research to the table, you know and one of us might be aware of a fact that might fit in with a fact that someone else knows and so it's all of that intelligence coming to the table at the same time, all that research, probably, which really works well (Finance, Canada).

In summary, the evidence on this issue shows that the conversion to the strategic approach by corporate community relations programs is not as threatening as was anticipated and that there are mechanisms that can function as community "safety nets" to soften the adverse impact of the transition for some nonprofits. The only exception appears to be the case of smaller communities with only one major corporation present. In this case, smaller-size corporations, government, individuals and foundations are the alternative organizations that must support existing and new worthy nonprofits that are not funded by the corporate program.

### **The evidence on threat # 2**

The business connection of the strategic approach may overwhelm the intent of doing good for the community, thus resulting in a shallow social impact (Jerry Marx, 1999)

This question is essentially a concern about the community needs, short-term and long-term, becoming secondary to short-term business interests. In this research this threat to corporate-nonprofit partnerships translates as the careless presumption of knowing what

nonprofits need or the careless demands for maximum benefit to the corporation regardless of the impact of these demands on the needs of the nonprofit. Thus, this is not about one unintended, macro-effect of many uncoordinated actions by corporate community relations programs, as was question #1, but the intentional or careless violation of the spirit of the strategic approach as a “win-win” approach.

As we will see below in greater detail, the two orientations of the strategic approach are (1) an emphasis on taking the initiative in finding nonprofits to collaborate with (proactive) and (2) the focusing of an array of corporate resources on a few projects to make them successful (high-impact). Yet, as these very factors differentiate the strategic approach from the traditional approach to corporate giving and community relations by achieving measurable results for both the corporation and the community, they can also lead a corporate program to impose its agenda on the process of achieving common goals and inadvertently obstructing the nonprofit is pursuing its larger goals.

You want to measure, but part of the issue—I have sympathy with the charities right now—is that they are being taken, deferred, deterred, and detracted from what they are there to do by all of this other stuff. We now say we want you to have publicity, a press conference, this, and that. So it takes away from what they are doing. So on the one hand while we want to hear back from them and hear that the money was well spent, we don’t want to create a whole other layer of bureaucracy by doing that. . . . But . . . if we get involved with a partnership with the charity where we try and direct much too much of the programming. It’s an ethical question as much as anything (Petroleum / gas, Canada).

The other thing that we do that I think we are the only ones that I know that do this, is we assign all our grants to an individual within corporate affairs to follow up on and to work with them and evaluate their work. Considering that our budget is two million dollars, we decided to give only a few major grants. But this also works in terms of being able to evaluate and follow them up. But if we did have a bigger budget I would still assign 3-4 such individuals to following up all our grants. Also, we do not follow up on requests for grants that come by the mail. We find

ourselves the organizations that we want to fund and then we work with them. We explain to them what we expect and want and when you have someone give you hundred thousands dollars from nowhere you are not interested to argue about it (Finance, East).

Worse than the above adverse effect for nonprofits, CR programs may choose to engage in nonprofit projects or programs that are good vehicles for their business goals but do not reflect community priorities.

By going through that process [need assessment] we began to understand what this community truly valued and that was very important to us, I can tell you because we were spending money that wasn't valued by the community. So it did not advance our outcomes either or nonprofit organizational priorities. I think the danger or the fear that non-profits have is that corporations come in and say, "I want this particular program. I want to hold a health fair on Thursday afternoon to screen for breast cancer" or very, very specific stuff. The health community looks at it and says, "We don't need THAT, our problem is children's immunization" or something. So I just think that you can be strategic without being terribly specific and inflexible (Chemicals, South).

And then at the time that I started, we had a hardware donation program where we took our old computers and donated them into the community. What our research showed was that that was not strategic to the organization, it was costing [us] far more than the benefit because by the time computers get through our organization they are so thrashed that they are not much good anyway and then you give them to a non-profit organization that definitely needs the good technology and then it doesn't work or it doesn't work right or it's not new enough to handle any new programs and so you find yourself trouble-shooting and we just decided that's not what we wanted to do (Computers, Midwest).

As in question #1, having systematic access to information on community needs is a way to ensure the relevance of corporate involvement. Formal assessments of community needs through interviews and surveys of important stakeholders are taking place especially at the introduction of new programs or reorganizations of existing ones. Some of these efforts to assess community needs are conducted by the organizations and others by consultants hired

specifically for this purpose. Other methods are through the informal networking with nonprofits, and the formal and informal networking with colleagues. In terms of networking with nonprofits for community relations managers that would take the form of visiting nonprofits, screening grant applications, talking with managers of umbrella nonprofits like the United Way, who have more access to information, and finally through their own executives who volunteer on nonprofit boards. Thus, systematic and reliable access to information on community needs can address the strategic requirement for corporate involvement to achieve both business goals and important community needs as well.

Clearly no organization can do everything, can tackle everything so we've chosen to, in the regions where we have a critical mass of employees, we choose to focus on the critical issues in the community. Meaning we do actually survey where there is an intersection between the goals of the corporation, the critical needs in the community, and the interests of the employees is what we focus on. . . . it [survey of company executives] helped us-or it led us to identifying what were the top corporate goals and so, once we had that data, we went out and conducted interviews, sometimes over the phone, sometimes in person, kind of in survey format really of folks that we considered to be community leaders in[name of city] and in [name of city] those are the two main areas where [our company] has large sites. And so, in each of those regions, we talked to you know twelve to fifteen different folks. This would be you know the head of the local United Way, the head of you know one or two of the local universities, the mayor of both of those cities[name of city] and [name of city] you know folks at that level who could give us perspectives, very different perspectives around what are the most critical issues that the region is facing and we were very clear to get their opinions on what was most critical today and also what did they believe were going to be the most critical issues that were coming up for us over the next few years and so that was the second part and then the last part was completed last year, right was completed last year, and that was an all-employee survey of all [our] employees in the US and we got very good participation (Computer software, West).

Otherwise, I think education and youth development our primary area, we are really close to it because of all the officers on the boards and because we serve one of those educational boards so we are involved in a variety of organizations in the educational arena. You know, there are some councils and you know groups of key decision-makers and the like and [name of company] is represented in all of them so I think in education, I don't think we need to do

anything more formal than what we do, I mean we couldn't be too much closer to it than we are. . . . The other key with us is this board involvement. We have about 21 officers on boards and with that, we do believe we have this built-in accountability with the agencies we are funding as well. We will visit frequently other ones. We also have agency representatives come in and talk to us" (Household products, West).

In doing community assessments I have on my wall here a community assessment vision map that we did in one small community in [name of state]. What was so intriguing and the learning process of that was—we hired a facilitator for this community, and the community together with the facilitator created a vision map for what the community wanted to accomplish in the areas of community building, children and education, economic growth and job, industry relations, and health and safety. . . . However, there were a number of things in here that were strategic to us and ALSO strategic to the community. So I think what it really is a matter of is us being clear on what's strategic to us and if I say to my communities and non-profits that "Look environment, education, and public safety are strategic to me and really important to me," then somewhere in that I would think that there are programs and projects that communities and non-profits would be able to latch on to and say, "Oh good you can help us with THIS" and it would make sense. (Chemicals, South)

Certain industries like utilities, telecommunications, any corporations with businesses that impact the environment such as chemicals, forest products, manufacturing facilities in general, they all have by the beginning of this decade instituted the practice of forming Community Advisory Panels in the local communities where they have plants. These groups are extremely valuable because they can function by providing information on important community needs, even specific projects to fund, and on the outcomes of community relations initiatives. These panels are essentially constantly open channels of communication between the plants and their surrounding communities and they have the mechanisms to marshal resources to address on-going and special community needs as well as support the companies in times of need (industrial accident, relocation, downsizing, training, recruitment of employees, etc.).

There wasn't any kind of formal give and take between the company and the communities where we—as when you start the strategic approach we've created Community Advisory Councils where we had an ongoing dialogue with community leaders where we would discuss our issues and they would discuss their issues and where we could identify needs within a community. So if we had the ability to bring some resources to that whether it was human or financial, we understood what we needed to do. So in years past it was basically, we'd cut you a check and somebody might come and shake your hand, and that was pretty much it. (Forest products, East)

We do have Advisory Panels in place and I think that's still going to be the best source for us of community-needs assessments. Now with [the parent company, before the divestiture] I did formal community needs assessment at my more critical locations, and would actually go in and interview community members, but I really don't see us doing that in [name of span off company] locations. I see us asking for input from our Community Advisory Panels but not doing an external survey (Chemicals, South).

Another variation on this theme of consulting community leaders and nonprofits in order to avoid engaging in projects that do not reflect community priorities is consulting outside experts and community leaders in the process of evaluating specific proposals of certain types of nonprofits (educational, artistic, civic, health/human services). This process was found in only one company and it was related with the use of the company foundation as a “pass-through” mechanism. That is, a legal entity that acts as a holding place for the endowment of funding for community relations work. Usually, the intent for this arrangement is to provide uninterrupted and constant level of funding for community relations, unlike the typical practice which bases the community relations' budget on the current profitability of the corporation. This type of evaluation is probably related also to programs that fund nonprofits once or two-four times per year.

We have a staff, and depending upon the type of funding request we have, either the staff will review it or we do have a couple of independent outside review panels if it's a program which deals specifically with secondary education in curriculum then we have a panel of education professionals that we use to evaluate those kinds of proposals and make recommendations to us. If it's certain kinds of community programs we have the same thing of community leaders that we pull together to make evaluations on that (Forest products, East).

In summary, the evidence on this issue shows that the conversion to the strategic approach by corporate community relations programs does pose a serious threat through (1) the adoption of programs that do not reflect community priorities and (2) the imposition of many demands that may detract from the overall mission of the nonprofits. Yet, the objective of achieving substantial goals in the community and being associated with this achievement provides the motivation for corporate community programs to constantly seek information about community needs and about the way the corporation is perceived in the community. Existing professional networks provide excellent opportunities for nonprofits and community leaders to bring community needs to the attention of many corporations at once. Also, corporate programs seek through their constant contacts with nonprofits or through special surveys to assess this information on their own. In the end, it is in the common interest of both corporations and nonprofits in addressing top-priority social needs and achieving measurable results to provide a check to this threat.

### **The evidence on threat # 3**

“Forcing nonprofits either into alliances or into competition with profit-oriented firms is a sure way to brake down public trust in the integrity of nonprofit organizations” (Burton Weisbrod, 1999)

Asking the nonprofits to provide direct benefits in exchange for more cash is a likely event, and it may arise when nonprofits work with (1) Marketing departments directly, and (2) Community Relations programs that are becoming more strategic and are seeking a new balance of company and nonprofit benefits. Marketing departments have their own budgets and can strike their own deals with nonprofits. Community Relations programs usually see these arrangements as business-related grants which are treated as business costs and not philanthropy for tax purposes. However, considering that one of the tenets of the strategic approach is to increase collaboration with other corporate departments, in order to maximize the resources extended to nonprofits and the benefits to the community, there is an obvious potential for confusion and abuse.

Like for us here, sometimes we get a funding and very clearly it's a terrific funding and other times it's very clearly a marketing craft. But then there's that whole, huge gray area in between, where depending on how you position it, it could be marketing or it could be charitable. So, in this particular discipline there's more gray than black or white. (Petroleum / gas, Canada).

We're talking about need but balancing it with objectives and resources and it's got to be a balance. It can never get to be a balance-sheet function. Then it's no longer community relations, it's marketing, it's something else and that to me is going to be the challenge for community relations; maintaining the integrity of the practice and the profession if you will (Banking, South).

There is a really fine line there because you know it's like I have a lot of people coming to me from inside the company and saying, "Well can we do this research at university of [name of city] because we need this research done" and I say, "you're talking applied research not charitable research" then I have to explain to them the difference that if we're doing something that exclusively benefits our company it's not a charitable contribution it's something for the company so that's applied research so "go fund it yourself" but it's the same as if we get involved with a partnership with the charity where we try and direct much too much of the programming. It's an ethical question as much as anything (Petroleum / gas, Canada).

So on the one hand, the increased collaboration of community relations programs with other corporate functions may increase the temptation to abuse the relationships with nonprofits. On the other hand, the development of closer ties with other departments within the organization does mitigate any excesses by bringing the perspective of the community in the decision-making.

Part of changing our name in January and all the branding that has gone around launching a new name we didn't go through a merger or anything like that. We are looking for opportunities to brand the new corporate identity and last year I partnered with marketing on a museum function, underwriting an exhibit at the museum that we'd never done before but it benefited both the community, employees, and it had a strong marketing function. So we partnered, the company is looking at more sponsorships than we've done before and I'm trying to be a part of that process at least be in the loop. If it's some sponsorship that involves a nonprofit I need to be at the table in making that decision because they need to know our history with the organization, they need to look a little bit broader than I think, than it's gonna get us so many hits and we're gonna get so many ads kind of thing. So we're working together. (Utility, West)

When things come in here that I think belong to marketing, I ship them over there and vice-versa but just from a tax perspective just in terms of how we deal with Revenue Canada that is really the only area that the definition applies as a business expenditure. . . Like our marketing people would say, just do a Ronald McDonald House and that would be great. Just find an equivalent to that and put all your money into it and that's it. You'd really build up your name and your brand. That is fine on the marketing side, but our Canadian people and customers have an expectation of this company and it isn't that. Their expectation is that the company be much broader in response to Canadian needs than just a one stop shopping thing (Petroleum / gas, Canada).

In addition, the effort to formalize the community relations departments, which actually sets the basis of making them more strategic, can lead to the centralization of all data about funding of community organizations (one component of formalization) and may provide a needed perspective in such relationships. Centralization of company-wide information on giving may refer sideways to other functions (marketing, government relations, media, public relations,

communications, senior management, etc.) and product divisions if they exist. Also

centralization of information about giving may involve the establishment of the final approval of funding with the corporate community relations department or at least may involve a simple reporting of all funding through community relations.

Well I can run reports on it, I can get operations to do that and I have to sign off on every single donation that goes out of the company. It isn't like I can tell the senior VP of marketing that he can't spend money in a certain way. But if he does give a donation I have to see it, so what that does is make sure I don't have somebody, a non-profit organization going to four different organizations in the company and getting multiple donations. It also gives me a good idea of what kind of donations we are giving. So I know well in product development they are giving lots of donations to schools to facilitate learning and development of particular high-tech products. Those are tax-deductible donations for us but they are very strategic for the product development group. So when someone comes to me and has an idea for something like that I'll refer them to the product development group because that is more strategic to what they are doing. So yeah its not a centralized function and I don't think it needs to be more than it is because I do have signing authority. Non of us get paid without my signature (Computers, Midwest).

Again, it's not structured, yet that way. They do have their own budget, [but] not all divisions and not all managers incorporate that community relations or that charitable donation piece into their budget and it's not something that we've required, so we don't know yet whether we want to require that. We encourage it, but we also want to help them make the distinction between what is actually charitable, what is a business-associated relationship, even though it may go to a charity, it won't be tax-deductible necessarily if it's a business relationship. What is marketing and publicity. . . you know, so they don't have that information yet. . . . So, they have full access to us, but we're not controlling them, we're not telling them how to run their programs right now. Eventually, we'll say, "You know, it needs to be more strategic, these are your guidelines, this is how you need to donate." Only because it's all coming out of the same pot you know. (Biotechnology, East)

All of the decisions at [company name] are made out of Corporate Relations if a business group is supporting an event for say a client or something, especially if the client is a non-profit, Corporate Relations someone with signing authority needs to sign off. I sign off on everything in the [company name] world. So I would know and that gives me a chance to call someone and

say, “Hey did you know that we have a major partnership with this organization you should be aware of what we’re doing . . .” (Finance, East)

In summary, the evidence on this issue shows that the increasing collaboration of corporate marketing departments with nonprofits may pose the temptations that Weisbrod is warning us about. However, the increasing adoption of the strategic approach by corporate community relations programs may either exacerbate this threat or provide a restraining mechanism. On the one hand, community relations programs eager to prove their business worth or implementing a top-management directive for closer alignment with marketing may be insensitive to or unable to check this threat. In my sample these programs are likely very few (3–5). On the other hand, the majority of community relations in this study wish to learn the marketing strategy, support it from their perspective, and thus gain extra resources to use in the community while making a clear effort to distinguish between business grants and charitable grants and have a say in the partnerships with nonprofits that other corporate functions establish.

## **Discussion**

On the basis of the evidence presented above, it appears that the first concern that there may be no corporations with business interests related to the work of some important nonprofits is the weakest threat of all three examined in this paper. This is due to a combination of restraints that strategic programs exercise by limiting the extent of the strategic approach, by allowing some flexibility in their funding priorities, and by participating in professional networks that act as informal “safety nets”. The third concern that the pressure to receive substantial

corporate funding may lead some nonprofits to sell off their most valuable asset, their reputation for trustworthiness poses an important threat for some nonprofits. This is due to the fact that nonprofits can deal directly with corporate marketing departments which increasingly see nonprofits as an effective vehicle for their message. In addition, some community relations programs, new to the strategic approach and under pressure to prove their business worth may also engage in more marketing than community relations work. However, this seems to be the exception, and the motivation to distinguish between marketing and community relations, and the centralization of all data about giving to the community does provide a broader perspective on the contact with nonprofits company-wide for the majority of these programs. The second concern seems to be the most pervasive threat for nonprofits from the strategic approach. In this research this threat becomes twofold, the presumption by some community relations managers that they know the important community needs and an overly controlling style of collaboration with nonprofits by some community relations managers. Yet, the motivation to help the corporation by achieving important and measurable improvements in the community seem to provide internal discipline for the majority of these programs.

This analysis so far examined the likely adverse impacts of the strategic approach for nonprofits. It is therefore, important to examine the possible positive impact of this new approach in order to get a more balanced view of its effects in the community. In general, the strategic approach involves (1) restricted giving to areas related to business goals, (2) giving fewer but larger grants, (3) giving an array of resources not just cash, (4) it presupposes access to strategy meetings and contact with senior management in order to produce focused giving and continue to adjust to strategy changes, and (5) must show the impact of the program,

therefore the need to evaluate what is done and the emphasis on imparting managerial skills to nonprofits and expecting accountability. These components of the strategic approach are framed by two key orientations: the “proactive” search for programs that fit the goals of the program and the “leveraging” of as many corporate resources as can be mustered. Thus, the increased focus and the concentrated resources are expected to produce “high-impact” and thus visible change in the community.

The turn to the strategic approach is connected to the conditions that community relations programs are finding themselves in, as undervalued, peripheral functions, that at best contribute indirectly to business success. The strategic approach allows community relations professionals to work with these conditions and moreover succeed and turn the tables around to their benefit, their employer’s benefit and to the community’s benefit. According to these professionals spreading a little of one’s resources to every nonprofit (traditional approach to corporate philanthropy) does not effect positive change. Actually the strategic approach is designed to counteract that. One could say, applying Meyer and Rowan’s (1977) institutional approach to organizations, that community relations was a ceremonial function having more to do with the response of corporations to social pressures than the belief in producing real change and probably that is why when business conditions became challenging these programs were essentially in the process of becoming jettisoned by corporations.

This new corporate community involvement demands that nonprofits pay equal attention to producing measurable results and to fund-raising systematically and creatively. This research can offer primarily some ideas about finding sources of funding in the corporate world and secondarily some ideas about relating to these corporate programs.

Nonprofits that address urgent community needs and/or needs that are in the public's eye can approach just about any corporate program in their geographic area and ask for support. If the nonprofits do not address such urgent or visible community needs, they should research to find corporations that fund the same areas of interest, and/or approach traditional corporate relations programs that fund most worthy nonprofits, or approach umbrella organizations, such as the United Way, and find how to get funded through them. Also, nonprofits can use established contacts with corporate programs to ask them to refer their projects to colleagues or refer colleagues to the nonprofit. Nonprofits should also explore the possibility of contacting community leaders and ask them to mention them to individual grant-makers or in their forums. Internally, nonprofits with boards of directors with some influence in the community should ask the board-members to use their networks to advertise the needs of the nonprofit and its good work. In smaller communities, nonprofits must contact other than corporate funders such as individuals, foundations, government, churches, etc. If everything fails, in receiving funding from large corporations, the nonprofits should approach medium and possibly small size corporations and be prepared to approach more of them for less funding from each.

In terms of relating to corporate programs with a strategic approach, nonprofits must be flexible and willing to explore for common ground. Once they understand what the corporate programs hope to accomplish, the nonprofits can creatively try to offer ways that they address the goals of their potential supporters and still achieve their goals. In case of conflict of interest in the process of achieving common overall goals, nonprofits must point out gently to the disadvantages that the corporate demands may create in achieving measurable results in this or other projects. In case of conflict of interest in aspects of overall goals, nonprofits must again

show how the results will be perceived by the consumers of these corporate-nonprofit partnerships and the larger community: that is, how much on target suggested projects are with community expectations and understandings of what constitute important needs. Nonprofits must keep pointing to corporate community managers the impact of measurable and visible results on community-identified needs. This role can probably be played most effectively by community leaders: local politicians, government officials, officials of local chapters of umbrella-nonprofits, church leaders, school officials, etc. Finally, nonprofits should consider approaching other corporate functions that may be interested to fund them but do so after talking with the respective community relations managers. The latter can orchestrate a relationship that has many parts. At minimum, community relations managers may offer some buffer in relating to another corporate department such as marketing.

In balance then, this turn for the strategic approach has revived corporate social involvement and even more is elevating it to a more effective force than it ever was. Associated with these substantial improvements are the set of potential threats to the corporate-nonprofit partnerships, explored in this paper, that may mitigate the effectiveness of this approach in some cases. Yet, the strategic approach seems, in balance, to provide a sustainable and effective force in addressing social problems and community needs by addressing the needs of the corporation.

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# Appendix

## Major Statements of the Tenets of Strategic Giving

### **Plinio, A. J., and J. B. Scanlan, 1991.**

1. The corporation uses all of its resources--money, people, facilities, services, and so on--as a portfolio available to corporate interests and community needs.
2. The corporation seeks out resources from community nonprofits and for-profit groups and government to meet needs that are usually met only from for-profit sources.
3. The corporate giving program becomes an orchestrator for both the purchase and supply of services and assistance for the corporation and for the community, helping the various divisions and departments of a corporation to participate in strengthening corporate-community relations as they conduct their daily business affairs.
4. The giving program staff marshals corporate resources to develop new community services as the need for them is identified within corporate operations, thus integrating the giving program policies with general corporate objectives.
5. The approach fits well with a fundamental goal of corporate-community relations--to be constantly in touch with the environment surrounding the corporation, to feel the pulse of internal and external stakeholders, and to translate knowledge of the environment and the stakeholders into workable corporate strategies.

### **Alperson M., Conference Board, 1995.**

1. Use a focus or a theme to target contributions in a category aligned to the company's business goals (such a focus also enables the company to reduce or eliminate its giving in certain categories to which it used to donate).
2. Encourage more synergy with other company departments, including marketing, public affairs, and government relations.
3. Devolve part of the giving function to line management and regional operations in order to spread "ownership" of the contributions program to a wider base.

4. Draw on the specific strength of the company to form a “non-cash” approach to contributions, for example, targeted in-kind giving of technology, materials, etc., to help build capacity among nonprofit groups.
5. Ascertain ways to measure contributions program results.
6. Develop a volunteer program that leverages company contribution.
7. Form partnerships with other companies or other stakeholders who share a common interest in a particular project or concern.

**Boston College Center for Corporate Community Relations**  
**(The Standards of Excellence in Corporate Community Relations)**

1. Formal commitment to a social/community vision
  - a) Commitment exhibited through written documents
  - b) Commitment demonstrated by example & leadership of senior management
2. Designated responsibility for managing community relations
  - a) CR is essential & integral core function of the company
  - b) CR professional counsels management in balancing business & community needs
3. Internal structure, policies & practices
  - a) Key internal stakeholders are involved in development & implementation of CR
  - b) Understanding and support is fostered through policies, training & communications
4. Community relations reflect company & community concerns
  - a) CR programs are strategically planned & managed
  - b) Programs emphasize coordination, collaboration & communication



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