



Corporate Philanthropy VS Strategic Corporate Social Responsibility

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ABSTRACT: Contributing to the society is the prime responsibility of all corporates. But this 'GIVING' can be perceived and practised in two absolutely contradicting intentions. As showcased by Winston Churchill, "We make a living by what we get. We make a life by what we give." He and many others' thought process was to highlight 'philanthropy'. On the contrary, many businesses lay emphasis on intentional and comprehensive approach to CSR wherein company considers the social impact of its business operations as a major factor in its business decisions. This research studies how voluntary corporate giving and strategic corporate social responsibility (CSR) compare in terms of their contribution to organisational performance and reputation. Guided by the mixed-methods research methodology, the study employs both surveys and interviews to collect data from 52 participants. Results suggest that in terms of corporate giving, the emphasis is mainly on philanthropic donations, while for strategic CSR, social interventions are integrated with business goals, potentially driving greater stakeholder value and profitability. The data suggests that implementation of corporate social responsibility in a positive manner translates to an equally positive image of the firm, setting a case for corporate social responsibility to be integrated into the firm's business model. These recommendations propose that organisations should devote proportionate amounts of resources to charity minus the detriment of organisational aims in order to maximise these non-selfish individual requirements fuelling capitalism.

KEYWORDS: Philanthropy, Strategic CSR, Mixed Methods, Corporate Social Responsibility, Primary and Secondary Research.

I. INTRODUCTION

1.1 Background Information

Corporations have viewed corporate giving and

strategic corporate social responsibility (CSR) engagement as the two approaches through which they relate with society and other stakeholders. The concept of philanthropy is evident in charitable contributions and community involvement, which are aimed at creating a positive image for the organisation. Corporate donations in the UK were valued at £2.5 billion in the year 2020, which indicates the extent to which the region is ready to support social causes even in tough economic times [1].

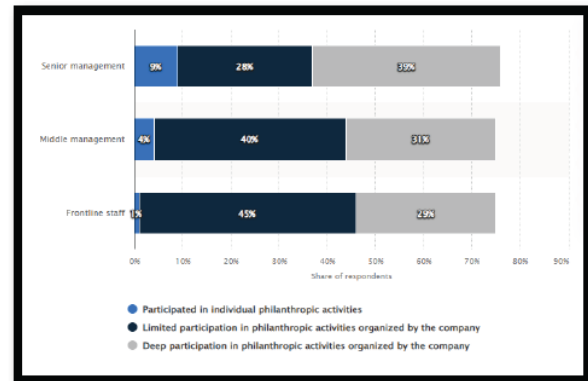


Figure 1: Share of Chinese companies that engaged in CSR during COVID-19 in 2020

(Source: 2)

This is unlike strategic CSR, which relates to projects that are more consistent with the company's business lines and which mainstream social and environmental issues are within the business model. Studies have shown that companies with strategic CSR also have higher stock prices, suggesting that social objectives and corporate environments can be economically beneficial. These approaches have become more important as consumers and investors don't hesitate to select and invest in socially responsible companies [2]. According to a 2021 survey, consumers are eager to pay higher prices for products made by companies engaged in socially responsible efforts, with such



businesses being seen as responsible corporate citizens.

1.2 Research Problem

However, although the two concepts seem immensely important, published literature shows that little scholarly work exists which seeks to compare corporate philanthropy and strategic CSR. Much of the empirical studies tend to pursue these concepts in silos and not in how they relate to each other and the outcomes for the business [3]. To illustrate this, several studies have been dedicated to exploring the gains of strategic CSR investment, but relatively few have done a head-to-head comparison with corporate philanthropy in terms of the engagement of stakeholders, brand image and financial results.

1.3 Main Aim of the Study

The primary aim of this study is to do a critical analysis of the comparison between corporate philanthropy and strategic CSR in terms of their effectiveness and impact on organisational performance.

1.4 Research Objectives

- To examine how corporate philanthropy affects stakeholder perceptions and organisation's reputation and goodwill.
- To evaluate the effectiveness of strategic CSR initiatives in achieving both social and business objectives.
- To investigate how the integration of strategic CSR influences corporate financial performance compared to traditional philanthropic efforts.

1.5 Research Questions

- How does corporate philanthropy influence stakeholder perceptions and organisational reputation?
- In what ways do strategic CSR initiatives contribute to achieving social and business objectives?
- How does the integration of strategic CSR into business practices affect corporate financial performance relative to traditional philanthropic efforts?

1.6 Significance of the Study

The contribution of this study goes far beyond conceptual investigation. It has real practical implications both for academia as well as business. For academic circles, the research

provides a purposive evaluative study, making valuable additions to the existing literature on corporate social responsibility. It reveals the methods through which companies may combine corporate charity and proper CSR in order to achieve greater overall influence. For practitioners, such appreciation of the differences between the two strategies enables companies to craft more optimal CSR strategies that will support the organisation's interests. It also enables better CSR implementation, which will lead to favourable organisational outcomes.

II. LITERATURE REVIEW

2.1 Theoretical Framework



Figure 2: Carroll's CSR Pyramid
(Source: 4)

Corporate philanthropy and Corporate Social Responsibility (CSR) can be said to borrow and enhance certain theoretical frameworks that further elaborate on their principles and practices. One of the most recognisable is Carroll's CSR Pyramid which considers that any corporate's responsibility consists of four dimensions viz. legal, ethical, economic and philanthropic. The first category is to base their activities on economic principles and legal responsibilities and also to address additional social and moral requirements and in the end, public expectations concerning actions supporting charitable acts in business [4].



Figure 3: Stakeholder Theory
(Source: 5)

Another important theory that is relevant in this context is the ‘Stakeholder Theory’ which focuses on the necessity of taking into account the requirements and expectations of different groups of stakeholders in the course of making management decisions. This theory highlighted the need to be mindful of the impact of management actions on employees, customers, suppliers, and communities, hence the importance of corporate giving and strategic CSR initiatives [5]. Organisations that adopt such strategies not only focus on fulfilling the strategies of the organisation but also understand the needs of the stakeholders for continuous optimal performance, which shows the relation of these figures in making such profitability

2.2 Previous Research

The previous studies on corporate philanthropy and strategic CSR are mosaic and renaissance in their findings and situations. Corporate philanthropy went from simple donating to charity through temporal processes into something quite strategic, such as corporate philanthropy being embedded within the business processes. Achmad (2022) looks into the interface of Corporate philanthropy and Zakat, illustrating the ways by which businesses can adopt charitable activities in Islam [6].

On the downside, strategic CSR literature focuses on the outcomes of change to consumers’ behavioural patterns. Kuokkanen and Sun (2020) note that ethical companies have more chances of being patronised by ethical consumers, which reveals the importance of communicating the retrieved value of CSR activities in order to establish loyalty to a brand [7]. This path is commendable due to its importance in showing how global corporate social responsibility is undertaken. However, there are still shortcomings, such as the limited scope and comparative study of corporate

philanthropy and strategic CSR, which makes it hard to see how the two are contrived in one with one arm extended towards social responsibility.

2.3 Comparative Analysis

A comparative approach is necessary in the consideration of corporate philanthropy and institutional corporate social responsibility (CSR). While there are important distinctions between the two concepts, there are also some commonalities. Corporate philanthropy is primarily concerned with selfless and voluntary efforts undertaken for the benefit of society, often in the form of contributions or projects. Although these practices are commendable, they are unsuitable in how they target a company’s goals, resulting in charity being viewed as a separate action rather than as a part of the strategy. In other words, strategic CSR positions social responsibility as a competitive activity by creating shareholder value and addressing social issues at the same time. These initiatives tend to promote a positive image and tend to engage in an area that has long-term applicability in the context of the corporation’s brand. The objectives in both cases are the same, which is to build a corporate image and improve stakeholder relations; the results may be different [8].

III. METHODOLOGY

3.1 Research Design

The study uses a mixed-method approach of research design by combining quantitative and qualitative research in order to provide a complete view of understanding corporate philanthropy and corporate social responsibility (CSR) in a strategic sense. This approach improves data triangulation and makes the findings more valid and reliable. In terms of research philosophy, the incorporation of *interpretivism* and *positivism* domination permits examining and analysing subjective experiences in conjunction with measurable lesser entities [9].

The research design is both *inductive* and *deductive* as it employs an inductive design to build theories from qualitative interview data, while a deductive design applies theories to the quantitative survey data. The design is, in part, descriptive and exploratory with regard to the research problem, addressing the phenomenon in detail, and there are some aspects that provide a base background on corporate philanthropy and strategic CSR. Thus, there is the descriptive part seeking to describe phenomena in detail as lies the research problem.



3.2 Data Collection

Quantitative and qualitative data collection methods were employed for the research. The quantitative part used a survey method, and the study population included people who understood what corporate social responsibility (CSR) entails. A target population of 52 participants was set, and the questionnaire consisted of questions that aimed to assess the participants and their employer organisation's views and practices with respect to corporate philanthropy and strategic CSR. The survey was conducted using online platforms to improve participation and response [10].

As for the qualitative component, few interview questions were constructed and directed towards interviewees along the lines of themes drawn from the objectives of the research. Through purposive sampling, participants were secured and worked with concerning corporate philanthropy and strategic corporate social responsibility to explore the thinking and experiences of the practitioners. Secondary qualitative data was collected from existing literature, including reports and academic journals, providing additional context and depth to the analysis.

3.3 Data Analysis

The analysis of data of the quantitative survey was done using tools such as Microsoft Excel. The data collected was examined for demographic details, general statistics and appropriate measures of central tendency, correlation and regression analysis. This way, relationships among the variables along with the trends of the data were described and analysed [11].

For the qualitative interviews, categorical analysis was undertaken to analyse the responses from the picture series interviews. The transcripts of the interviews has identifiable themes and patterns deduced from them, making it possible to derive useful information based on the goals of the research. Such qualitative analysis yielded an in-depth perspective and approach from the participants. Secondary qualitative data was also analysed in a thematic way. Some reports and articles were used to look for key ideas and direction in order to combine the results of such qualitative and quantitative analyses for the greater good of the research study.

3.4 Ethical Considerations

Similar principles apply to this research in regard to ethical considerations. Confidentiality of

all the participants was maintained at all times of the research and all reports and analysis data did not have any details about the participants. All individuals willing to participate in the study were asked for their consent before any data was gathered to ensure that they understood the intention of the study and their participation. Appropriate measures were also put in place to ensure that the subjects of the study were not exposed to risks that are unrelated to the study.

IV. FINDINGS

4a Quantitative Analysis

1 Demographic Analysis

The pie chart illustrates the distribution of 52 responses based on age groups. The largest segment is the 18-24 age group, representing 50% of respondents. The next largest group is aged 25-34, comprising 21.2%. The remaining age groups include 13.5% under 18, 9.6% aged 35-44, and 5% aged 45 and above.

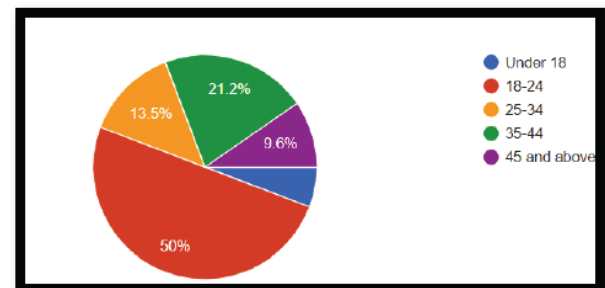


Figure 4: Gender
(Source: Google form)

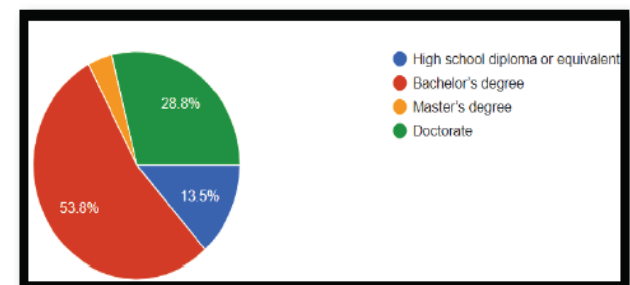


Figure 5: Level of Education
(Source: Google form)

The pie chart depicts educational attainment among respondents, with 53.8% holding a bachelor's degree. The next largest group, at 28.8%, has a high school diploma or equivalent, while 13.5% hold a doctorate, and 3.8% possess a master's degree.



4a 2 Descriptive Analysis

Survey results indicate varied perceptions regarding corporate social responsibility (CSR) and corporate philanthropy among the 52 participants. The mean score for the importance of corporate philanthropy within a CSR strategy is 2.79, reflecting a neutral to slightly positive view. Participants believe that strategic CSR positively impacts company reputation (mean= 2.48) and contributes to employee satisfaction (mean= 3.27). A distinction between corporate philanthropy and strategic CSR is recognised, with a mean of 2.98. Overall, there is a consensus that CSR initiatives influence consumer purchasing decisions (mean = 3.31), underscoring their relevance in contemporary business practices.

4a 3 Correlation Analysis

Correlation analysis reveals significant relationships among perceptions of corporate philanthropy and strategic CSR. A strong positive correlation ($r = 0.79$) exists between the belief that corporate philanthropy enhances employee satisfaction and the notion that strategic CSR investments impact financial performance. A moderate correlation ($r = 0.67$) is observed between the perceived positive impact of strategic CSR on company reputation and its influence on consumer purchasing decisions.

4a 4 Regression Analysis

As per the inference drawn through the regression analysis, there is a moderate relationship between independent and dependent variables, with a multiple R-value of 0.673. The R-square value of 0.453 indicates that approximately 45.3% of the variance in the dependent variable can be explained by the model. ANOVA results demonstrate statistical significance ($p = 0.00029$), confirming that at least one predictor variable is significantly associated with the outcome.

Among the predictors, one variable is significant ($p = 0.012$), indicating a positive contribution to the model.

4b Qualitative Analysis

4b 1 Primary Qualitative Interviews

4b 1.1 Impact of Corporate Philanthropy on Stakeholder Perceptions and Organisational Reputation

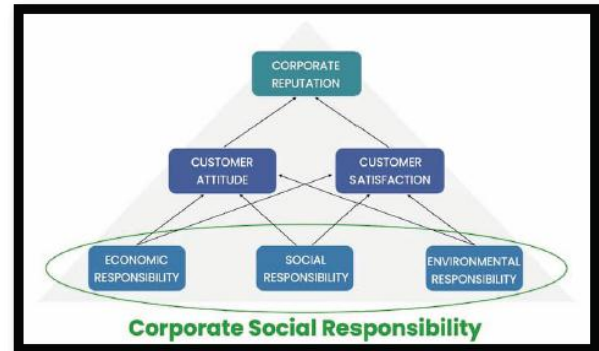


Figure 6: Impact of Corporate Philanthropy on Stakeholder

(Source: 12)

The participants believe that stakeholder perception is largely affected by the impact of corporate philanthropy and assists in improving the organisation's reputation and goodwill in the market. According to one respondent, "When a company engages in charitable activities, it enhances its image and builds trust among consumers." A further participant added this: "Corporate giving reflects a company's values; it shows that they care about more than just profit." This highlights the principle that in order to cultivate a favourable organisational reputation, philanthropic activities must be undertaken [12]. This less Americanisation research, however, indicates that stakeholders have more reservation on their continuance or repeat purchasing without some evidence of the companies' social engagement in their strategies.

4b 1.2 Effectiveness of Strategic CSR Initiatives

The interviews brought out the success of strategic CSR efforts in reconciling social and business goals. A respondent brought forth the following statement: "Strategic CSR not only helps the community but also drives business growth; it's a win-win situation." Another participant said, "When CSR aligns with what the company does, it creates authentic connections with stakeholders." This corresponds to the belief that CSR is more efficient and effective in achieving its goals when applied as a business strategy [13].

4b 1.3 Integration of Strategic CSR and Financial Performance

Responses demonstrated that it is possible to 'do well' by integrating strategic CSR as opposed to merely donating as a form of 'doing good.' For example, one respondent said, "Investing in strategic CSR initiatives leads to measurable financial returns, unlike sporadic donations."



Another subject stated, “Companies that strategically invest in CSR often see increased customer loyalty and, ultimately, profits.” This perspective demonstrates an attitude towards the acceptance of strategic CSR, which is profitable, unlike traditional philanthropy [13].

4b 2 Secondary Qualitative Thematic Analysis

4b 2.1 Stakeholder Engagement through Philanthropy

This theme focuses on the fact that corporate philanthropy has a major influence on stakeholder engagement and the perceptions held by stakeholders. Through such efforts, companies could maintain good relations with their stakeholders, thereby increasing trust and loyalty. Activities of this kind help to escalate the image of any organisation to a great extent, as it portrays genuine concern for the society.

4b 2.2 Balancing Social and Business Goals

This theme emphasises the need to bridge social and business objectives within corporate practices through engagement in CSR activities. It is possible to achieve that dual impact when the CSR activities of organisations complement the goals of the organisation. Such a balance not only meets the societal demand but also increases the profitability of the organisation. Examining how organisations manage to combine performance with CSR would be useful in achieving CSR goals for maximising social value and motivating organisations to do social good while improving their bottom-line performance [14].



Figure 7: Balancing Social and Business Goals
(Source: 14)

4b 2.3 Financial Outcomes of Strategic CSR

This theme discusses the financial results of strategic CSR activities in comparison to traditional charity activities. It conveys the message regarding how strategic CSR activities can bring about a positive shift in financial management and

enhance loyalty as well as the reputation of the brand (Carroll, 2021). By analysing this relationship, organisations can also identify the best ways in which they can implement socially oriented activities such as CSR for the optimum return of the firm, allowing the idea that responsible business pays off.

V. INTERPRETATION OF FINDINGS

The results give evidence to the understanding of the attention and position of corporate philanthropy as well as the strategic CSR aspects in the esteem of stakeholders and the organisation at large. The data shows that stakeholder engagement is further improved as stakeholders perceive corporate philanthropy as part of corporate accountability. This is consistent with the literature available, as trust and loyalty can be gained from the stakeholders due to these kinds of activities [15]. The current study states that the objectives of strategic CSR initiatives achieve good harmony between the social and the business in the organisation and therefore supports the idea that CSR and commercial strategies should be integrated, particularly during periods of difficult economic conditions.

5.1 Comparison and Contrast

Through comparative analysis, important differences and/or similarities between corporate philanthropy and strategic social responsibility are noted. Corporate philanthropy involves the giving of resources and support to causes and institutions and is considered more of an ethical engagement, not a business strategy. On the other hand, strategic CSR is seen as the business side of social responsibility strategies - initiatives that seek internal and external benefits for society and the company. The results indicate that although image improvement may be achieved through corporate philanthropy, its scope and advantages are narrower compared to strategic CSR as it positions the company in the centre objectives of business health [16].

5.2 Implications

These findings have implications for businesses, the government and scholarship. For businesses, the results are a call for the adoption of strategic CSR, which is particularly relevant given the broader organisational objectives within difficult economic periods. A government may be interested in persuading companies to integrate CSR into their core strategies, considering that there are social and financial gains to be made,



hence promoting society. For academics, the results call for more investigations into the interplay of corporate philanthropy and strategic CSR in different cultures and economies.

VI. CONCLUSION

The findings further reinforce the position that both corporate philanthropy and strategic CSR are important in managing stakeholder perceptions and enhancing corporate reputation. The key findings show that corporate philanthropy is an avenue for positive stakeholder engagement, whereas strategic CSR achieves the social and business goals of an organisation in the long run. Concerning the financial outcomes study, it was found that strategic CSR programs have superior financial performance compared to traditional charity-oriented CSR programs, which supports the previous view that CSR is able to generate social and economic returns.

6.1 Limitations

However, given these important contributions, the study recognises certain limitations. The participants comprised a sample of 52 participants, which may not capture the views of cross-industry stakeholders adequately. The current study is qualitative and in-depth, which may lead to subjectivist interpretations based on individual biases.

6.2 Future Scope of Further Research

Further studies should, however, examine the impact of strategic CSR on the financial performance of various firms, but this time employing bigger and different samples. Studying how culture influences the conception and perception of CSR or CSR initiatives would be of great importance. Investigating how digital platforms could be used to enhance corporate philanthropy and corporate social responsibility strategies could result in new approaches for organisations wishing to mobilise their stakeholders more effectively.

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