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The Philanthropic Process of Private and Publicly Traded U.S. Companies

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THE PHILANTHROPIC PROCESSES OF PRIVATE AND PUBLICLY TRADED U.S. COMPANIES

Carla Woodson

A thesis submitted in partial fulfillment of the requirements for the Masters of Science Degree of Sociology, Human Services Administration

Minnesota State University, Mankato
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May 2023
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The Philanthropic Processes of Private and Publicly Traded Companies

Carla Woodson

This thesis has been examined and approved by the following members of the student’s committee.

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THE PHILANTHROPIC PROCESSES OF PUBLIC AND PRIVATELY TRADED COMPANIES

CARLA WOODSON

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF SCIENCE IN SOCIOLOGY

MINNESOTA STATE UNIVERSITY, MANKATO

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ABSTRACT

The author looks at the essence of corporate philanthropy, analyzing the drivers of why corporations give and how these organizations assemble themselves within the face of crises. While there is significant research on the different types of corporate philanthropy and its drivers, there is very little known about the way decisions are reached by committee members and executives who oversee allocating these funds. Using a qualitative method approach with semi structured in-depth interviews of respondents who currently work in the field of corporate giving for a US based private or publicly based company. A case study of three companies reveals the importance of leadership attitudes toward philanthropy, localized giving, and how nonprofits can find new opportunities for partnerships. Nonprofit organizations and fundraisers will be able to use this information to help them to better navigate the corporate organization’s funding process for their charitable organizations and causes.
CHAPTER ONE: INTRODUCTION

According to Giving USA’s Annual Report (2022), corporations and foundations gave nearly $112 billion to nonprofit organizations last year. For nonprofit organizations, seeking funding from corporations is imperative to their fundraising goals. However, many find that navigating this process can be frustrating due to the sometimes mysterious and elusive selection process that corporations may have in place. This study is designed to help nonprofits to navigate the daunting process of accessing available corporate giving programs and donations.

In a timespan of less than 50 years, “philanthropy went from nonexistent to a legitimate, taken-for-granted activity in virtually all large and multinational firms” (Gautier and Pache 2015:362). Corporate philanthropy has grown increasingly through the decades with varying definitions such as Corporate Social Responsibility (CSR), sustainable development, and so on. With incentives ranging from altruistic to strategic, corporations give for a variety of reasons, with some achieving a sort of symbiotic relationship where both the organization and the community benefit from the relationship. The research (Tilcsik and Marquis 2013) has also focused on corporate giving in times of crisis. There are corporations that take a more firm-centered approach that, in the end, may give more benefits to the business that is involved, such as recovering from their past social performances.

In contrast, the community centered approach allows businesses to work with a broader selection of NGOs and government agencies to develop solutions for recovery needs. Historically, the literature (Galbreath 2010) analyzing the drivers of corporate
philanthropy seems to ignore institutional dynamics across industries and firms. While there is significant research (Bekkers and Wiepking 2011) on the different types of corporate philanthropy and its drivers, there is less focus on how decisions are reached by committee members and executives who are in charge of allocating these funds. What is their decision-making process, and who participates in it?

In this study, I will attempt to build on prior research by answering the following questions: What are the philanthropic decision-making processes used within private and publicly traded U.S. companies, and how are those processes affected in times of crisis? Shedding light on processes used for decision making will help nonprofit organizations and fundraisers to navigate the varied and elusive processes in existence. Having this information will help them to better fund their charitable organizations and causes.

Corporations and government agencies can use the outcomes to create or improve their existing philanthropic department. In addition, businesses could also use the information presented to create or improve emergency process plans that could be readily implemented to better serve their community in the case of a crisis or emergency. This study uses a qualitative method approach with semi-structured in-depth interviews of respondents who currently work in the field of corporate giving for a US based company. This type of approach allows a broader understanding of the many different individual giving processes used by corporations.
CHAPTER TWO: LITERATURE REVIEW

What is Corporate Philanthropy and CSR?

Corporate philanthropy has grown increasingly over the decades to include a wide range of businesses from small and midsize enterprises to large multinational corporations around the world. These businesses make gifts to charitable organizations or set up foundations of their own (Gautier and Pache 2015; Porter and Kramer 2006).

Corporate Social Responsibility (CSR) is defined as a continuing commitment by business to behave ethically and contribute to economic development. Their commitment includes improving the quality of life of the workforce and their families as well as the local community and society, which can be deemed as a representation of the company (Carroll 1999; Holmes and Watts 2000; Sen and Battacharva 2001).

The association between corporate philanthropy and CSR is not well defined. Corporate philanthropy originated in the United States and was known for “voluntary reductions in corporate income” (Stroup and Neubert 1987:22). Although many articles seem to use the terms “corporate philanthropy” and “corporate social responsibility” synonymously, they are separate entities. Corporate philanthropy is the predecessor of CSR (Gautier and Pache 2015; Matten 2003; Mescon and Tilson 1987). The term CSR tends to be used more when dealing with international and foreign businesses.

Why do corporations give?

Research on the motivations of corporate philanthropy range along a continuum from altruistic to strategic motives (Saiia, Carroll, Bucholtz 2003). There is a general
belief that businesses are contributing to good long-term business prospects when organizations provide non-mandatory philanthropic activities which in turn build positive moral capital (Besser, Miller, and Perkins 2006; Duarte 2010; Godfrey 2005). In earlier literature, the prevailing attitude was that corporate philanthropy indirectly serves the company’s interests. Although corporations may prefer profitable pursuits over contributions, they will eventually benefit from their philanthropic endeavors. (Baumol 1970; Davis 1973). More recent literature, however, has looked more in depth at the rationales for corporate giving and has found at least some higher ideals of selflessness and generosity. For example, corporate philanthropy could be used as a voluntary expression of the company’s commitment to the common good. Some philanthropic firms do not expect a direct return for their gifts. This separates sponsorship from philanthropy where many companies do not evaluate the significance of their donations since the hypothetical pay-off is ambiguous and difficult to measure (Godfrey 2005; Stendardi 1992; Maas and Liket 2011). A firm’s commitment to the society that encompasses it is corporate philanthropy.

Second, the field defines corporate philanthropy as a long term, community-oriented investment wherein businesses try to remain competitive while promoting their business environment. When critical needs in the community are served, it benefits the company by producing social cohesion and a higher quality business environment, wherein businesses can flourish with their communities. This type of business environment is central to having a competitive advantage and is a sort of return on their investment. (Baumol 1970; Davis 1973; Porter and Kramer 2002). This is often related to
the model of enlightened self-interest (Hallak, Brown, and Lindsay 2013). Thus, the companies’ investment in the community could improve corporate performance (Besser et al. 2006), and community goodwill increases because of corporate philanthropy.

Corporate social responsibility has different drivers that influence companies to act. These include capacity to act, firm size, cash flow, economic condition, external control, reputation, geographical spread, culture, internal control, conformity, sensitivity to public perception, and adherence to legal obligation (Galbreath 2010; Laudal 2011). Many of these drivers could be explored further as a better understanding is needed of both the “institutionalization process of philanthropic practices among businesses and the actors involved in the related institutional work” (Gautier, Pache 2013:20).

Corporate giving during natural disasters and crisis

Corporate philanthropy and charitable giving have been a significant source to help vulnerable people to adapt and survive in their society after numerous natural disasters have occurred around the world such as the 2005 Hurricane Katrina, the 2008 Hurricane Ike in the United States, the Weather Damaged Crop of 2008 in the United States, the 2010 Haiti Earthquake (Johnson, Connolly, and Carter 2011; Madsen and Rodgers 2014), and so on.

When it comes to disasters, prior studies have found that larger, more profitable businesses that are located in the community where the disaster occurred and firms with a record of philanthropy or a strong emphasis in corporate social responsibility are more likely to contribute to disaster relief (Crampton and Patten 2008; Tilcsik and Marquis
While it seems the inverse would be true, large-scale disasters often correspond with less corporate philanthropy when compared with smaller disasters due to the harm the disasters might inflict on the infrastructure such as disabling nonprofit networks and decreasing the financial capacity of businesses to participate in additional relief efforts. There are anecdotal records of businesses from vastly different industries that provide much needed aid by donating innovative and specialized solutions such as data salvage, communications, emergency accommodation, storage facility restoration, and staff counseling services for disaster recovery (Chamlee-Wright and Storr 2014).

Some firms adopt a more strategic approach to philanthropy by concentrating on high-profile donations to charitable organizations such as the Red Cross or World Vision which operate on a permanent basis and collect and disperse funds for natural disaster aid. Some might donate to temporary funds such as the Hurricane Sandy Relief Fund. These businesses engage at arm’s length relationships with charitable organizations in order to improve customer relations and elevate their reputation. The end goal of this type of corporate philanthropy is a positive financial return for the firm (Johnson et al. 2011; Madsen and Rodgers 2015; Porter and Kramer 2006). This form of philanthropy improves the company’s reputation and strengthens relationships with key stakeholders. Some firms use philanthropy to “atone” for their past social performances. In this firm-centered approach, philanthropy helps businesses to recover from negative past social performances when they provide communities with resources that are needed to recover (Godfrey 2005; Muller and Krausl 2011, Wang and Bansal 2012).
When business continuity management is community centered, it emphasizes a wider set of community stakeholders. Businesses help community members by creating or extending existing products and services, which provides the community with needed supplies sooner and thus speeds its recovery. When corporate philanthropy is community centered it involves networking with a broader selection of NGOs and government agencies. These organizations work together to produce in-kind and innovative solutions that assist the community’s disaster recovery needs. Community centered firms also sponsor employee volunteers to help rebuild disaster-struck communities and finance internships for employees at disaster related NPOs. This type of corporate philanthropy calls for a partnership between firms and community stakeholders. If this type of partnership does not occur, in-kind donations can actually undermine disaster response efforts by creating logistical challenges. Community centered responses repair and sustain critical infrastructure which includes emergency services, health care, utilities, and banking. These systems diminish the effects of the crisis for the entire community at large. In times of crisis, these firms play a significant role either through collaborations and partnerships, or directly as an operator of this critical infrastructure (Chen et al. 2013; Johnson et al. 2011; McKnight and Linnenluecke 2016).

Studies have shown that corporations are often vital in the social space of administrative efficiency, providing resources and important contacts for discourse on disaster response (Johnson et al. 2011). Although CSR is a principal part of business language and practices, the drivers of CSR have evolved and changed over time. However, in the U.S. there is no mandated regulation of CSR activities, as it is voluntary.
This limits the ability of governments and policy makers to make decisions regarding what corporations already do. Some studies have recommended that corporations should establish policies to ensure corporate or private sector involvement in disaster response situations. These policies could also include collaborating with other companies which would increase the government’s ability to respond effectively in the case of a disaster (Caroll 1999; Johnson et al. 2011). We have learned that for managing and future planning, corporate activities need to be included and considered when developing comprehensive disaster response activities. While this is a key step, organizations deciding what is socially responsive needs to be studied first.

*How do corporations determine who receives charitable contributions?*

Legal scholars have often dealt with the issue of who makes the decisions. When studying a sample of 200 publicly listed companies, researchers found that top management plays a significant role in shaping the overall size of the philanthropic activities. In most companies, the main board of directors have the final say in 32% of cases (Brammer and Millington 2006).

While prior researchers have identified who is most commonly responsible for making decisions, less research describes the decision-making processes that unfold within the organization. Understanding this process would help to shed light on this dimension of corporate behavior. There are few details about how executives and committee members who are charged with allocating the organization’s philanthropic funds make decisions. Since philanthropy and CSR practices are voluntary, there are not
mandated processes that corporations follow. We know very little about the way
decisions are made by these committee members and executives in charge of allocating
these funds (Gautier and Pache 2015). What is the decision-making process? Who participates in it? How are benefactors chosen? In this study, I will attempt to fill this gap by answering the following question: What are the philanthropic decision-making processes used within private and publicly traded U.S. companies, and how are those processes affected in times of crisis?

Researchers DiMaggio and Powell (1983) suggest that organizations develop similarities over time. Generally, the actions of organizations are constrained by the environment that they operate within and tend to mirror or mimic the behavior of other organizations. While there are multiple ways in which similarities (isomorphism) could develop, DiMaggio and Powell (1983:152) describe “mimetic processes” where organizations follow the most successful organizations. “Organizations tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful.” Especially in contexts where organizations have uncertain outcomes from their actions, organizations will tend to model themselves after other successful organizations (DiMaggio and Powell 1983:152). Given that philanthropy has very unstructured benefits for the organization, the uncertain connection between means (philanthropy) and ends (better community relationships or profits) should produce a certain degree of isomorphism or similarity between organizations.
CHAPTER THREE: METHODS

Research Strategy

For this study, I used a qualitative method approach. The findings presented are derived from in-depth interviews with respondents. Because philanthropy is voluntary, corporations can run their organizations idiosyncratically, and although there is some research on who is making the final gift giving decisions, I did not want to stifle the enrollment by only including upper-level management in the study, so I placed few restrictions on candidates who would be eligible for the interview. Respondents must be over the age of 21 and currently working in the field of corporate giving for a Minnesota based company. Although there are no tangible incentives for participation in the study, participants may enjoy reflecting on their knowledge of the philanthropic process.

These interviews were conducted between February and March of 2023. According to Gautier and Pache (2015), we know little about how the philanthropic decision-making process unfolds. By using a semi-structured interview approach, we will facilitate a broader understanding of each individual corporation’s giving process, by analyzing retrospective accounts from participants. This will also help us to look at the role and function played by corporate officers, not only within firms, but also their role as an actor to nonprofit organizations that receive their gifts. I conducted semi-structured in-depth interviews because they allow researchers to see each participant’s view of their company’s process and allow for personal adaptation of what works well, and what does
not. This method allows researchers to learn about participants’ experiences and how they make sense of them (Lamont and Swidler 2014).

The in-depth interview process allows us to see things as they really are working, not the idealized version that might be found in a corporate handbook. There are, however, some limitations to interviewing. First, interviews are limited for learning on the ground processes. A more naturalistic approach such as the semi-structured approach allows the interviewer the freedom to adjust the questions and the interview for unseen developments. Second, when interviewing respondents, they may only report the positive aspects of their company processes and policies. As Jerlomack and Khan (2014) discuss the “attitudinal fallacy” in interviewing, we want to avoid an “idealized version” of any one position, organization, or even of the philanthropic process.

A video conferencing application will be used to conduct all interviews. This method allows convenience and privacy for the respondent. Interviews will cover questions such as: What does your corporate giving program look like? See Appendix C for the interview questions. Throughout each interview, I will ask participants to give examples, and to use their personal experience within the organization when possible. Each interview lasted close to one hour.

Recruitment

After receiving approval from my university’s review board, participants were recruited using the following methods. First, I located a website using a Google search engine, searching for Minnesota corporations that have corporate giving programs. A
website called “The Grantsmanship Center” at https://www.tgci.com/funding-sources/mn/corporate divides companies that have corporate giving programs by state. The state of Minnesota lists 75 different corporations that have a specific corporate giving department.

Second, I did a search on the internet for staff internet addresses of each corporation. In many cases, this information was not easy to come by. I dedicated a week to calling corporate offices and asking for staff email addresses in the corporate giving department.

Third, I sent out an email inviting employees who work in the corporate giving programs to participate in the research interview. The email states that I am presently looking to interview vice presidents, directors, managers or officers in community relations functions who have a knowledge of the philanthropic process in their organizations. The email goes on to say that I am not studying best practices necessarily but want to gain more of an understanding as to how each corporation’s charitable contributions are managed, and how decisions for funding allocations are made. It then proceeds to say that the interviews will last approximately 45 to 60 minutes. I stress that although I do not ask for sensitive information, the interviews are confidential. If I do quote any information, the relevant names of people and institutions will be changed. The text of the email is found in Appendix A.

Finally, I sent out a second email a few weeks later to remind them about participating in the study, with a request to forward the email to others in their department that might be interested.
Analysis Plan

Interviews were recorded and transcribed word for word. I read and reviewed each transcript several times, then proceeded to look for patterns and themes that emerge from comparing transcript of the entire interview. Second, I reviewed these themes by writing a round of analytic memo writing which I will use to identify major and/or recurring themes, make constant comparisons between interviews based on the questions that were asked the participants. Third, I will look at the combined common or related themes and compare them to themes in the literature. Fourth, I followed this with another round of memo-writing which was used to help organize the data into common themes.
CHAPTER FOUR: RESULTS AND DISCUSSION

This case study included representatives interviewed from three different US based corporations. Below is a brief overview of the three companies:

Company A: Privately owned holding company with more than 70 subsidiaries across the US. The company has 12,000 employees globally.

Company B: Publicly traded equipment manufacturing company with more than 10,000 employees globally.

Company C: Publicly traded food manufacturing company with over 10,000 employees globally.

In each of the case studies, the interviewed participants were the key employees in executive level roles as senior vice president, and senior managers, and managers. Each participant was the main employee directing the corporate giving for their company. Each oversees the charitable giving budgets and manages the charitable giving programs and strategies for their company.

Company A is a privately owned company that is also family run. This company has a family foundation that sometimes ties into the corporate foundation. Although the interviewee’s main job is completely unrelated to corporate giving, they are also paid to oversee the corporate giving budget and family foundation giving.

The Company B interviewee is an executive senior level employee who is the only member of the corporate giving department, although they network with others who
help in different capacities. This employee is the only employee dedicated full time to corporate giving for their company.

Company C interviewee is a senior level executive who oversees both general counsel and external relations and networks with other employees who also help with corporate giving on an as needed basis.

*Who drives your company’s philanthropy?*

When asked who the driver of their company’s philosophy was, and the senior management’s attitude towards community philanthropy, there were several common threads. Company A interviewee stated that the owner was the main driver of their company’s philosophy. She then went on to give examples of how both the owner and the CEO both have the ability to make giving decisions independent of committees or any other process. “The owner and the CEO obviously can make his own decisions on corporate giving.” She gave the example of an annual day of activities to raise money for a specific cause. Many in the company were involved, but the giving committee wasn’t involved with it at all. “Our corporation was very active in it, and the success of the day had absolutely nothing to do with our committee. The CEO made that decision. I’m assuming he probably talked to someone about it and maybe he didn’t, I don’t know, but it was outside of our committee from a decision’s standpoint.”

When asked what the senior management’s attitude was towards community philanthropy, the answer was, “It depends. Upper leadership was mostly supportive, but it also depends on the individual and that some did a better job than others.” She went on to
explain how some were supportive when the program might benefit the corporation in some way, and others were supportive until more time and effort is needed from the management and employees. As the respondent explained, “The problem for the foundation board is that they may want to fund something, but they can’t make the corporation do anything else, such as select certain people to help with carrying out a certain project. We can’t make businesses participate; we can only fund the dollars because we don’t have ownership over the employees in those businesses as a foundation.”

Company B’s respondent discussed that their governing structure was inclusive of employees and senior executives using the term “employees of all types” involved in corporate giving at their company. They have a leadership giving committee and foundation board made up primarily of the senior executives of the company. They also had different areas of giving such as employee and community giving, and company product giving. Each area had its own governing group of eleven to fifty members.

In addition, Company B has more than 31 communities that are considered a [company name] community. This “community” has 15 employees minimum which supports nonprofits within 40 miles of the facility location. Each of those facilities has a giving ambassador who is a local employee and, depending on their size, has a giving committee that helps to make giving decisions locally.

When asked what the senior management’s attitude was towards community philanthropy, she replied “I would say a half majority of our senior management is very supportive of philanthropy and the CEO of our company is philanthropic himself. He
believes it’s important for our company to show up in the community, and one way that we show up in communities where we have employees is through our partnerships with local nonprofits. Some are more supportive than others, but most of the executives have a high sense of understanding and belief that it is the right thing for us to support our business and the philanthropic way to support our employees and our communities.”

Company C: Our company’s philanthropy is driven by our executive leadership or executive team. The chief executive officer is our CEO, as she explained, “I mean it kind of comes from the top you know. Our CEO believes very strongly in the value of volunteering, charitable giving and doing the right thing. The executive team under him shares that belief and shares that commitment and then I am just you know deputized with carrying it out and delivering on our sort of leadership mission of doing good work in the in the communities where we operate.”

All three company respondents discussed the effect that their owners and top-level leaders had on their company giving. In each case study, respondents discussed the significant role that directors and managers have in shaping the positive philanthropical attitude at their company. This pattern is consistent with research of Du et al. (2013) and Eger et al. (2019). Remarks about how executives have a belief that charitable giving is “the right thing,” were found several times throughout the respondent’s comments.

Decisions about resource allocation for different causes and beneficiaries often lies with top management (Brammer et al. 2006). Although Company B also relies on employee input from all levels of their company for local decisions, the respondent still emphasized the importance of a CEO who has strong support for community involvement.
Company B and C both made references to the CEO being the driver, and that they both have strong beliefs that corporate giving is the right thing to do. This holds consistent with findings by Choi and Wang (2007) who argue that corporate philanthropy can be the outcome of top managers’ benevolence and integrity values. According to a model proposed by Dennis et al. (2009), the most important factor of a firm’s philanthropy is the degree to which the CEO identifies himself or herself as a philanthropist.

Local and Global Giving

All three companies gave locally, but differed in how and who they chose to give to their local communities. Although each company focused on local donations, the global donations were limited almost exclusively to the US even though all three companies have international employees.

Company A focuses on giving to their corporate headquarters state region. For example, they give cash donations to local youth and after school programs for at risk youth. However, they rarely give nationally or globally. “As a general rule we try and really focus on our local area and try and stay away from large national organizations knowing that they have other places generally that they can go to get funds.”

Company B gives locally through their department of community giving. One way they give is through in-kind donations of their manufactured products. Every year they donate equipment that is manufactured by them to nonprofits and communities across the world. “The second piece of that is our United Way partnership who gives to
organizations in the communities where employees work. We do that in a number of ways, whether it’s through financial contributions, board service, volunteerism or fundraising campaigns.”

Since Company C is a food company, they donate to food banks across the US and Canada. When the company has excess finished product inventory, they donate it to a network of food banks. They give to their plants and office locations locally and in Canada.

When analyzing who each company donates to, it was noteworthy that all three companies give to the communities where they have an office or a plant location. There could be several reasons for this. First, these locations might be where the companies are approached by nonprofits, or where employees locate and present certain organizations from their own communities and approach the company for giving. The second reason for localized giving could be one of the drivers or mechanisms of giving which is reputation (Bekkers and Wiepking 2011). Each company may give to beneficiaries in their local community to maintain or increase their reputation of being a charitable organization. If they were to give to another charitable cause in an unknown community it would not benefit their own interests.

The giving that is demonstrated by each of the three companies that give almost exclusively to their local regions is also referred to as the “home region” effect. Prior research (Muller and Whiteman 2009; Lopez, Mohapatra, and Prew 2017) has found that generosity is geographical in nature. There appears there is a greater likelihood of people giving in their local regions, and this fits with the charitable donations of all three
companies studied. Each of their donations were located or tied to geographic areas that were associated with the firm and/or its employees.

*Do You Approach Nonprofits or Do Nonprofits Approach You?*

When asked if their gifts or grants were advertised, Company A stated that it depends. The interviewee said that in the past, they waited for people to approach them, and then they would react. However, they have recently tried to take a more strategic approach by asking if there are people that they should be reaching out to. “We still don’t necessarily proactively reach out unless there’s something we are passionate about. Otherwise, we generally let them approach.” When asked how an organization could find out about available funds, I learned that there is a link on their website with a form that can be filled out to request funds. However, there are not any guidelines or details listed on the application.

Company B does advertise their product donation program on their website year-round on their website and in their community section. Any active grant programs information for the public can be found on the website in the community tab. In addition, they may issue a press release when the programs open and let you promote it on social media. “With 11,000 employees across the world, we may hear about organizations from our employees and learn about them that way.”

Company C stated that because of longstanding relationships with beneficiaries, they do not advertise funds. In response to the question about the application process, the respondent for Company C answered, “There isn’t really an application process.”
Periodically we will get approached by a charity either through an employee or they just come in through the front door asking if we’d be interested in funding them or developing a partnership. Occasionally I have a little flex in my budget for those new opportunities, but you know 80 to 90% of my charitable giving budget is already allocated to charities that are good partners where we have sort of a win-win relationship.”

Two of the three companies have an actual application for donation requests. However, the applications remained difficult to find. To apply for Company A, one would first go to the main company page, then look through the menu, click on “Company,” then click on “about” in the drop-down menu. There is more scrolling through several options where one will then find community involvement. Once you click on that, there is an application which asks basic information such as name, address, website URL, and Tax ID. There are no further details about available funding, application deadlines, or guidelines. However, all three companies make considerations for new organizations each year. Employees also seem to be a point of entry for new organizations to ‘apply’ as the employee can present new causes to the giving committees. Each of the three companies were encumbant on the employee to network within the community.

*What is the Process for Decision Making?*

When asked, “How do you decide who you end up giving to? Is there a process for this?” Company A respondent stated, “We take in requests, and review them
generally on a monthly basis. Requests are reviewed as a small group, and then we make
decisions accordingly. We try to make sure they fit in as much as possible within our
pillars. Occasionally we’ll get a request that either comes from a family member or a
corporate executive that does not necessarily hit our pillars but either they have a
personal involvement such as being on a board, or involvement in a particular fundraiser
or something that will cause us to change that up a little bit and make decisions outside of
our core pillars.” When I asked, “how would someone know what the core pillars are?
Are they listed on the website or how would you know?” the respondent said, “Yeah –
no, you don’t know.” She went on to explain that for larger donations they will
sometimes meet with organizations to learn more details before presenting it to the
committee. This helps them to determine if they will move forward or not.

With Company B, when asked about their decision-making process, the
respondent answered, “We’ve identified our market segments as a company. Then we
align funding with the market segments and with nonprofits in those market segments. If
we have an opportunity to support new organizations, it’s kind of a given. How do we
think the nonprofit aligns with the values of the company because that’s important to us
too. Then in the community pillars, the annual product donation program is open to any
organization to apply within the same criteria. Not a religious institution or a political
organization.”

I then asked, “So what if there were multiple companies asking for funding? You
can’t help everyone right? If there were several people asking for grants or products, how
do you choose between them?”
Company B respondent explained that each state where a production plant is located will get applications for a given product. Then the local community will get the applications and prioritize them according to their budget and provide input. Then the respondent takes the recommendations to the governing group for each pillar. They then approve or not or make changes. “We rely on the local teams to help guide the funding because they’re there, and they know the organizations best.”

Company C also had guidelines about the kinds of charities they would partner with such as 501c3 status, etc. “We decided that our focus was going to be serving the underserved and feeding the hungry and that there were certain things that we would not engage in like religious organizations or political organizations. We also drew a line in the sand around athletic programs.” She went on to discuss how their committee developed a document with corporate giving guidelines. They use this document to drive their decision making. “We really look at those guidelines to drive part of the decision making. Obviously, part of it is, ‘do I have money in my budget?’ but occasionally we’ll have an opportunity to do something that really makes sense strategically, and we’ll just want to make sure that the charity is aligned with our guidelines.”

While Company C has a web page that shares charitable giving and company contributions, their guidelines for giving are only posted internally on the employee internet site, which aren’t available for external use. The respondent mentioned that in the past there was a lot of inconsistency with some asking for donations for their child’s soccer team, or other various reasons. With present internal guidelines in place, all employees are aware of the boundaries that have been set for donation approval.
When analyzing Company A’s process, it seemed that the company wants to appear to have a process in place by saying that organizations seeking funding should fit into their pillars. However, the pillars are not known publicly or internally by other employees. Regardless of whether or not the request fits into the pillars, it is still considered if it comes from a family member (of the owner), an executive, or a board member.

Company B delegates much of the decision-making process to each local company community where its products are manufactured instead of just relying on one committee with the executive committee. Although Company C has put some guidelines in place regarding what types of requests will be funded, it is still all primarily decided by a handful of employees at the executive level.

Each company has internal pillars or criteria that they hold as standards for their company. If these were made known to the general public, certain nonprofit organizations could demonstrate that they align with company values and goals. If they don’t align, it would be clear that they won’t receive funding. In turn, each may be more successful since valuable time wouldn’t be wasted. Posting pillars externally would benefit the company, the employee, and the nonprofit organization.

In all three cases, it is beneficial for an organization to know or ‘get in the front door’ with the help of an employee. All three companies seem to value introductions or input about organizations that might align with company interests. This observation fits with research that underlines how companies tend to look for social cohesion and a way to flourish in their communities (Baumol 1970; Davis 1973; Porter and Kramer 2002).
Does your process change in the event of a crisis or natural disaster?

For Company A, the respondent said that there would be no change in the event of a crisis. Company B said that their process does change. She used the example of the killing of George Floyd and all the events that transpired because of it. As a result, they started to focus more on diversity and equity inclusion. They then developed a program to advance equitable communities where an employee can nominate a nonprofit that they believe is accomplishing this. A committee reviews the nominations, and employees vote on the top three. Their goal was to engage employees in directing funds, and to also learn about the different types of nonprofit organizations within their community.

For other events like natural disasters, Company B said that they usually do matching gifts where employees can donate to support disaster relief, and the company will match it with their matching gift program that is already in place. They will also occasionally encourage employees to donate to a special cause to support people in crisis. Company B does not appear to do things differently as it relates to crisis giving. More accurately, they appear to be open to changing or adapting their giving focus or pillars of giving when social movements or change occur. While they may change the beneficiaries to those that have been affected by a natural disaster, the employee’s matching gift program is already in place. As prior literature (Crampton and Patten 2008; Tilsik and Marquis 2013, Whiteman et al. 2005) noted, disaster giving tends to be for the local communities where the corporation and its employees are located.
Company C’s respondent stated that when natural disasters or other events occur that give rise to an urgent need for food or other resources, they work through Feeding America. For instance, if a tornado or a hurricane hits a certain area and communities need food, “Feeding America will reach out to us, looking for food donations or cash, and we will do what we can to support that need.”

This type of disaster response forms a partnership between firms and community stakeholders. In this case VOAD (National Volunteer Organizations Active in Disaster) is a network made up of community representatives and different organizations that work together to prevent duplication of effort and receive help from those most qualified or able to act. Since Feeding America is part of the VOAD network, this type of response is more targeted and useful in helping to bring assistance where it is needed most. If this type of partnership does not occur, in-kind donations can actually undermine disaster response efforts by creating logistical challenges (McKnight and Linnenluecke 2016).

Advice for Nonprofits Looking for Funding

The following question was asked: “Is there anything you would like to share that you feel is important for people or nonprofits to know that might be helpful when searching for funding?”

Company A respondent answered, “We’ve had a couple of organizations who have expected funds because they’ve been given them in the past and have been, I don’t want to say rude, but maybe a little bit of pushback when they aren’t going to get the
reoccurring funds. When you receive funds, spend them on the things you said you would spend them on, and let us know the impact that our donation made.”

Company B respondent said, “I don’t think nonprofits realize that when they are working with a major corporation, the giving area usually has a very small staff, so they think, ‘oh it’s a major corporation- they’ve got all these people!’” She went on to explain that giving departments are very small staffed, “So please be patient with us!”

Company C respondent suggested, “Just be proactive in using your network as a charity. Do outreach to companies and ask if they are interested in a partnership. We do have charities that come in through the back door or come in through an employee that we have donated to because we learn about their mission, and we decide it’s a good fit.”

She went on to explain how companies value charitable partnerships and are increasingly looking for opportunities to do hands-on events with local charities. “Make sure you know all the companies in your geographic area and do outreach because you never know who might be open to working with you. Remember that it also changes over time as leadership changes. Don’t be afraid to ask.”

Company A does not appear to be giving advice to funders, however, for those that may receive funds each year from donors it might be a good lesson to be sure that you are spending those funds as they were allocated for. Being able to demonstrate the effectiveness of the money spent may play a role in further funding. Matching the donations’ outcomes with the company’s values or “pillars” will help the corporate giving office see the value of the money spent. The second piece of advice she offers is to remember to thank the funders. It is always nice to be appreciated, and a thank you card
or sharing how the donations have impacted specific beneficiaries could help your funder realize the impact they are making with your organization. Company B shares that it may take a long time to get funding approval with any organization. Plan ahead and be patient with those you hope to form partnerships with. Company C is the company that gives 80-90% of their donations to already established partners that they continue working with each year. However, she recommended that organizations looking for funding should reach out to local businesses and find ways to help get their employees involved. She also reminds us that leadership changes, so if you have been told no in the past, it does not mean it will be no in the future.

*How similar are the companies’ processes?*

Given the wide range of processes in the companies, there is little evidence to suggest that companies have developed isomorphism in their philanthropic processes. While all companies seem to feel an obligation to ‘do the right thing’ and have some type of giving program, organizationally, there is very little commonality in this small sample. To illustrate the differences, see the table below summarizing the major themes of this research.
<table>
<thead>
<tr>
<th>CORPORATE DEMOGRAPHICS</th>
<th>COMPANY A</th>
<th>COMPANY B</th>
<th>COMPANY C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family member whose main job is not related to giving, but paid to oversee the giving budget and family foundation giving.</td>
<td>Privately owned holding company with 70+ subsidiaries across the U.S. 12,000 employees globally</td>
<td>Publicly traded equipment manufacturing company with 10,000+ employees globally</td>
<td>Publicly traded food manufacturing company with 10,000+ employees globally</td>
</tr>
<tr>
<td>Local Giving</td>
<td>Focused on their headquarters local community/region of state</td>
<td>Community Giving w/in kind donations where plants are located</td>
<td>Mostly in-kind giving throughout North America where plant and offices are located</td>
</tr>
<tr>
<td>Crisis or Natural Disasters</td>
<td>No specific program for crisis or disaster</td>
<td>Overlaps social movements with disasters, uses programs already in place</td>
<td>Form a partnership between firms and community stakeholders. Use emergency networks to prevent duplication. Best method for in-kind donations.</td>
</tr>
<tr>
<td>Formal Application Process</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Decision Making</td>
<td>Indicates there was a process, but very elusive about it</td>
<td>The most advanced process, where decision making was up to local committees. More precise in what they are looking for.</td>
<td>Developing more guidelines as their process advances. Guidelines only posted internally.</td>
</tr>
</tbody>
</table>
CHAPTER FIVE: CONCLUSION

This case study underlines the point that much of the philanthropical processes of US public and privately traded corporations is still unknown or unclear. For example, when asked for the criteria that the company used to rule out certain organizations, the interviewee said that it is not given out. Because of the unclear processes and guidelines involved, it may be advantageous to involve actual attendance of meetings where the grant decisions are awarded. This would allow researchers to see firsthand how applicants are chosen.

Throughout the case study, it was apparent that some publicly traded companies are more advanced than others in their efforts to have open application processes, lower-level employee involvement throughout the company, and clear guidelines for what types of applicants they are looking for. There remain many companies that are unclear and ambiguous in their decision-making process. In this case study, the privately owned company seemed to be the least likely to involve many employees at multiple levels of the company (Brammer and Millington 2006) and seemed to be the most likely to look at strategic drivers vs. the publicly traded companies who were more public about the different programs available for funding. Company B was especially concerned with involvement from its different employees in different communities throughout the United States and was advanced in its efforts to give employees options for meaningful donations at all levels and times of the year including unseen events such as natural disasters or crisis. Although some preferred to keep reoccurring relationships with the
same donors each year, all three companies in the case study were open to new opportunities.

The key takeaway from interviewing each company was that nonprofits should look for ways to approach corporations that are located within their geographic region. By reaching out and locating opportunities where available, nonprofits will expand their network, and look for companies with leadership that values giving in the community. As the respondent recommended, reach out to companies that are located within 20 miles of your organization. Use your network, and if you know an employee of the company, they should be the first person you approach.
REFERENCES


Whiteman, G., A.R. Muller, J. van der Voort, J. van Wijk, L.Meijis, and C. Piqué. 2005. “The Tsunami’s CSR effect: MNEs and Philanthropic Responses to the Disaster.” *ERIM Report Series Research in Management* ERS-2005-062-ORG, Erasmus Research Institute of Management (ERIM), ERIM is the joint research institute of the Rotterdam School of Management, Erasmus University and the Erasmus School of Economics (ESE) at Erasmus University Rotterdam.
Appendix A

Dear ___________,

My name is Carla Woodson, graduate student of Sociology at Minnesota State University, Mankato under the supervision of Dr. Paul Prew, Professor at Minnesota State University, Mankato. I am writing my thesis on the philanthropic processes of private and publicly traded companies in Minnesota (IRBNet Id Number: 1901674-1).

I am presently looking to interview vice presidents, directors, managers, or officers in community relations functions who have a knowledge of the philanthropic process in their organizations. I am not studying best practice necessarily, but want to gain more of an understanding as to how each corporation’s charitable contributions are managed, and how decisions for funding allocations are made.

Interviews will be conducted via Zoom and will last approximately 45-60 minutes. Although I do not ask for sensitive information, the interviews are confidential. If I do quote any information, the relevant names of people and institutions will be changed.

If you would be willing to participate, or have any questions, please reply to Carla Woodson at this email, or contact Dr. Paul Prew at paul.prew@mnsu.edu.

I would truly appreciate your participation in this study.

Sincerely,

Carla Woodson
Graduate Student
Minnesota State University
Appendix B

Philanthropic Processes of Private and Publicly Traded Companies in Minnesota
IRBNet Id Number: 1901674

Informed Consent

You are invited to participate in a research study on the Philanthropic Processes of Private and Publicly Traded Companies in Minnesota. This research is being conducted by Carla Woodson, Graduate Student of Sociology at Minnesota State University, Mankato under the supervision of Dr. Paul Prew, Sociology Professor at Minnesota State University, Mankato. The purpose of this research is to understand the motivations and processes of Minnesota corporations in regard to philanthropy. Approximately 10-15 participants will be involved in the study.

To participate in this research study, you must be over the age of 21, and currently working in the field of corporate giving.

This study has been approved by the Minnesota State University, Mankato Institutional Review Board (IRBNet Id Number: 1901674).

If you agree to participate in this research study, you will be asked to participate in a short 45-60-minute Zoom interview administered at a scheduled time. Participation will likely take no longer than 60-70 minutes.

Participation in this research study is completely voluntary. Your decision whether or not to participate will not affect your relationship with Minnesota State University, Mankato, and refusal to participate will involve no penalty or loss of benefits. If you begin to participate but then decide that you would like to stop, you can discontinue your participation at any point without penalty or loss of benefits. To do so, inform the interviewer that you would like to discontinue the interview. The interview will be immediately terminated and will not be used in the research process.

Participating in this research study does involve some risks. Although interviews do not ask for sensitive information, there is the possibility of sensitive information being shared that could compromise the company’s reputation, or the employee’s standing. Please remember that the interviews will be kept confidential. If any such information is used in the research, relevant names of people and institutions will be changed using only the industry (food, health, service, etc.) as identifiers.
There may also be *benefits* associated with participation in this research study. For example, you may enjoy reflecting on your knowledge of company processes and sharing them. You may also enjoy contributing to the literature to improve the knowledge of the philanthropic process of Minnesota companies.

Because you have been invited to participate in this research study, you have a right to a copy of this informed consent page. You can simply print this page for your records (if applicable), or if you would prefer to receive a copy by email or mail, please contact Carla Woodson at carla.woodson@mnsu.edu.

If you have any questions about this research study, contact Dr. Paul Prew at paul.prew@mnsu.edu. If you have any questions about participants’ rights and for research-related injuries, please contact the Administrator of the Institutional Review Board at 507-389-1242.

**Before proceeding with the interview, please confirm that you have read the information above.**

- I have read the informed consent page for this research study.

Please also confirm that you are 21 years of age or older.

- I am 21 years of age or older.

Participation in this research study is voluntary, as I describe above. You have the right to decline to be in this study, or to withdraw from it at any point without penalty or loss of benefits to which you are otherwise entitled. Now that you have read all of the above information and confirmed that you are 21 years old or older, please choose one of the following –

- I agree to participate in this study.

- I do not wish to participate in this study.
Appendix C

Philanthropic Processes of Minnesota Businesses

Question Guide

1. Tell me about the company you have done corporate giving for.
   a. How many employees does your company have?
   b. Is your company domestic only or international?
   c. How long has your company been in business?

2. Tell me about the history of your corporate giving program.
   a. How long has it existed? Was there a certain event or catalyst that started it?
   b. How has it changed or evolved through the years?
   c. Is there a foundation? What is the relationship to the foundation?

3. Who are the personnel for corporate giving?
   a. Is there a specific department designated to oversee corporate giving?
   b. Who leads it?
   c. How do you decide who you give to?

4. What is your budget for philanthropic efforts annually?
   a. Does your corporate giving focus on projects or number of grantees? (For example, giving five $100,000 gifts or a community project.)

5. Does your company give locally, and could you give an example?
   a. Do they give nationally or globally? (example)

6. Are your gifts or grants advertised?
   a. Is there an application process?
   b. How would an organization find out about the available funds?
7. Who drives this company’s philanthropy? (Board members, stockholders, paid employees)

8. Are there events that change how your giving is decided?
   a. How do disasters or crises affect your corporate giving program?

9. Based on your level of knowledge, is there anything your company is looking to change about your philanthropic process? Why?

10. What are some challenges of working with the nonprofit or NGO community regarding corporate philanthropy?