

**Irina Solodova, Centre for Studies of Civil Society and Non-for-profit Sector at the
State University - Higher School of Economics**

**The Potential of the Corporate Philanthropy in the Local Community Development
and Possibilities of the Third Sector Organizations Involving**

Corporate philanthropy is an integral part of theoretical concept of corporate social responsibility and particularly of business responsibility towards local community. Corporate philanthropy is understood as the use of corporate resources to support causes or/and organizations outside of the corporation's defined business or industry for the benefit of the community (Frame, 2005). Sometimes it is called corporative citizenship as a form of business responsibility towards society.

Considering that philanthropy areas, business profile and target audience are usually matched with each other in Western corporations (Moore, 1995, Collins, 1995, Campbell, 2002), Russian corporate philanthropy's directions are more traditional and socially actual (children, youth, senior people, veterans, est.). Corporate philanthropy often is an addition and complement to a state social policy it is one of mechanisms of solving social problems on territory. In practice various third sectors' actors are involved in realization of corporate philanthropy programs, among them are NGOs, philanthropy funds, community foundations and common citizens. This cooperation functions through a number of mechanisms: voluntary actions, grant competitions, shared costs, purchasing NGOs' production and services, financial aid, in-kind aid, mechanisms of social partnership—competition, socio-technical and organizational-structural ones (Iakimets, 2001). Nongovernmental organizations have a potential as mediator and contractor of corporate philanthropy on a local level, as a tool of involving residents in active citizenship.

In a presentation following issues will be considered. First point is community of corporate philanthropies as a supply chain that should adopt corporate social responsibility mechanisms in order to influence the philanthropy process more effectively (Frame, 2005). Second issue to be analyzed is participation of institutional contractors of corporate philanthropy in the community. Analysis of donors' community is based on research results, gained by Centre for Studies of Civil Society and Non-for-profit Sector at the State University - Higher School of Economics in the end of year 2009. The research was conducted by qualitative methods with use of cognitive mapping elements. Third point of presentation is conceptual scheme of corporate philanthropy types and their «utility» for community, including practices of NGOs' and citizens' involvement in realization of corporate philanthropy programs, build including research results.

The question about existence and characteristics of donors' community arose not accidentally, but as a consequence of efficiency limitations of an existing organizational model "Sector should develop and implement new life paradigm" (Peizer, 2003). A potential of increasing efficiency is social networks as an organizational bases from the scientists' point of view (e.g. Pratt, 2001). Base hypothesis of the conducted research was that involvement of corporative philanthropists in network communications and communities might have a positive impact in rise of corporate citizenship programs efficiency.

Understanding of philanthropy by questioned representatives of corporate donors implies its non-public and even private character – this is mostly valid for small and middle businesses representatives. Levels of mutual knowledge and horizontal communications with other corporative donors and institutional contractors are low. In considerable degree communications are mediated by public authorities as a coordinating centre. Interactions include directives or recommendations in choice of recipient, volume, form, organizational procedure and controlling organization of corporate philanthropy. Factually, regional corporate donors do not engage in subject interactions for forming of own identity as a philanthropist and reproduction of this status among other corporate philanthropists. Quoting classical sociological theories of gaining identity

through action (e.g. Z. Bauman), we are to conclude that social self-identification of corporate philanthropist on a local level is poorly developed.

Conceptual framework of corporative philanthropy research consists of four possible perspectives: altruistic, strategic, political and managerial (Cambell, 2002). They might be reduced to two perspectives of corporate philanthropy goals: strategic and altruistic (Dennis, Buchholtz, Butts, Saiia, Carroll, 2009). Examining continuum of corporate philanthropy types a conceptual connection with benefits for society can be suggested.

	Focus on the Society (continuum)			Focus on the Organization
Types of corporate philanthropy	Altruistic In fulfilling its obligations to society the donor has no knowledge of the beneficiary and receives no external recognition for contributing. Unselfish regard for the welfare of others.	Shared benefit Giving to the common good with general recognition of the fact. The corporation should contribute to NGOs and voluntary organizations that includes opportunities for corporate recognition.	Societal Strategic In fulfilling its obligations to society business should seek out relationships with NGOs and voluntary organizations that support corporate strategy. It improves the firm's relative strategic position, including positive economical effect, while achieving community betterment.	Political Strategy Hybrid of the altruistic and profit-maximizing models. But with a broader focus on political (or business) climate concern.
Examples of cooperation	Anonymous gifts, pooled donations	Volunteered time, pro bono / skills, donated use of facilities, in-kind giving.	Cause marketing, giving to advertise, status giving.	Short-term targeted giving, directed giving for social actors and territory infrastructure
Adapted from: Saiia, 1999.				

In Russian practice altruistic and shared benefit types of corporate philanthropy are widespread, that is more valid for small and medium businesses. Large corporations are more likely to evaluate philanthropy as a functional and strategic initiative and as investment into image construction, increasing level of brand knowledge among target audiences. As research results indicate, professional contractors of corporate philanthropy (NGOs, community foundations and philanthropy funds) are engaged in realization of programs of mainly large business. Regularity of interactions is rather low, about 2-3 times per year. Forms of cooperation are often limited to providing of informational and analytical services, event-management services, providing production of NGOs (calendars est.), although scale of these forms is also rather narrow – only about 10% of NGOs are engaged in such forms of cooperation (Mersiyanova, Yakobson, 2007).

After considering the results the following conclusion was made – in current situation the potential of network cooperation instrument is not sufficiently used by Russian corporative philanthropies. A planning horizon of majority of researched corporate representatives is rather narrow. It doesn't include broader goals of corporate philanthropy movement development, as aims of increasing efficiency of current cooperation with third sector actors.

List of literature sources

1. *Campbell D., Moore G., Metzger M.* Corporate Philanthropy in the U.K. 1985-2000: Some Empirical Findings. *Journal of Business Ethics* 39: 29-41, 2002.
2. *Dennis B.S., Buchholtz A., Butts M.M.* The Nature of Giving: A Theory of Planned Behavior Examination of Corporate Philanthropy // *Business Society*. 2009. Vol. 48. P. 362.
3. *Frame B.* Corporate social responsibility: a challenge for the donor community // *Development in Practice*, Vol. 15, No. 3 - 4, 2005.
4. *Peizer J.* The Quiet Revolution in Non-Profit Capacity Support. 2003. URL: <http://www.soros.org/initiatives/information/articles>.
5. *Pratt J.* Nonprofits as Network Organizations // *Nonprofit Quarterly*. 2001. Vol. 7. URL: http://www.nonprofitquarterly.org/index.php?option=com_content&view=article&id=795:welcome-to-summer-2003&catid=73:welcome&Itemid=131.
6. *Saiia D.H.* Strategic philanthropy: corporate resources for the public good? / unpublished doctoral dissertation, University of Georgia. 1999.
7. *Saiia D.H., Carroll, A. B., Buchholtz, A. K.* Philanthropy as strategy: When Corporate Charity Begins at Home // *Business and Society*. 2003. Vol. 42. P. 185.
8. *Якимец В.Н.* Социальное партнерство в России: исследования, механизмы, опыт. В кн.: «Социальное партнерство. Российский опыт. Год 2000», СПб, Интерлэнт, 2001, С.30-72.
9. *Мерсиянова И.В., Якобсон Л.И.* Негосударственные некоммерческие организации: институциональная среда и эффективность деятельности. — М.: Изд. дом ГУ ВШЭ, 2007.