

## Lecture notes

B. Com Hons Sem III, Sub Code – 3.1

Topic – Corporate Philanthropy – Part 2

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Learning outcome after Part 2

1. Meaning of Philanthropy
2. Concept of Corporate Philanthropy
3. Benefits of Corporate Philanthropy
4. Difference between Philanthropy and CSR
5. Types of Corporate Philanthropy
6. Importance of Corporate Philanthropy
7. Corporate Philanthropist as a notion
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9. Reasons why corporate should give back
10. Philanthropic investors and investment in India.

### *Meaning of 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. – via Michigan Foundations

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

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

These are certainly lofty goals for any individual or organization. But few individuals have the resources available to make a significant impact on these

grand concepts. Businesses, however, do have the resources and the ability to truly “promote the common good” in incredible ways.

Philanthropy can also be defined as an act of doing charitable work or an activity designed to improve human welfare. For example,

- Philanthropy is giving money to charity and volunteering
- Philanthropy is donating canned goods to a food bank to help needy families in community
- Philanthropy is donating toys for the Toys for Tots toy drive to provide a presents to needy children.

### ***Corporate Philanthropy***

Corporate philanthropy refers to the all of the ways in which companies achieve a positive social impact through strategic and generous use of finances, employee time, facilities, or their own products and services, to help others in the community and support beneficial causes.

Corporate philanthropy is the act of a corporation or business promoting the welfare of others, generally through charitable donations of funds or time.

### **Benefits of corporate philanthropy**

Corporate philanthropy helps support communities where companies are based. It supports corporate giving programs, which essentially lead to free money for non-profits.

### **How can corporate philanthropy help non-profits?**

Corporate philanthropy helps non-profits through various methods of support, such as corporate matching gift programs and volunteer grants. The impact of donations and volunteering for non-profits can be drastically increased with the help of corporate programs.

### **Corporate philanthropy help businesses**

Corporate philanthropy fosters employee engagement and generates business value. When businesses participate in corporate philanthropy, they are creating a positive public image for themselves, enhancing their relationships with consumers, and creating a positive work environment.

## **Difference between corporate philanthropy and corporate social responsibility**

While they may seem similar, corporate social responsibility describes the overall attitude of an organization toward society at large, while corporate philanthropy is a narrower form of corporate social responsibility.

### ***Types of Corporate Philanthropy***

#### **1. Matching Gifts**

Matching Gifts are the most popular form of corporate philanthropy. Companies with matching gift programs donate the same amount of money (or double or triple this amount) to the same non-profit that their employees do.

Common parameters set on such programs are employee eligibility (e.g., only full time employees), non-profit eligibility (e.g., only educational institutions), match ratio (e.g., 1:1 or 2:1), maximum and minimum donations matched (e.g., gifts of 50 dollars to 2000 dollars), and deadlines (e.g., one year after the donation).

#### **2. Volunteer Grants**

Volunteer grants are second only to matching gifts in popularity. These corporate philanthropy programs match employees' volunteer hours with donation to those non-profits. It means once employee have volunteered for a minimum predetermined number of hours (e.g., 20 hours) their employer will donate a set amount to that non-profit (e.g., 4000 rupees).

#### **3. Employee Grant Stipends**

Some corporation will award grants to employees to donate non-profit of their choice. While these programs are less common than matching gifts or volunteer grant programs, they are impactful for the non-profits that benefit from them.

#### **4. Community Grants**

Companies, not employees are the one who initiate community grants. Non-profits can apply to companies with these programs in place to explain why their organisation's mission would benefit from the grant money.

#### 5. Volunteer Support Initiatives

Corporate philanthropy is not always donating money. With volunteer support initiatives companies partner their employees with non-profit to provide specialised support only that company can provide.

#### 6. Corporate Sponsorships

Companies frequently give financial support to a non-profit to help further their mission. The non-profit then recognize this by acknowledging that the business has supported their activities, programs and/or larger events.

### ***Importance of Corporate Philanthropy***

Corporate philanthropy is important because it encourages employee giving, which has a positive impact on non-profits and society, and benefits business by helping them reach their goals. For example, corporate philanthropy can lead to:

#### a. Positive work environment

Bringing employees together to participate in team volunteers grants or other team program encourages everyone to see themselves as part of the greater community. This feeling of community then benefits the greater social goods.

#### b. Increase employee engagement

Companies with engaged employees who enjoy their jobs outperform companies with disengaged workers by up to 202%. Collective participation in philanthropy engages employees with each other.

#### c. Positive public image

Partnering with a non-profit provides corporations the opportunity to publicly show their communities how invested they are through press releases, social media, and word of mouth. Their work then adds to greater social change.

d. Enhanced consumer relationship

Consumer wants to buy companies that are doing good deeds in the world, especially those that support causes they care about. By upholding their commitment to these causes, companies make a huge impact.

***Philanthropist as a notion***

- ✓ A philanthropist is a person who donates time, money, experience, skills or talent to help create a better world.
- ✓ Anyone can be a philanthropist regardless of status or net worth.
- ✓ Many philanthropist are driven by a deep desire to solve social problems and help others.
- ✓ A growing body of scientific evidences also shows that philanthropy benefits the giver as well as the receiver in terms of wellbeing. Researchers have found that philanthropy contributes to the positive effects like greater overall happiness, lower stress levels, better physical health, heightened sense of connection to others.

***Leading Corporate philanthropy programs***

**Google** recently set a five year goal to give dollar 1 billion in grant and offer 1million volunteer hour. It also want to help close the world's education gap by supporting non-profits that build platform to scale digital learning resources to everyone. Google will match up to dollar 12,000 in employee donations at a 1:1ratio.

**Coca-Cola Company** values the economic empowerment and entrepreneurial development of women, education and youth development of local communities around the world, and access to clean drinking water in deprive areas. Through their corporate philanthropy programs, they will match up to dollar 20,000 per employee at a 2:1 ratio.

**Reasons why corporates should give back**



- 1) Creates purpose : Volunteering allows employees to find a sense of fulfilment and purpose among the monotony to the day-to-day life. This sense of purpose translates to increase enthusiasm, motivation, and job satisfaction.
- 2) Increase engagement: Research found that millennial employees who participated in workplace volunteer activities were twice as likely to rate their corporate culture as positive compared to those who rarely or never volunteer. Employees who volunteered were also more likely to be proud to work for their employer.
- 3) Boost employee morale: volunteering allows colleagues to work together as a team on non-work related tasks. This can foster positive relationship among co-workers, build bond and connections, and improve overall team interconnectedness.
- 4) Attracts new talent : the millennial generation, in particular, places a high value on giving back and they seek employers who can support this value. By advertising company volunteer activities on job posting, company websites, and social media, one can attract prospective employees.
- 5) Demonstrates company values: Corporate volunteering is an excellent way to humanize a brand and showcase an organisation's beliefs, tenets and culture. Corporate volunteerism is a powerful way to create a positive company image both internally and externally.
- 6) Improves employee health: Research has shown that volunteering has a positive impact on both physical and mental health. Volunteering lowers the stress level.

### ***Philanthropic Investors and Investments***

A wide range of philanthropic giving takes place in India, ranging from individuals making modest gifts to international foundations hoping to influence the development and direction of civil society. Broadly, philanthropic resources can be classified under the following categories, each of which is described in more detail below.

- Individual giving
- Foundations and trusts
- International foundations and charities
- Re-granting organizations
- Religious philanthropy
- Corporate philanthropy

The following table gives an idea of well-known Indian philanthropist:

Rank 2018	Name	Donation INR Cr	Primary cause	Company
1.	Mukesh Ambani	437	Education	Reliance Industries
2.	Ajay Piramal & family	200	Education	Piramal Group
3.	Azim Premji & family	113	Education	Wipro
4.	Adi Godrej & family	96	Livelihood enhancement	Godrej
5.	Yusuff Ali MA	70	Disaster relief	Lulu
6.	Shiv Nadar	56	Education	HCL
7.	Savji Dholkia	40	Livelihood enhancement	Hari Krishna Exports
8.	Shapoor Palonji Mistry	36	Education	Shapoorji Palonji
9.	Cyrus Palonji Mistry	36	Education	Shapoorji Palonji
10.	Gautam Adani	30	Education	Adani Enterprises

The secret to living is giving. That is to say, by contributing to the well - being of others, our communities and the world at large, we find more meaning in life.

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