Corporate Giving: Don't Call it Philanthropy

There are many myths and erroneous assumptions about how corporations manage their community investments. The first myth (and probably the most important one to dispel) is the notion of *corporate philanthropy* – that corporations are entities that share human goals and ideals and are thus somehow capable of philanthropy. The faster we dispel this myth, the sooner we will understand the true essence of corporate community investment.

Corporations are not truly philanthropic. They are not looking to make a difference in the world through their community investments (I am using the word "philanthropic" in its truest sense – loving humankind).

In saying so, I am not making a value judgement about corporations, especially large multi-layered corporations. Corporations play a very important role in Western democracy and capitalism. But a corporation is not a living, breathing entity. It cannot be good, any more than it can be evil. Its stakeholders (management, customers, employees, shareholders) all play key roles in shaping corporate actions but it is important to remind ourselves that corporations cannot have feelings. Thus, their giving cannot be motivated by genuine philanthropy.

We use many terms to discuss corporate giving. Most of this terminology fails to accurately describe how corporations make social investments. Corporate philanthropy (too paradoxical), corporate social responsibility (too broad), community affairs (too vague) are all laden with shortcomings. For the purpose of this article (and future articles in this series), I will use the term "community investment" to describe corporate giving. It is a clear and relatively straightforward, and I'm not sure there is a better one.

These articles will focus on how corporations spend money in the community and, to a lesser extent, how corporations allocate their human capital to serve the sector as volunteers. The extent of corporate giving in Canada is often overstated. Collectively, corporations in Canada gave $2.3 billion in 2009, although this figure is admittedly inaccurate due to inconsistent reporting tendencies on the part of corporations *(Ayer, Imagine Canada, 2009)*. Compared to individuals (who give over $10 billion annually), corporations aren't big financial players but since their gifts are often large, highly recognized, multiyear commitments, they get more than their share of the spotlight.

The fact that corporations cannot be inherently philanthropic means that their giving cannot be motivated by altruism, faith, empathy or other decidedly human emotions. This fact is critical. Charities need to understand donor motivations in order to successfully appeal to the donor's willingness to give. The next several articles will discuss these motivating factors and provide advice about how to navigate through the muddy waters of corporate community investment.

The end goal? Long-term, sustainable and lucrative partnerships between the corporate and charitable sectors.