

Lecture notes

B. Com Hons Sem III, Sub Code – 3.1

Topic – Corporate Philanthropy – Part 1

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Learning outcome after Part 1

1. Meaning of Philanthropy
2. Concept of Corporate Philanthropy
3. History of Philanthropy
4. Difference between Charity and Philanthropy

Corporate Philanthropy

The origin of the word philanthropy is Greek and means love for mankind. Today, philanthropy includes the concept of voluntary giving by an individual or group to promote the common good. Philanthropy addresses the contribution of an individual or group to other organizations that in turn work to improve the quality of life for all citizens or residents.

The desire to promote the welfare of others, expressed especially by the generous donation of money to good causes.

The above definition makes some very interesting points about the idea of philanthropy:

- Love for mankind
- the love of humanity
- Promoting the common good
- Improving the quality of life for all citizens

However it is mostly associated with individuals who show their affection for their fellow man in a specific way, namely through sharing their wealth. More specially, the term is usually reserved for extremely wealthy individuals who use their good fortune to help others. History is full of such people.

One can practice philanthropy

- By making a monetary gift, such as a donation to a cause
- Also practice philanthropy by giving time – like serving in a community kitchen, tutoring a teen or engaging in any other volunteer activity that aims to improve life
- Some choose to share their fortune due to their religious conviction
- At other times a billionaire who started out poor and then benefited from a good education might want to ensure others get the same opportunities they enjoyed.
- Others might even give money away through guilt or through a desire to make art and culture accessible to the masses and not just the preserve of an elite few.

Whatever their reasons for giving, the biggest philanthropists have made genuine contribution to history.

A conventional modern definition is “ private initiatives, for the public good, focusing on quality of life” which combines an original humanistic tradition with a social scientific aspect developed in the 20th century.

History of Philanthropy

Philanthropy dates back to Greek philosopher Plato in 347 B.C. his instructed his nephew to use the proceeds of the family farm to fund the academy that Plato founded. The money helped students and faculty keep the academy running. Around 150 years later, Pliny and Younger contributed one third of the fund for a Roman school for young boys. He instructed fathers of the students to come up with the rest. The intention was to keep the young Romans educated in the city rather than abroad.

In 1630, John Winthrop of the Massachusetts Bay Colony preached to Puritan settlers that the rich have an obligation to take care of the poor. Meanwhile the poor must do the best they can to improve their situation. In 1638, John Harvard

laid the foundations for Harvard University after donating half of his estate to found the school.

Perhaps the most famous example of philanthropy came from Andrew Carnegie, simply because of the scale of his giving. Andrew Carnegie's wealth helped to build more than 2,800 libraries all over the world. He also endowed several universities and a charitable trust that still runs nearly 100 years after Andrew Carnegie's death in 1919. Estimates of his total charitable contributions exceeds an estimated 30 million dollars. Andrew Carnegie lived up to his credo that a man who dies rich dies disgraced, and the rest of society learned to follow his example.

Billionaire Microsoft businessperson Bill Gates, along with his wife, Melinda, established the Bill and Melinda Gates Foundation to support the global development and global health programs. Another Example is the Ford Foundation established by the son of Ford Motor Company founder Henry Ford. The Foundation focuses on strengthening democracy, improving economic opportunity and advancing education.

Difference between Charity and Philanthropy

The term charity and philanthropy are often used interchangeably, but actually there is a difference between these two concepts.

Charity	Philanthropy
<ul style="list-style-type: none">➤ Short term fixes.➤ Social service➤ Reactive➤ Individual responses➤ Dependent communities➤ Time being support	<ul style="list-style-type: none">➤ Long term solutions➤ Social change➤ Proactive➤ Collective responses➤ Independent communities➤ Empowered

1. The origin of the word philanthropy comes from the Greek language that translates to 'love of mankind.' A more modern meaning is private initiative for the public good which combines an original humanistic tradition with a

social scientific aspect. Philanthropy is an idea or an action that is done to better humanity and usually involves some sacrifice as opposed to being done for a profit motive.

Charity comes from the old French word and means

- Providing for those in need; generosity and giving
 - The practice of charity involves money, goods or time to the unfortunate either directly or by means of charitable trust or other worthy causes.
2. The main difference is that charity aims to relieve the pain of a particular social problem whereas philanthropy attempts to address the root cause of the problem. An example is the difference between charity and philanthropy is sending painkillers to malaria patients, which is charity, versus educating the public in affected areas or supporting medical research teams in finding a cure for malaria, which are philanthropy.
 3. Philanthropy involves charitable giving to human causes on a large scale. Philanthropy must be more than a charitable donation. It is an effort an individual or organisation undertakes based on an unselfish desire to improve human welfare. Wealthy individual sometimes establish foundations to facilitate their philanthropic efforts.
 4. Philanthropy has distinguishing characteristics separate from charity, not all charity is philanthropy, or vice versa, though there is a recognised degree of overlap in practice.
 5. A difference commonly cited is that the charity aims to relieve the pain of a particular social problem, whereas philanthropy attempts to address the root cause of the problem. The difference between the proverbial gift of a fish to a hungry person, versus teaching them how to fish.
 6. Charity is giving philanthropy is acting and changing for the better world.