



# The potential of the corporate philanthropy in the local community development and possibilities of the third sector organizations involving

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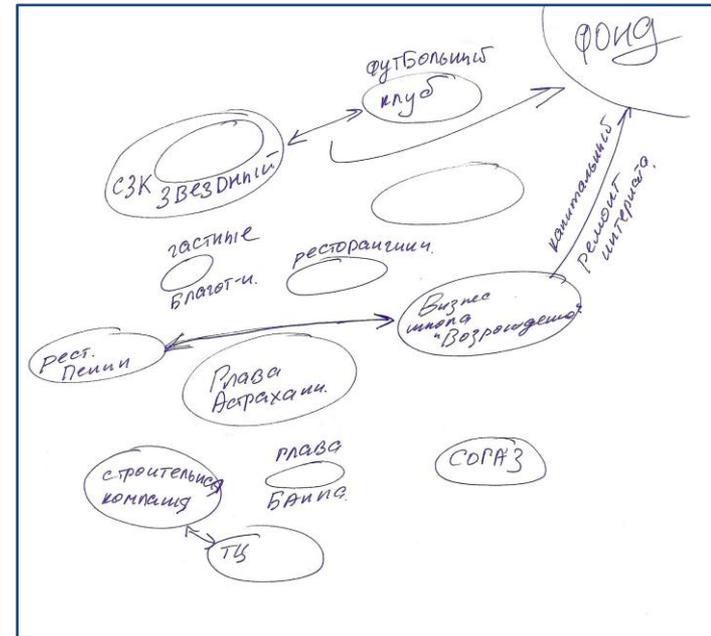
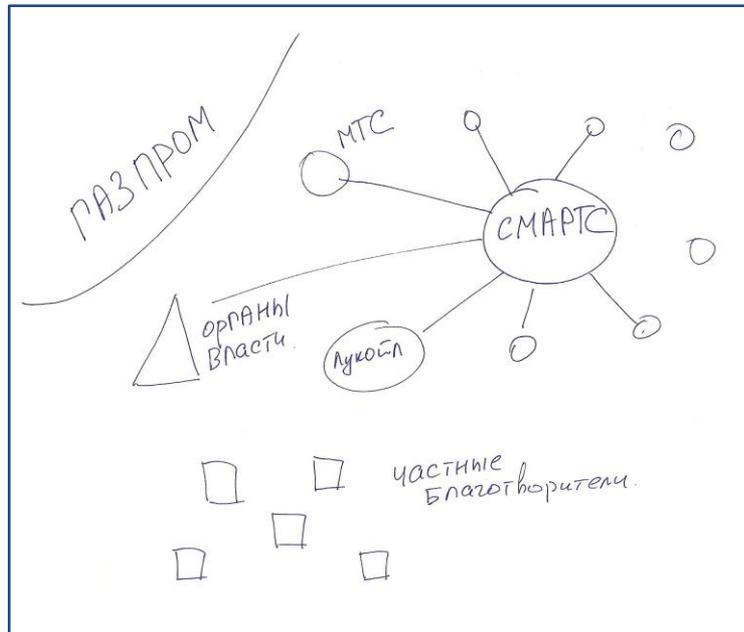
# Corporative philanthropy: core preconditions

- Corporate philanthropy - 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);
- Corporate philanthropy often is an addition and complement to a state social policy, one of mechanisms of solving social problems on territory;
- Conceptual framework of corporative philanthropy research consists of four possible perspectives: altruistic, strategic, political, managerial (Cambell, 2002). They might be reduced to (Dennis, Buchholtz, Butts, Saiia, Carroll, 2009):
  - strategic - improves the firm's relative strategic position, including positive economical effect, while achieving community betterment;
  - altruistic (traditional) - unselfish regard for the welfare of others, donor has no knowledge of the beneficiary and receives no external recognition for contributing.
- Involvement of corporative philanthropists in network communications and communities might have a positive impact in rise of corporate philanthropy efficiency (Peizer, 2003, Pratt, 2001). .

# Corporate philanthropy perspectives: Russian context

Business type	Characteristics
Small and medium businesses	<ul style="list-style-type: none"><li>• Irregular help, address current help:</li><li>• Poor development of predicting and preventing programs, of principles of early prophylaxis ;</li><li>• Mainly financial help, narrowed use of voluntary forms of help:</li><li>• Low development of intersectoral partnership, low role of NGOs as an institutional contractors:</li><li>• Insufficient development of financial and financial competence.</li></ul>
Large corporations	<ul style="list-style-type: none"><li>• Consistency with strategic aims of a company;</li><li>• Structuring corporative philanthropy by program or project principle, direction towards social infrastructure and preventing of social problems development;</li><li>• Long-term programs;</li><li>• Choice of adequate mechanisms of programs realization, including corporate philanthropy funds, spreading of program-structural approach;</li><li>• Practice of in and intersectoral partnership;</li><li>• Evaluation of results of philanthropy programs;</li><li>• Using various forms of philanthropy, including corporate volunteers.</li></ul>

# Donors community: Cognitive maps of donors communications



Based on research results by Centre for Studies of Civil Society and Non-for-profit Sector at the State University - Higher School of Economics , 2009.

# Donors community: characteristics

- **Understanding of philanthropy** - non-public and even private character, personal altruistic action (more for small and middle businesses);
- **Mutual knowledge** – rather low. Do not discuss philanthropic practices a lot:
- **Horizontal communications** as donors – rather weak.
- **Coordinating centre** – no regular centre. Role of nonprofit organizations is not significant;
  - In considerable degree communications are mediated by public authorities as a coordinating centre (including directives or recommendations in choice of recipient, volume, form, organizational procedure and controlling organization of corporate philanthropy);
- **Conjoined philanthropic programs** – very few. Corporate philanthropy is mostly made by donors by themselves.
- Regional corporate donors are not engaged in subject interactions for forming their own identity as a philanthropist and reproduction of this status among others.
- Quoting classical sociological theories of gaining identity through action we are to conclude that social self-identification of corporate philanthropist on a local level is poorly developed.

# NGO contractors

- **NGOs have potential to be involved as mediators and contractors in a corporate philanthropy for community development through following models:**
  - 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).
- **In practice NGOs (mainly excluding community foundations) are involved in rather limited number of communications (only 10% on NGOs are communicating with business in forms of contracting).**

# System limitations of NGOs involving

## Macro level – institutional problems:

Amount of acting NGOs;  
Weakness of NGOs material resources;  
NGO role as a philanthropy contractor;

## Meso level - problems on a level of individual subjects;

Poorness of NGOs informational field;  
Lack of specialists of certain qualification;  
Insufficient level of financial and management competence.

## Micro level – limitations on a level of individuals

Lack of trust to institutional contractors of philanthropy;  
Absence of personal experience of participation in NGO;  
Insufficient awareness of NGOs.

# Macro level – institutional problems

- **Amount of NGOs:** 2/3 of registered NGOs do not function. Only 38% of total amount of NGOs really work - 136 302 organizations (2009);
- **Weakness of NGOs material resources:** lack of material resources is the most actual problem for 60% of NGOs;
- **NGO role as a philanthropy contractor:** on average only 10% of citizens make charitable donations with the help of NGOs. Potential of growth - 13%.

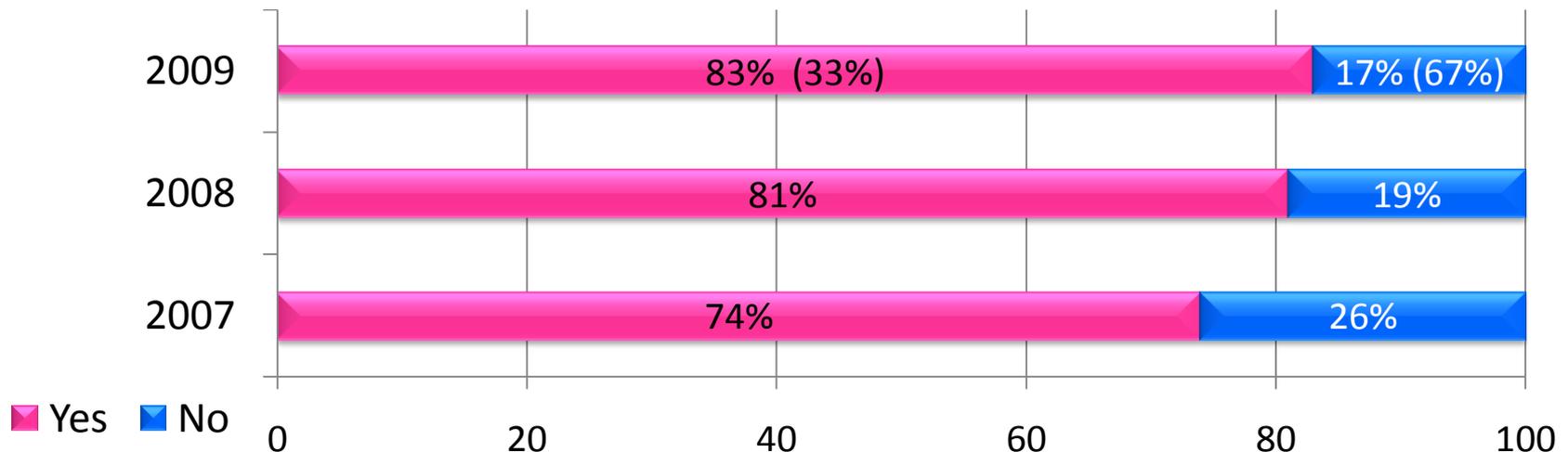
# Meso level – problems on a level of individual subjects;

- **Poorness of NGOs informational field:**
  - Undervaluation of a role of communications with community for increasing an awareness about aims, directions and results of NGOs activity;
  - Insufficient informativity of NGOs materials and web-sites. This are restrictions for current and potential donors and volunteers;
- **Lack of specialists of certain qualification:**
  - Lack of qualified profile specialists with e.g. medical, pedagogic, legal education;
  - Lack of qualified specialists to work in organization (managers, PR and fundraising managers).
- **Insufficient level of financial and management competence:**
  - Poor knowledge and default of competitive selection rules;
  - Low variety of proposed projects for competitions;
  - Low development of audit and evaluation procedures for nonprofit organizations and projects.

# Micro level – problems on a level of separate individuals

- **Lack of trust:**
  - 53% of citizens – most of NGOs might be trusted. 24% - most NGOs can not be trusted.
  - Most of citizens make charitable donations by themselves, individually – 46%.
  - 22% of citizens are ready to donate more in they would be sure the money would be used in purpose.
- **Lack of personal experience in participation in NGOs activities:**
  - Help to NGOs – goods and money – 3% of citizens;
  - Personal voluntary participation in philanthropy organizations - 1% of citizens;
  - Potential of personal voluntary participation in NGO – 3%.

## *Know / heard about some types of NGOs and civil initiatives*



# Practical examples: optimal model of communicating with corporate donors

- Conjoined projects with business, using co-financing;
- Administrating of corporate philanthropy programs of a contract base;
- Interactions with business for attracting resources of public philanthropy and charity;
- Participating in competitions of business:
- Establishing of cooperation with developing and growing companies.

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