

# Philanthropie Aktuell

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## EDITORIAL



Dear Reader

Corporate Social Responsibility (CSR) is not a sub-category of philanthropy. Only a small part of the CSR activities of an enterprise is philanthropic. This part could be called an over-compensation of what the enterprise expects from its CSR activities altogether.

Nevertheless, it is a promising approach to look at CSR from a philanthropic perspective instead of explaining it through classical management approaches. Ultimately, CSR and philanthropy share some crucial differences towards classical management: Both activities are not exclusively aimed at economic profits, they possess complex structures of exchange and are both value-oriented.

This similarity between CSR and philanthropy could explain why no conclusive solutions for the integration of CSR into the strategic objectives of enterprises have been found and why the promise of an (economic) win-win-situation is still one of the central arguments for CSR.

This issue presents a number of approaches from research and practice about how CSR can be strategically aligned. Wishing you a stimulating reading

Georg von Schnurbein

## Corporate Social Responsibility

**Philanthropy is entering the corporate world labelled as «CSR»: Already three out of four companies in Switzerland are engaged in social activities, allocating a total of around 800 Mio. to 1 Mrd. CHF annually.**

But CSR is much more than the simple allocation of money: It encompasses the social, ecological and economic corporate responsibility in every part of a company's activities: starting from value creation to the diverse trade relationships with customers, suppliers and employees and up to society as a whole.

### The CSR dilemma

The different expectations of the above mentioned stakeholders regarding the intensity of CSR engagement are the starting point of an actual CSR dilemma businesses find themselves in.

NGOs demand the compliance with highest possible environmental standards and readily employ the effects of mass media to reach this goal. More and more customers want companies to respect their social, ecological and economic responsibilities and are signaling this interest by putting increased attention to the products they buy. When searching for jobs employees take the CSR activities of a potential future employer into account and when on the job, they reward responsible behaviour with loyalty and satisfaction. Several examples in the past i.e. Brent Spar (Shell) have demonstrated unmistakably that companies that do not take on or even consciously disregard their corporate responsibilities risk losing their reputation to a point of no return.

On the other hand, companies act in the interest of their shareholders who see their economic profits at risk, espe-

cially the maximization of shareholder value, by investing in CSR activities. Investing money for CSR appears to be an abandonment of earnings for most shareholders that could potentially – in their view – lead to competitive disadvantages.

### Strategic CSR creates a Shared Value

A possible solution to this dilemma is Strategic CSR. This special form of CSR brings about a so-called «Shared Value» (cf. factbox). Strategic CSR is different to conventional CSR in that it is able to contribute to the business objectives while keeping up the social benefit. The potential of Strategic CSR for companies is rated very highly by various scientific studies: Approximately 60 different business objectives can be achieved with the help of a strategically designed CSR. Among the most frequently mentioned objectives are: achieving competitive advantages, an increased business reputation, increased financial performance and more appeal of the company to current or future employees.

### The design of Strategic CSR

Although scientists have published numerous articles on Strategic CSR up to now, little is known about how CSR needs to be designed to create a Shared Value. A research project of the CEPS is aiming at finding some answers. In the context of this research project, the CEPS has so far collected and analyzed around 170

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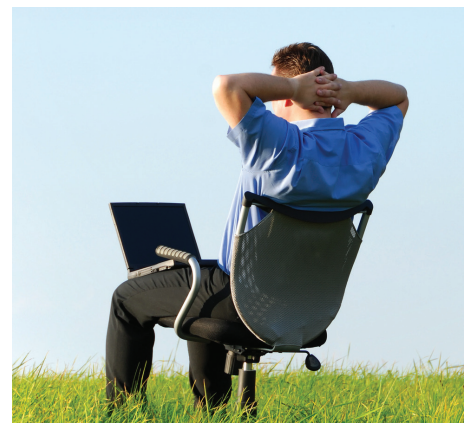
# Corporate Social Responsibility

best practices to find out more about the design of a successful Strategic CSR.

One requirement of a best practice is centralization. It is recommended to relate the CSR activities closely to the core competences and tasks of the company. Other best practices, often found in the literature, are the visibility of CSR activities and the inclusion of employees in corporate volunteering programs. A mere technical implementation of the best practices alone will not suffice. The honest commitment of the top management to their social, ecological and economic responsibilities as well as a CSR friendly corporate culture are the important prerequisites for creating a Shared Value.

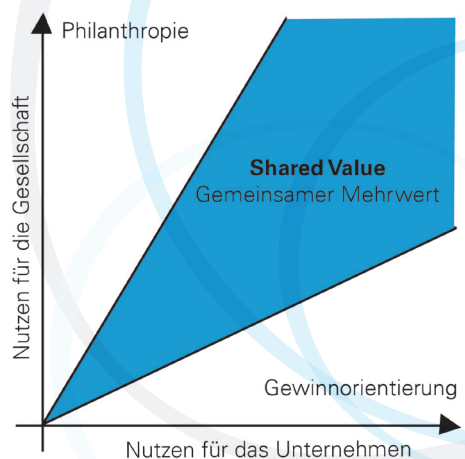
Once companies are convinced that CSR offers the possibility of creating Shared Value, an increasing number of businesses will be willing to invest money in reasonable CSR projects. At the same time, a strategic, well-planned CSR will be able to enhance the effect of each and every amount spent on CSR. Looking at the current practice shows that only few companies are taking this opportunity. Enterprises like Swisscom, Novartis or Nestlé are pioneering the market in Switzerland. Researchers are requested to further develop the research field, to close existing research gaps in order to be able to provide the corporate world with the crucial information needed to overcome the CSR dilemma. Sabrina Stöckli

Literature: Porter, M. E. & Kramer, M. (2002). The Competitive Advantage of Corporate Philanthropy. Harvard Business Review, Dezember 2002.



## FACTBOX

The concept of Shared Value was developed by Porter/Kramer 2002. They claim that social and economic objectives do not compete against each other, but instead, are inseparably linked. Under certain conditions, it is possible to create a benefit for a company and for the society at the same time. These specific activities lead to the Shared Value, illustrated in the following figure.



Quelle: Porter M. E. & Kramer M. (2002)

## Summary and prospects

Strategic CSR is able to bridge the diverse stakeholder interests and, at the same time, can be an important legitimization for the social engagement of businesses.

## Another Inconvenient Truth

**It is said that extreme poverty could be tackled if multi-national companies implemented their corporate responsibility strategically into their core business activities. But extreme poverty is located outside the bottom-of-the-pyramid-markets and, thus, CSR cannot be a suitable remedy. A commentary by Prof. Dr. Klaus M. Leisinger.**

Al Gore starts his presentation with the words: «We have everything we need to begin solving the crisis, with the exception of the will to act». Besides global warming, there is another crisis costing the lives of millions of human beings every year: it is the ongoing extreme poverty affecting 2.5 – 3 billion people who live on less than US\$2 a day (1 billion live on less than US\$1 a day), 750 million people are malnourished and every year 10 million children die from malnutrition or disease before reaching the age of five.

The subject of corporate responsibility is among the most heavily debated globalisation topics. It is apparent that each stakeholder group has its own definition. One possibility of resolving the complexity of the corporate responsibility concept is to differentiate between three levels within a pyramid, each portraying different moral qualities and different degrees of obligation: The bottom and first level is the «must» dimension; it is legally given and non-negotiable. The second level is the «should» dimension; it is expected by modern societies but not legally binding. The third and high-

est level is the «can» dimension, which reflects the completely voluntary part of corporate responsibility.

Generally, nothing can be said against corporations acting socially responsible to advance their corporate long-term interest and to enhance the legitimacy of corporate activities. In the context of fighting extreme poverty, however, the «doing well by doing good» approach is unlikely to work as the beneficiaries are too far away from corporate markets, therefore, not able to participate.

Personal value systems, social consciousness plus the civil courage to stand up for unconventional engagements have, in my 30-year experience with corporate philanthropy, been the single most important factors determining a manager's commitment to philanthropic activities. To achieve this situation, in my view, it is necessary for the personnel policy to not solely rely on a manager's values, but to also introduce incentives that give the fight against extreme poverty a business case dimension. Prof. Dr. Klaus M. Leisinger, Novartis Foundation

Literature: Leisinger, K. M. (2007). Corporate Philanthropy: The «top of the pyramid». Business Society Review. 112:3, 315-342.

## Like in a marriage

The Caritas Association of the diocese Rottenburg-Stuttgart e.V. gives insight into aspects relevant in the process of building up the cooperation with Hyundai Motor Germany (Hyundai). The organization since then gained considerable competence and is therefore in high demand for advisory services.

### CEPS: How can NPO cooperate with companies?

**K-H. Kern:** First of all, a strategic decision has to be made by the company because such a cooperation affects all fields of organisational activities. There are different forms of cooperation. In general, I compare the partnership with a marriage: You first fall in love a little bit and then get used to each other in order to create a cooperation that holds advantages for both. Without mutual benefits I believe a cooperation is difficult.

### Karl-Hans Kern



Mr. Kern works with the Caritas Association of the diocese Rottenburg-Stuttgart e.V.; as part of the competence centre „Solidaritätsstiftung“, he is responsible for the areas of Corporate Citizenship and Corporate Social Responsibility. Mr. Kern manages the cooperation with Hyundai Motor Germany, Baby Waltz and, together with the Ministry of economics of Baden-Württemberg and with the scientific patronage of the Institute for Social Marketing, he coordinates the «Mittelstandspreis für soziale Verantwortung, Leistung-Engagement-Anerkennung».

### CEPS: What needs to be considered in such cooperation?

**K-H. Kern:** We first had to learn to understand how such an enterprise operates, what it expects from the partnership and what is to be done on our side to satisfy Hyundai. While Hyundai wanted to raise awareness for its brand in Germany, our intent was to foster respect, tolerance and cosmopolitanism. To bring all this into balance was a difficult task.

### CEPS: What competences could Caritas establish?

**K-H. Kern:** During the last few years, we have become renowned for our competence in CSR matters. This year, we started to work together with the German Caritas Association to advance the topic CSR. Because of our experience in this field they asked us to take the lead in this project.

### CEPS: How did Hyundai benefit?

**K-H. Kern:** For Hyundai it was more an image campaign than a marketing strategy. Hyundai succeeded in positioning themselves as an authentic and socially engaged player in the market. Thereby, the acquisition of Hyundai cars by Caritas was never a condition in the intention to cooperate. But the collaboration with Hyundai led to Caritas' increased acceptance of the Hyundai brand. After checking various quotes, our organisation did change their fleet to Hyundai cars.

### CEPS: How long does it take to develop a cooperation?

**K-H. Kern:** It is difficult to plan such a cooperation and I think that the time needed varies. It took about 5 years to build up the cooperation with Hyundai. Today, having gone through the process before, it would probably take less long.

### CEPS: What are the limitations in co-operations for an NPO?

**K-H. Kern:** From the beginning, the meetings with Hyundai were very open. If the marketing aspect or the car sales had turned out to be the main motivation for Hyundai, we would not have been able to accept it. In the ongoing meetings, we were always able to find compromises. In a cooperation, one should never lose sight of one's own mission.

### CEPS: Thank you for the interview.

Link: <http://www.dicv-rottenburg-stuttgart.caritas.de/>

## NEWS

### BERNE Motion Luginbühl

The motion Luginbühl for the strengthening of the Swiss foundation location was approved by the Council of States on 10.03.2010 in a revised version. The motion of the WAK NR for the establishment of a national register of non-profit foundations was not approved. However, this request is to be included in the motion Luginbühl.

<http://www.parlament.ch> (09.3344)

### ZURICH House of Foundations

In May 2010, the «House of Foundations» in Kirchgasse 42 is to be inaugurated. It hosts the office of SwissFoundations and some grant-making foundations. Additionally, it offers work spaces and seminar rooms for members of SwissFoundations.

<http://www.swissfoundations.ch>

### BASEL 50 Mio. for Museum of Arts

The Laurenz-Foundation has placed 50 Mio. CHF at the disposal of the Basel Kunstmuseum. This assures one half of the extension by the architects Christ & Gantenbein.

### BERLIN Foundation sector growing

In 2009, a total of 914 non-profit foundations were founded in Germany. This is just a slight decrease to the previous year and confirms a continuous growth of the foundation sector.

<http://www.stiftungen.org>

### GENEVA 40 years of Swiss Sport-Support

The Foundation Schweizer Sporthilfe is celebrating its 40th anniversary. Since 1970, more than 100 Mio. CHF have been provided as support to as many as 14.000 athletes. Also Roger Federer was once assisted by this foundation; during the anniversary year, he is one of the foundation's ambassadors.

<http://www.sporthilfe.ch>

### ZURICH High willingness to donate

Swiss households donated all in all 842 Mio. CHF in 2009. This is approximately the same amount as in the previous year. During this economically difficult year, donors' concern was directed particularly towards the poor and underprivileged.

<http://www.gfs-zh.ch>

**COOPERATION BETWEEN NPO&COMPANIES**

**Corporate Volunteering (CV) is a form of corporate engagement that allows co-workers to spend time for a good cause; this happens during working hours and fully paid.**

Among these activities are action days (e.g. cleaning of a riverbed) or more long-term assignments (e.g. regular walks with disabled persons). The project CorVo\* scientifically examines the cooperation in civic action between NPO and companies.

Questions raised from an NPO perspective were: How does the cooperation with companies work? Which motivational factors play a part? Who profits from the assignments? These are just some of many questions that were the topic of a qualitative study with eight NPO, followed by a subsequent quantitative study with 470 NPO.

Analyses of both studies has shown that the most important requirements for receiving support from companies are concrete ideas of how the aid will be implemented, then personal contacts and a noticeable benefit for companies play a role.

CV is performed by just 12.6% of the questioned NPO, but it is evident that

the initiative for CV comes from the companies not the NPO. 75% of the NPO do not have a written strategy for CV and 50% develop a completely new concept for every requested action. The cooperation poses further challenges: While continuity and sustainability play an important role for NPO, companies are more interested in one-off short term assignments with an event character. Communication seems to often not take place on the same level. NPO expect from their partners that they act out of an altruistic motive.

They are not interested in doing alibi exercises. However, CV is also seen as a chance to receive (additional) donations from companies and to sensitize companies' co-workers to the needs of the NPO.

Olga Samuel\*\*

\* The project CorVo (Corporate Volunteering) is a cooperation between the ETH Zurich and the University of Applied Sciences Northwestern Switzerland. Further information: [www.corvo-schweiz.ch](http://www.corvo-schweiz.ch)

\*\* Olga Samuel is a research assistant of the University of Applied Sciences Northwestern Switzerland and a PhD student of the ETH Zurich

**CEPS INSIGHT**

**New team member at the CEPS**

Since the 6th of April 2010, Sibylle Studer is supporting the CEPS-team as a research assistant. She has several years of experience working for NPO locally and internationally and has done field research on challenges of implementing projects in specific environments. Building up on her previous studies in ethnology and economics, her special interest lies in examining the fields of volunteering and NPO-management further.

**CEPS staff member appointed as Chair of Board of Director**

Steffen Bethmann was appointed to become the new Chair of the Board of Directors of the Melton Foundation. The MF provides intercultural exchange and leadership training to students from the partner universities in Germany, India, China, Chile and the USA.

**Did you know?:**

**1.000.000.000**

The total volume of donations from Swiss businesses is an estimated 1 billion CHF. In addition, companies also support NPO with in-kind donations and other pro bono benefits.

Quelle: Amman, H./Bachmann, R./Schaller, R. (2004)

**CALENDAR**

**CEPS' FURTHER EDUCATION**

Apply now for our interdisciplinary further education in nonprofit management and law (in German).

**Certificate of Advanced Studies: Performance & Kommunikation**

- Part 1: 6. – 9. September 2010
- Part 2: 6. – 8. October 2010
- Part 3: 1. – 4. November 2010

**Intensiv-Lehrgang Finanzmanagement**

14. – 18. February 2011

For further informationen und application: [www.ceps.unibas.ch/weiterbildung](http://www.ceps.unibas.ch/weiterbildung)

**INTERNATIONAL SOCIETY FOR THIRD SECTOR RESEARCH**

**ISTR's 9th International Conference**

[www.istr.org](http://www.istr.org)  
7. – 10. Juli 2010, Istanbul

**SWISSFOUNDATIONS**

**Open day at the house of foundations (on registration)**

2. June 2010, Haus der Stiftungen, Zurich

**EUROPEAN FOUNDATION CENTRE**

**Annual meeting of the European Foundation Centre**

Foundations in Europe: A conversation with the institutions.  
2. – 4. June 2010, Brussels

**ETH ZURICH AND FHNW**

**Transfertagung**

Advanced added value: The engagement of Swiss companies for the society. ([www.corvo-schweiz.ch](http://www.corvo-schweiz.ch))  
16. June 2010, ETH, Zurich

**SWISS FUNDRAISING**

**2. Swiss Fundraising Day**

Controlling in fundraising, brand management, heritage marketing.  
18. Juni 2010, Kursaal, Berne

**LEGAL NOTICE**



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**LAYOUT & PICTURES**

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