1989

# Corporate Philanthropy: Strategic Responses to the Firm's Stakeholders

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1989-6

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**Strategic Responses to the Firm's Stakeholders**

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11/17/89

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Abstract

Corporate decisions about philanthropic contributions have become more strategic in recent years. Contributions are targeted not only to benefit recipient nonprofit organizations, but also to fulfill major business objectives. This article develops a typology of strategic corporate philanthropy that distinguishes between strategic process and three strategic outcomes. It reports the extent of strategic philanthropy categories in an exploratory study of large firms headquartered in the San Francisco Bay Area. Relationships between strategic philanthropy and industry sector, organizational placement of the philanthropy function, firm age, and firm size are identified.

Acknowledgments: The authors express appreciation to the Evelyn & Walter Haas Jr. Fund for financial support of the research project that stimulated our interest in this topic. We also benefited from comments by John Holcomb, John Mahon, Michael Useem, and three anonymous reviewers of NVSQ.

**Corporate Philanthropy:**

**Strategic Responses to the Firm's Stakeholders**

Tension between two forces affecting business corporations in the 1970s set the stage for a strategic orientation to corporate philanthropy. Increasing resource scarcity brought a critical change in how managers perceive their organizations and environments. Managers began to focus much more on the strategic use of organizational resources -- on effectiveness and efficiency to improve operating performance (Channon, 1979). At the same time, they faced continuing pressure to devote more resources to social needs (Committee on Economic Development, 1971; Ansoff, 1979; Anshen, 1980). These two forces -- increasing demands for corporate resources for social purposes and increasing pressure on corporate profits -- have focused managerial attention on the need for a strategic orientation to corporate philanthropy.

In the management literature, philanthropy traditionally was considered -- if at all -- as a manifestation of corporate social responsibility. As such, philanthropy was exclusively part of the business-and-society field (for example, Walton, 1967; Preston and Post, 1975; Carroll, 1979). This compartmentalization is increasingly inappropriate because the strategy literature has begun to devote more attention to stakeholders as the environmental constituencies of the firm (Ansoff, 1983; Freeman, 1984; Lenz and Engledow, 1986). A strategic orientation toward philanthropy emerges from this focus on the firm's stakeholders.

This article analyzes a strategic approach to corporate philanthropy by developing a typology of strategic corporate philanthropy that distinguishes between strategic process and strategic outcomes. It reports the extent of strategic philanthropy in a study of large firms in the San Francisco Bay Area. It suggests how nonprofit organizations might use the typology to coordinate their fund-raising and volunteer-recruitment programs with corporate strategies. Finally, it identifies issues for further research about strategic corporate philanthropy.

## Evolving Managerial Interest in Philanthropy

In 1953 the judicial decision, A. P. Smith Manufacturing Co. vs. Barlow, affirmed the right of management to make charitable contributions that did not directly benefit the firm (Karl, 1982). Following this decision, philanthropy gradually became a regular activity of almost all large firms and many medium-sized and small firms (Troy, 1982). However, contributions were not generally related to other business activities. In fact, there were some explicit efforts to insulate philanthropy decisions from corporate influence and self-interest through the creation of separate foundations to administer giving programs (Butler, 1980).

In the 1970s, as activist groups pressured corporations for signs of social responsibility, influential members of the business community attempted to stimulate greater managerial interest in giving more and giving more effectively (Harris and Klepper, 1976; Commission on Private Philanthropy, 1977). As state and federal tax reductions cut public funds for social services, a number of corporations faced specific pressures from communities to make compensating charitable contributions.

In this environment, the generally low level of managerial interest in philanthropy began to increase. Recommendations for more professionalism on the part of corporate grantmakers and nonprofit recipients became commonplace in public affairs seminars and publications (Koch, 1979; Shayon, 1984). In 1981, President Reagan's Task Force on Private Sector Initiatives renewed the call for firms to double their cash and noncash philanthropy in the next four years to a minimum target of 2% of pretax income. The Task Force also asked firms to reassess programs to insure that the most critical community needs were being served (President's Task Force, 1981).

However, during the same period managers were becoming increasingly concerned about their firms' abilities to compete in domestic and international markets. Pressures for efficient resource management also resulted from the wave of hostile corporate takeovers. Among activities with little direct connection to profit, traditional philanthropy was vulnerable. Overall, the business community did not achieve the monetary targets recommended by the President's Task Force (Orski, 1982; Troy, 1984; Platzer, 1985; Platzer, 1986). At a time when more was being asked and expected of corporations, most executives believed they were in a weaker position to expand or even maintain their current levels of giving. However, firms have increased efforts to achieve more impact in the community with each contribution and to link contributions to business objectives (Wall, 1984; Mescon and Tilson, 1987).

## Strategic Philanthropy

The general objective of developing a strategy of philanthropy is to serve direct business interests while also serving beneficiary organizations (Eells, 1980; Hunt, 1986). Altruism is sometimes mentioned as the motivation for contributions, but most executives and observers agree that corporate self-interest is the dominant rationale (Bertsch, 1982; White and Bartolomeo, 1982). Patrick and Eells (1969:96) express the motivation for a strategic orientation toward philanthropy:

> The business dollar in essence is not a philanthropic (i.e. altruistic) dollar. The business dollar is not made to be given away, but to be invested carefully, prudently, and expertly in those areas that have some relation to the needs and interests of the business.

Keim (1978) and Hamilton (1979) have described the relationship between philanthropy and strategic benefits to the firm in general terms. Efforts to measure one aspect of this relationship, using aggregate data collected by government agencies, have been made by Levy and

Shatto (1980) and Fry, Keim, and Meiners (1982). However, a general typology of strategic philanthropy has not been developed in the management literature.

Two types of strategic philanthropic behavior can be distinguished. The first involves the way in which a firm manages the philanthropic function. A professional business approach is applied to determine the goals, budgets, and criteria for specific grants (Koch, 1979; Troy, 1982; "The Changing Face of Philanthropy," 1984). This application of strategic planning and implementation concepts to the philanthropy function is <u>strategic process</u> (SP). Indicators of SP include the degree of professionalism in staffing, budgeting, evaluation and decision-making; the extent to which the program is targeted to specific areas or types of recipients; and the perceived effectiveness of the program. Not only should the firm's philanthropic program be more professionally managed; the nonprofit recipient agency should also become more professional in planning, budgeting, and fundraising. Standard criteria of efficiency and effectiveness should be applied to the achievement of the goals selected by the nonprofit organization.

The second type of strategic philanthropic behavior involves linking contributions to business performance goals or management of critical contingencies. This pragmatic and explicitly self-interested targeting of contributions is labelled <u>strategic outcome</u> (SO). The goals or contingencies addressed by SO philanthropy may be market- or resource-oriented or may result from interactions in the political or social environment of the firm. Consumers, employees, community groups, or regulatory agencies may be targets for this type of strategic philanthropy.

This study of philanthropic activities of large firms, headquartered in the San Francisco Bay Area, confirmed the presence of both types of strategic philanthropy.

## Study Methodology

The focus of this research project was community involvement of firms headquartered in the greater San Francisco Bay Area (Burke, et al., 1986a). This region contains a diverse mix of traditional manufacturing, high-technology, and service sector firms, and is comparatively active in terms of corporate philanthropy. Many firms headquartered in San Francisco and Oakland have a long tradition of contributing to community welfare (for example, Maxwell and Medgyesi-Mitschang, 1985). The growth of high-technology firms, headquartered in Silicon Valley, has added significantly to the corporate donor pool. One explicit focus of the study was to determine whether high-technology firms displayed different community involvement patterns from the traditional manufacturing and service sectors.

The initial population consisted of the 60 largest firms, based on total revenue, in three ownership categories: 40 publicly traded companies, 10 subsidiaries of public companies, and 10 private firms. Fourteen firms declined to participate. Of the 46 firms that participated in the study, 33 were public companies, 10 were subsidiaries, and 3 were privately held. The distribution of firms by industry sector is indicated in Table 1. High-technology firms conduct research, manufacture, and market electronics products. The traditional manufacturing and industrial category includes production of consumer goods (e.g., food, clothing) and basic raw and industrial materials (e.g., lumber, petroleum, and metals). The service sector includes financial, public utility, transportation, and retail firms.

Extensive archival research yielded information about each firm's performance on a broad range of social responsibility issues as well as on traditional measures of economic performance. This was followed by in-depth, on-site interviews with the officer or employee responsible for the philanthropy program. While the major focus was the contributions program, other activities such as employee volunteer programs and noncash contributions were also investigated to develop a more complete view of the firm's philanthropic efforts (Burke, et al., 1986b).

Information was collected to assess both the degree of institutionalization of the philanthropy function and any links between philanthropy decisions and the strategic issues facing the firm. The stated rationales by corporate personnel and the actual outcomes of philanthropic programs were used to develop the typology of strategic philanthropy, to identify specific indicators for each category, and to classify the philanthropic activities of individual firms in terms of strategic process and strategic outcome. Each evaluator independently rated every firm; the default judgment was that philanthropic behavior was not strategic. To classify philanthropic behavior as strategic, both the number of indicators of strategic orientation and the extent of benefit gained by the firm were assessed. The initial inter-rater agreement was 95%. In resolving the remaining 5% of the cases, emphasis was placed on classifications which maintained maximum differentiation between strategic and non-strategic philanthropy and between the types of strategic outcomes.

The presence of either type of strategic behavior depends on several factors. Corporate culture, tradition, and management orientation significantly influence all contributions programs. Opportunities to target philanthropic contributions to further business objectives differ across firms, as do constituency demands. In addition to reporting the frequency of strategic philanthropy by industry sector, we investigated three other factors that may help to explain the specific strategic philanthropy categories: placement of the philanthropy function within the organization, firm age, and firm size.

## Presence of Strategic Process (SP) in Philanthropy Programs

Professionalism is the defining characteristic of the strategic process (SP) orientation. Formal planning, needs assessment, and recipient evaluation typify this professionalism.

The following indicators were used to classify the SP orientation of firms in the study:

a. formal assessment of community needs;
b. funding priorities and dollar targets, established in light of the firm's relation to its communities;
c. written guidelines for the program available to the public and professional record-keeping;
d. onsite evaluation of prospective recipient organizations and evaluation of program effectiveness before and after the funding decision is made; and,
e. participation in networks composed of nonprofit agencies, foundations, and corporations active in grantmaking.

Firms that exhibited three or more of these indicators were classified as SP.

Approximately 61% of the sample firms (28 of 46) exhibited SP behavior. The extent of SP behavior by industry sector is reported in Table 1. While the overall SP orientation is substantial, no statistically significant differences by industry sector were observed.

Table 1 about here

With an SP orientation, firms develop and exercise control over coordinated contributions programs. Many firms that exhibited SP reported that their programs had become more professional within the past ten years. This occurred because top management became more aware of the importance of community involvement and were willing to invest corporate resources to professionalize the function. The most interesting question that emerges from Table 1 is why 39% of the firms did <u>not</u> exhibit SP behavior. About one-third of those which did not meet the criteria for SP expressed interest in and showed signs of moving in this direction. Many of these firms were rapidly growing, and their organizational structures and corporate staff functions were still evolving. In several other cases, highly decentralized firms preferred to delegate contributions decisions to local managers without establishing a formal structure and process for managing philanthropy.

<u>Presence of Strategic Outcomes (SO)</u>
<u>in Philanthropy Programs</u>

A strategic outcome (SO) orientation to philanthropy involves the presence of direct links between contributions priorities and specific organizational constituencies. Three categories of SO philanthropy were distinguished in this study:

SO1 Focus on market development.

SO2 Focus on employee development.

SO3 Focus on external stakeholder groups.

The defining criteria for each SO category are discussed below. Table 2 reports the frequency of each type of SO philanthropy by industry sector.

Table 2 about here

Market Development (S01)

Building or extending markets is the target of the S01 strategic orientation. The company recognizes that it can serve philanthropic goals as well as develop or extend its markets (Varadarajan and Menon, 1988). Several types of market development may result from S01 philanthropy:

a. introducing a new product;

b. introducing a product to new groups of customers;

c. increasing the use of goods and services by existing customers; or,

d. targeting a new geographic area.

Cause-related marketing programs such as the American Express' Statute of Liberty campaign are examples of S01 philanthropy (Caesar, 1986; Mescon and Tilson, 1987). Among firms in this study, donations of computer hardware or software to schools exemplify the S01 orientation. These donations can improve public education while exposing students and schools to a firm's product line. The strategic rationale is to increase students' receptiveness to computer technology and to create a preference for specific products.

One might expect a great deal of S01 philanthropy, but we found relatively little in this population. Only five companies exhibited an S01 orientation. The S01 approach requires a fairly direct relationship between the end consumer and the company making the contribution. In all five cases, SO1-type contributions involved product rather than cash donations. Clearcut cases of SO1 philanthropy were found in three of the four high technology companies that sell consumer products.

Employee Development (SO2)

SO2 philanthropy is directed toward internal organizational development, especially in the area of human resource management. Such contributions are extensions of employee benefit and recruitment programs. The criteria used to determine whether a firm exhibited an SO2 orientation were references to one or more of the following as major priorities:

a. maintaining the health and welfare of current employees and their families;

b. developing contacts with potential employees;

c. developing employees' abilities, related to the work setting or to personal growth; and

d. involving employees in philanthropic decisions.

In this study, a much higher proportion of the firms demonstrated SO2 behavior than SO1. Approximately 37% of the firms (17 of 46) explicitly linked their programs to employees. Recipients included child care referral services, alcohol and drug abuse treatment centers, universities identified as desirable sources of future employees, and organizations funded to match employee donations. Sixteen of the 28 manufacturing firms, including ten of the 14 high-technology firms, took an SO2 strategic approach. Only one of 18 service sector firms took this approach.

Differences between manufacturing and service firms may stem from their different orientations toward employees. Employees are a more critical contingency for manufacturers than for other firms. For traditional manufacturers, the size of communities where facilities are located contributes to a familial relationship between the company and its employees. In most factory towns, employees typically have a long-term association with the company, often spanning generations. Traditional manufacturers are thus more likely to provide for activities that meet the needs of their employees and their families. In contrast, large service firms are more likely to locate in urban areas where community ties are weaker, and labor supply and mobility are greater.

For high technology firms, human resource management is a critical contingency for success. Innovation and technological leadership require access to the most highly trained and most creative employees. These firms face severe supply and demand conditions in attracting and retaining employees and use many corporate resources, including philanthropy, to respond to this constraint. Contributions to higher education are particularly favored by these firms in order to recruit well trained employees from a larger labor pool and to provide high quality continuing education for current employees.

External Stakeholder Management (SO3)

SO3 philanthropy focuses on improving the organization's image and interactions with specific stakeholder groups other than customers and employees. Linking contributions to business activities aimed at regulators' interests, as banks and utilities frequently do, is an example of SO3 behavior. In general, SO3 philanthropy targets interest groups which have exerted pressures on the firm or are thought likely to do so in the future. Firms were only classified as type SO3 when these activities were given definite priority in their contributions programs.

Nine of the 46 companies (19.6%) exhibited SO3 behavior. Seven of the nine were service sector firms. Five were banks and utilities that faced regulatory constraints. The other four were acting to satisfy other stakeholders, such as environmental and minority groups, that might otherwise interfere with the achievement of business goals.

## Other Factors Related to Strategic Philanthropy

As shown in Table 2, statistically significant relationships were found between industry sector and all three strategic outcome categories. To further explore the factors related to strategic philanthropy, data about the placement of the philanthropy function within the organization, firm age, and firm size were analyzed.

Table 3 presents data on the relationship between SP behavior and the position of the philanthropy function in the organization.

Table 3 about here

Firms that exhibited SP behavior tended either to locate the philanthropy function within the public and governmental affairs departments or to create a separate staff for administering the contributions program. The interviews indicated the possible significance of firm age in explaining placement of the philanthropy function.

To examine more explicitly whether firm age was related to each type of strategic philanthropy, firms were separated into two age categories. Firms were classified as "old" if founded before 1965, and "young" if founded after 1965. The results of this analysis are reported in Table 4.

Table 4 about here

Contrary to the expected relationship between SP and firm age, no significant statistical relationship was found. It may be that organizational structure operates as an intervening variable between the age of the firm and the presence of an SP orientation. We found that older firms tended to locate the philanthropy function within established departments in public, governmental, or community affairs. These older firms were more likely to have created public or governmental affairs departments in response to changes in social expectations of business during the past two decades. The philanthropy function was readily incorporated into these existing organizational units. By contrast, younger firms that had developed an SP orientation tended to create a separate staff position with responsibility for philanthropy.

The relationship between firm age and the presence of the three types of strategic outcome philanthropy is also reported in Table 4. Younger firms are more likely to engage in SO2 (employee) strategic philanthropy. Although the employee-oriented SO2 philanthropy is exhibited by both high technology and manufacturing firms, the presence of a large number of high technology companies in the younger firm category may account for the association between age and SO2 behavior. By contrast, only older firms engaged in SO3 behavior. This relationship may be due to the age of service sector firms with which external stakeholders have traditionally established important institutional ties.

To test the relationship between firm size and strategic philanthropy behavior, firms were separated into "large" ($200-$600 million in revenues) and "very large" (greater than $600 million in revenues). As shown in Table 5, relationships with SP and SO3 were found to be significant.

Table 5 about here

The relationship between the SP orientation and very large firms may be the result of a greater formalization of all staff functions in very large organizations. Only the very large firms engaged in SO3 behavior. A combination of high visibility based on sheer size and the nature of their business activities, predominantly services, may explain this finding.

To summarize, the major empirical findings in this exploratory findings are the following:

1. The strategic process (SP) orientation is evident in over 60% of the firms and is likely to increase in the future. Industry sector was not a differentiating factor for professionalization in this population. While firm age is not related to SP behavior, firm size as measured in this study is associated with the presence of SP. Very large firms are more likely to professionalize philanthropic giving. Two patterns of placement of the philanthropy function were associated with SP -- within public and governmental affairs departments or as a separate staff function.
2. Market development (SO1) as a strategic outcome was not highly represented among these firms. It was primarily associated with consumer-oriented high-technology firms.
3. Employee development (SO2) is the most common form of strategic outcome. Both high-technology firms and traditional manufacturers tend to display this orientation in contrast to very low frequency among service sector firms.
4. External stakeholder management (SO3) is most likely to occur among very large and old firms, especially in the service sector.

Implications of Strategic Philanthropy

These findings about strategic process and strategic outcomes in corporate philanthropy have implications for nonprofit organizations' fund-raising and volunteer recruitment at both a micro level and a macro level.

At the micro level, the general implication is hardly novel, but it gains even more strength because of the strategic orientations of corporate donors. Nonprofit organizations need to respond aggressively to strategic corporate philanthropy by becoming more strategic themselves (Harvey and McCrohan, 1988). Nonprofit managers will be more successful when they can (1.) demonstrate professional project planning and implementation and (2.) target programs and fund-raising explicitly to appeal to specific strategic outcomes desired by firms.

Nonprofit organizations have a growing number of resources available to become more professional. Educational degree programs have been created to train nonprofit personnel in management and marketing. Seminars and short courses about professionalism are increasingly available in the nonprofit community. One resource that may not be obvious to all nonprofit managers is the assistance of corporate managers. We found a number of instances where corporate contributions officers and other executives assisted nonprofit organizations whose clients and projects were attractive for funding, but whose internal operating procedures were inadequate. They worked with nonprofit staff to develop sound planning and reporting procedures, and in many cases the firm later funded proposals from these organizations. This was particularly for young Silicon Valley community organizations and high-technology firms.

In our study, corporate managers were the initiators to link their business goals of developing markets, employees, and external stakeholder relationships to nonprofit organizations' programs. Nonprofit managers may also initiate links between their programs and corporate strategic outcomes. The relatively low incidence of market development linkages (SO1) suggests that opportunities for joint-benefit marketing exist. Nonprofit managers need to become more aware of the wide range of marketing levels toward which they can design innovative linkages (Varadarajan and Menon, 1988).

While employee development linkages (SO2) are more commonplace, they are also probably the easiest to promote to firms. Nonprofit managers can make corporations more aware of how their programs can help corporations recruit employees or improve employees' quality of life. Beyond direct communication with corporate contributions managers, nonprofit managers might also investigate whether their current volunteers are employees of firms that operate community involvement teams. In recent years, a number of companies have begun to encourage groups of employees to identify community needs and raise funds to meet these needs. Companies often match the funds raised by their employee teams, so a nonprofit organization may have an entree into corporate funding by interesting a firm's employees in its programs. Nonprofit managers should be aware of local corporate community involvement teams. Interacting with these teams would help to link nonprofit programs with corporate employee development strategies.

Nonprofit organizations that represent the interests of external stakeholders might also become more proactive in designing programs that capitalize on this relationship. Very large firms, especially in the service sector, appear to be receptive to funding well designed programs that meet the needs of external stakeholders. Publicizing these needs and creating opportunities for firms to respond philanthropically will help both the nonprofit organizations and their sponsors.

Targeting fund-raising to corporations' interests in strategic outcomes is consistent with the recommendation that "much of the focus on non-profits' strategic planning must be shifted increasingly from recipient constituencies to donor groups" (Harvey & McCrohan, 1988: 48). However, there is a limit to how much nonprofit organizations should address corporate strategic outcomes, and this relates to the macro implications of strategic philanthropy. It is one thing to target potential corporate donors in terms of the strategic outcomes they might favor. It is another thing to abandon a professional assessment of community needs and develop only those programs that appeal to corporate strategic outcomes. This would sacrifice the strategic process that many corporate donors value as well as sacrifice community needs.

The survival of a diverse population of nonprofit organizations whose programs do not directly benefit business is a serious concern. The strategic process orientation of corporate philanthropy programs will work to keep nonprofits focused on community needs assessment and other professional practices. However, corporate managers are likely to face increasing pressure to justify contributions in terms of specific strategic outcomes because of tougher competition and the corporate takeover movement. A higher emphasis on short-term profits may threaten funding for nonprofit organizations that only indirectly benefit the business community.

## Future Research Issues

A number of corporate managers interviewed for this study indicated that their firms were re-evaluating existing community involvement programs. This re-evaluation was stimulated by the dual pressures on firms to respond to community needs and, at the same time, use corporate resources more efficiently to meet economic challenges. Thus, many firms were looking for ways to integrate contributions programs and community needs more effectively. The growth of employee volunteer programs and increasing participation in networks of grant-making organizations promote this integration. Recently corporate takeovers or takeover threats also have increased pressure to re-evaluate philanthropy programs (McElroy and Siegfried, 1984; Maita, 1986). Thus, research about the strategic orientations of philanthropy and its implications is timely.

Future empirical work should focus on measuring the amount of strategic philanthropy in a larger and random sample of corporations. Our study was exploratory in nature to identify strategic categories, indicators, and frequencies for firms in one region. More research is needed to ascertain the influence of institutional factors (Galaskiewicz, 1985; Useem, 1988) and other community factors on strategic philanthropy (McElroy and Siegfried, 1986).

Specifically regarding the strategic process orientation, the relationships to giving levels and to organizational variables such as centralization are not yet empirically tested. The influence of founders' and top executive attitudes about philanthropy on professionalization is similarly untested, but would logically be very strong. Systematic calculation of the costs of professionalizing the philanthropy function relative to the benefits generated by the firm and the community is relevant to understanding why many firms exhibit SP but others do not.

Another set of research questions involves the impact of strategic outcome philanthropy on total corporate contributions and the specific targets for these contributions. As managers become more likely to view philanthropy as a useful resource to achieve business objectives, do they increase contributions or redirect current giving to more strategic targets? One might predict that an increase in strategic outcome orientation, particularly market development (SO1), will increase the level of corporate resources devoted to philanthropy, or at least minimize reductions in giving during periods of poor economic performance. However, this may not be occurring. The growth rate of corporate contributions has significantly slowed in the late 1980s (Asinof, 1987; Platzer and Duffy, 1989). Whether the strategic outcome orientation has influenced this trend is unknown and should be investigated.

The impact of increasing strategic philanthropy on the nonprofit sector is also an important area for research. Nonprofit organizations are being advised to develop strategic orientations of their own. Focusing programs on the strategic needs of firms is likely to attract higher levels of corporate support, especially to agencies that demonstrate professional management. However, this trend may reduce funding for some critical social needs that do not serve corporate objectives directly. It may also have a negative impact on fundraising by intermediary organizations, such as United Way. Employee-oriented strategic philanthropy, particularly grant-matching, may increase corporate contributions to intermediary organizations. However, firms that engage in market-oriented or external-stakeholder-oriented strategic behavior may choose to emphasize high visibility programs associated with their own corporate names, rather than increase support for traditional community campaigns.

Finally, there is a research agenda related to non-strategic philanthropy. While the interviews and impressionistic observations confirm the presence of a number of indirect benefits resulting from contributions, the specific types and measures of these indirect benefits have not been systematically developed in the literature. A more precise understanding of these non-strategic benefits will help to explain why more firms have not embraced strategic philanthropy.

Although philanthropy is traditionally considered in the exclusive domain of corporate social responsibility, philanthropy can also be used for implementing business strategy. The dual pressures on firms for greater efficiency and profitability and greater responsiveness to society's problems will reinforce the trend toward strategic philanthropy. Recent work in both the strategy and business-and-society fields has emphasized the need to integrate the social environment and specific constituencies into strategic decision-making. Corporate philanthropy, as it becomes more strategic, is an area where this integration can be observed and strengthened.

Table 1:

STRATEGIC PROCESS (SP) ORIENTATION IN CORPORATE PHILANTHROPY BY INDUSTRY SECTOR

| | SP | Not SP | No. of Firms |
|---|---|---|---|
| High Technology | 6 | 8 | 14 |
| Manufacturing and Industrial | 11 | 3 | 14 |
| Service Sector | 11 | 7 | 18 |
| Total | 28 | 18 | 46 |

Table 2:

STRATEGIC OUTCOME (SO) ORIENTATION IN CORPORATE PHILANTHROPY

BY INDUSTRY SECTOR

| | SO1* | SO2** | SO3* | No. of Firms |
|---|---|---|---|---|
| High Technology | 4 | 10 | 0 | 14 |
| Manufacturing and Industrial | 1 | 6 | 2 | 14 |
| Service Sector | 0 | 1 | 7 | 18 |
| Total | 5 | 17 | 9 | |

* Chi-square significance: p = .05 (df = 2)

** Chi-square significance: p = .005 (df = 2)

Table 3:

STRATEGIC PROCESS (SP) ORIENTATION IN CORPORATE PHILANTHROPY

BY LOCATION OF FUNCTION

| | SP* | Not SP | No. of Firms |
|---|---|---|---|
| Public/Govt. Affairs | 14 | 4 | 18 |
| Separate Staff Person | 10 | 0 | 10 |
| Executive Officer | 1 | 8 | 9 |
| Other | 3 | 6 | 9 |
| Total | 28 | 18 | 46 |

* Chi-square significance: $p = .005$ (df = 3)

Table 4:

STRATEGIC PHILANTHROPY ORIENTATION

BY FIRM AGE

| | SP | SO1 | SO2* | SO3** | No. of Firms |
|---|---|---|---|---|---|
| Young (1) | 6 | 2 | 9 | 0 | 13 |
| Old (1) | 22 | 3 | 8 | 9 | 33 |
| Total | 28 | 5 | 17 | 9 | |

(1) Firms were classified as young if founded after 1965 and old if founded before 1965.

* Chi-square significance: $p = .005$ (df = 1)

** Chi-square significance: $p = .05$ (df = 1)

Table 5:

STRATEGIC PHILANTHROPY ORIENTATION

BY FIRM SIZE

| | SP* | SO1 | SO2 | SO3** | No. of Firms |
|---|---|---|---|---|---|
| Large (1) | 10 | 4 | 9 | 0 | 22 |
| Very Large (1) | 18 | 1 | 8 | 9 | 24 |
| Total | 28 | 5 | 17 | 9 | |

(1) Firms were classified as large if annual revenues were between $200 and $600 million and very large if annual revenues were greater than $600 million.

* Chi-square significance: p = .05 (df = 1)

* Chi-square significance: p = .005 (df = 1)

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