Mobilising CSI for Strategic Philanthropy

Dr Michael Liffman

Director
Asia-Pacific Centre for Social Investment and Philanthropy
Swinburne University of Technology, Melbourne, Australia

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Even before the ‘global economic crisis’, times have not been easy for corporate managers. Their efforts to come to terms with society’s demand for greater transparency and better behaviour had already been given added urgency by spectacular corporate collapses and the accompanying stories of greed, excess and unethical conduct. As cynicism grows, business credibility has never been more valuable – and never harder to achieve.

In recent years there have been important developments in partnerships between business and not-for-profit (NFP) organisations. In times past these were limited mainly to sponsorship of sporting or cultural activities, or of the larger, established charitable bodies; but today businesses and NFP organisations are discovering that corporate philanthropy offers rewards that are both commercial and (harder to define) spiritual. Increasingly, they are willing to consider their social partnerships as investments, and they understand that, like other forms of investment, these partnerships work best if they are preceded by research and accompanied by an understanding of desired outcomes, a system for measuring effectiveness, and an exit strategy.

These developments have coincided with (and in large part reflect) such factors as the reduced ability or willingness of governments to fund community and charitable activities, and a growing pressure to demonstrate good corporate citizenship. In Australia the Australian government established, a few years ago, the Prime Minister’s Community Business Partnerships Scheme (since disbanded but replaced in part by the Centre for Social Impact) and the Australian Foundation for Culture and the Humanities. Through changes to the tax laws it is also offering better incentives for private and corporate giving.

Some definitions:

Corporate Social Responsibility
The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.

Charity
a gift made with no expectation beyond the immediate alleviation of need.

Philanthropy
implies a more thoughtful or strategic approach. The donor may want to correct the causes of need, rather than just relieve problems.

Strategic philanthropy
implies an even more considered approach.

Social investment
introduces the notion that the donor gets a reward, as well as the recipient

Some contrasting observations about CSI – still a contested notion!

Stan Mather, Australian Shareholders Association

- Investment is normally made for the purpose of generating gain or wealth.
- Directors of companies are appointed by shareholders to look after their interests.
- The shareholders may well want to be philanthropic but that's their choice and it should come out of the income that has been delivered to them.

Vs.

Leon Davis, Chairman of Westpac Bank

- Communities can and will punish organisations that fail to meet modern expectations.
- But the biggest and most enduring benefit of all lies in their heightened appeal to potential employees.
- The best people – the people that companies want to attract and keep – are the people who like to feel proud about going to work every day.
- They come to work to earn a living – but they also want to feel good about it.
- Those corporations that fail to adapt will fail to succeed.
- Corporations that embrace this new era will be rewarded by employees, customers and investors.

and

Professor Peter Singer
"We need to challenge the idea that you can live a morally decent life just by looking after your own family and not actually causing harm to others. We need to develop a sense that if we have abundance, we are actually doing wrong if we don't share it"[1]

Maimonides: from the 12th century to the corporate boardroom

The twelfth century Egyptian philosopher Maimonides proposed that there were eight modes of charity, ranging from the least to the most virtuous. These have been cited ever since as means of maximising the ethical quality of a gift. The wisdom they embody can readily inform and challenge present-day practice.

1: To give sadly
2. To give less than is fitting, but with good humour
3. To give only when asked
4. To give before being asked
5. To give so the donor does not know who the recipient is.
6. To give so the recipient does not know who the donor is
7. To give so that neither the donor nor the recipient knows the identity of the other
8: To give a loan or a job rather than a gift, so preserving the recipient's self-respect and encouraging self-help.

It seems to me that these precepts still form as useful a guide as any other to the development of strategically effective and ethically sound corporate social investment.

The following is my own attempt to translate them into modern corporate versions.

1: To give sadly
To give for purely self-interested commercial reasons

2. To give less than is fitting, but with good humour
To make a token donation

3. To give only when asked
To respond to individual fundraising approaches

4. To give before being asked
To have a programme of philanthropy or CSI

[1] Singer, Peter: *The Life you Can Save*, Text 2009

5. To give so the donor does not know who the recipient is.
To give non-judgementally, according to objective processes

6. To give so the recipient does not know who the donor is
To give without direct benefit from the recipient

7. To give so that neither the donor nor the recipient knows the identity of the other
To give without any conditions or expectations

8: To give a loan or a job rather than a gift, so preserving the recipient's self-respect and encouraging self-help.

To give as part of a programme of strategic social investment, which has been developed in consultation with stakeholders, is consistent with other aspects of the corporation's conduct, and is informed by a wider vision of sustainable social improvement

The global financial crisis, trees and forests…..

- The crisis will pass…don't just see the trees, and not the forests

  In other words: the global financial crisis will pass, leaving in its wake the ever-growing challenges which the corporate sector must play its part in addressing, partly through effective strategic philanthropy. It will also leave new opportunities (as crises do) with changed patterns of corporate ownership, regulation and governance, and, hopefully, re-ordered priorities

- Grow branches, not just leaves

  In other words: corporate social responsibility is often criticised as being token and superficial, like leaves which blow off a tree in the first storm. Serious CSI should be part of the structure of a corporation's mission and operations (as, for instance, with the Tata Group in India).

- Don't only pick the low hanging fruit

  In other words: strategic philanthropy doesn't settle for the easy, uncontroversial targets.

- Don't use CSI as a figleaf

In other words: if your core is not socially responsible, you cannot hide behind a token appearance of good behaviour

- Are we ready to distribute the trees as well as the fruit?

In other words: many of the challenges the world faces reflect inequalities not only in the distribution of the products of wealth but in the ownership of the sources of wealth. Strategic philanthropy should address this – as, in a small way, microfinance does.

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- Note also Positive Outcomes which has Australian rights to LBG. (http://www.positiveoutcomes.com.au/page.asp?partid=1)

Dr Michael Liffman
Director
Asia-Pacific Centre for Social Investment and Philanthropy
Swinburne University
PO Box 218, Hawthorn,
Melbourne, AUSTRALIA

ph: (61 3) 9214 4405
0419 354 984
fax: (61 3) 9819 5349

http://www.swinburne.edu.au/business/philanthropy/