Corporate philanthropy communication on donor websites

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Abstract

Purpose – This paper aims to examine whether companies engaging in corporate philanthropy, a component of corporate social responsibility (CSR), disclose information about such activities publicly on their websites, analyze whether there is a relation between the kind of charitable giving (in-kind donations or financial gifts), the number of donation types, or the industry sector the company belongs to, the mention on the company website and whether there is a relation between communicate company corporate philanthropy and communicate other company CSR issues.

Design/methodology/approach – The research methodology was descriptive statistics research method. The data were collected during the months of June and July 2013 from the websites of 141 companies that had recently engaged in corporate philanthropy.

Findings – The study found that, surprisingly, a considerable portion of companies practicing corporate philanthropy do not disclose that information on their websites. This was especially the case when donations were made with product instead of in cash.

Originality/value – This study quantifies the fact that many companies engage in CSR through corporate philanthropy but do not communicate those activities to a wider public. This can be seen as a missed opportunity to take advantage of a variety of positive effects that companies related to CSR benefit from. On the other hand, it can also be interpreted as a missed opportunity for the NGOs to encourage their donors to "come out" with their philanthropic activities.

Keywords Corporate giving, Corporate philanthropy, Corporate social responsibility, Corporate philanthropy communication

Paper type Research paper

1. Introduction

Corporate philanthropy can be defined as voluntary and unconditional transfers of cash or other assets by private firms for public purposes (FASB, 1993). Direct funding of charities is the most common form of corporate philanthropy, although presently, corporate philanthropy includes not only a wide variety of types of "giving" including cash donations but also other resources like product donations, expertise, long-term support of a concreate non-profit organization, joint projects with non-profit organizations, corporate foundations to support public beneficial projects or organizations and employee volunteering (Kotler and Lee, 2005). In the past, there were arguments against corporate giving mainly based on the idea that corporate profits should go to the shareholders or be invested back into the business (Hatfield, 2015). However at present, what is considered illegitimate is for corporations not to engage in philanthropic activities (Seghers, 2007). Therefore, companies' stakeholders are expected corporate giving (Wang and Qian, 2011). But companies benefit from corporate giving too because it gives companies new ways of stakeholders engagement and obtaining some advantage (Porter and Kramer, 2002) such as higher customer attraction and loyalty; improvement in employee retention, commitment, motivation, productivity and engagement, reducing a company's cost of operations; improvement in brand awareness, public image and corporate reputation; increasing sales;

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and supporting a company's social license to operate (Tonin and Vlassopoulos, 2014; Bae and Cameron, 2006). Therefore, corporate philanthropy is part of overall business strategy and should combine both internal and external drivers to ensure companies benefit from meeting stakeholders expectations and bolstering their reputations (Hatfield, 2015).

Corporate philanthropy is a key component of larger concept, corporate social responsibility (CSR) (Formánková *et al.*, 2015). According to Carroll's (1991) pyramid of CSR, the most important activity for businesses is to maintain economic viability. Second, companies must obey the laws regulating their actions. Third, businesses must be mindful of ethical practices beyond legal adherence, to act according to societal expectations. Finally, corporations have a discretionary function, and philanthropy is the primary discretionary function of business. CSR seems to be more of a norm than an exception in the current global marketplace (Kanter, 2011). Consumers' concerns about deteriorating environmental and social wellbeing are reflected in the way companies do business. The notion, represented by the shareholder model, that a company's social responsibility is aimed mainly at safeguarding investors' interests by working to increase profits (Friedman, 1970) has been challenged by the stakeholder theory (Freeman, 1984), which sees a number of other groups as being valuable to the company and consequently their interests are also deemed worthy of attention and consideration. Depending on the definition of stakeholders, these groups can be as close to the company as the employees, providers, contractors and customers, or as far reached and more difficult to communicate with as the environment at large or future generations. The term triple bottom line has also become part of mainstream business language and refers to the idea that companies should produce positive results not only financially but also environmentally and socially.

Stakeholders are more frequently starting to pay attention to this company performance that surpasses classical financial indicators. There is a rise in stakeholders interest toward companies that give back socially and, for example, that interest translates into a willingness of customers to pay more for their products and services (Nielsen, 2013; Baksh-Mohammed *et al.*, 2012). Therefore, the CSR commitments and actions of the company that are implemented cannot remain internalized within the company. It could therefore be assumed that if a company is engaged in CSR activities, it will be interested in making that engagement public. There are proven positive influences to be gained by businesses that engage in CSR and communicate information about it, and there seems to be a proven need by the public to receive that information.

Company CSR can be communicated to the wider public via different methods. The financial annual reports have been paired by many companies with annual CSR and sustainability reports to show in detail the company's programs and commitment to social and environmental causes. Company CSR communication usually considers different categories like the ones established by the Global Reporting Initiative[1] (*economic, environmental, labor relations, human rights, society and product responsibility*) and other CSR topics, such as philanthropy or CSR achievements and prizes. Print media and TV channels in the past and, currently, the internet are the main media used for the companies for CSR communication. The company website, in most cases, contains information regarding CSR engagement, and social media channels like Facebook and Twitter are also used. However, in a recent study by the European Commission (2013a, 2013b, 2013c), only slightly over a third (36 per cent) of Europeans said they felt informed about companies' responsible behavior toward society compared to 62 per cent that said they did not feel informed. Different studies have been conducted to analyze whether the problem is that companies are just not communicating CSR activities effectively or whether they are not communicating them at all. These previous studies have focused on understanding how companies communicate their CSR activities through companies websites (Chaudhri and Wang, 2007; Gomez and Chalmeta, 2011), and through online social networks (Etter, 2013; Illia *et al.*, 2015; Sevilla and Chalmeta, 2016). Results show that:

- companies continue to display a low level of communication regarding CSR matters, although there has been a clear progression in the amount of information about sustainability and CSR posted by these companies on the internet in recent years;
- they develop the message and transmit it mainly one-way to its stakeholders, who may or may not have been willing participants in the communication process;
- companies have little interest in interacting with stakeholders in CSR issues;
- the internet, as the most powerful communication tool, is the best media for CSR communication to the various company' stakeholders; and
- websites are the best media for one-way CSR communication, but they offer less possibility of interacting with stakeholders than in the case of online social networks.

A natural assumption would be that companies engaged in corporate philanthropy disclose that information. Under normal circumstances, it is in their interest to do so because of the positive impact of corporate philanthropy on stakeholders' engagement. But the low level of communication regarding CSR matters could happen in corporate philanthropy too. Corporate initiatives falling under the CSR umbrella encompass a broad scope, including corporate funding of community activities, grants for nonprofits/NGOs, environmental sustainability programs to reduce energy and resource use and comprehensive efforts to remake a business's entire value chain. But these CSR corporate initiatives usually do not have a CSR strategy that unifies them and can be very fragmented (Rangan *et al.*, 2012). Therefore, some of company CSR practice like corporate philanthropy may not be reflected in company CSR communication strategy. However, the number of studies about corporate philanthropy communication is poor. In our knowledge, there is only one research about corporate philanthropy communication through websites (Greer and Moreland, 2007). This work is focused in philanthropic efforts following the disaster Hurricane Katrina in 2005, and the main conclusion is that of the 495 companies included in the analysis, 45.5 per cent provided no information on their websites about their philanthropic efforts.

Therefore, there is room for new studies that:

- analyze whether other companies involved in corporate philanthropy mention it on their websites;
- analyze whether there is a relation between the kind of charitable giving (in-kind donations or financial gifts), the number of donation types, or the industry sector the company belongs to, and the mention on the company website; and
- analyze whether there is a relation between communicate company corporate philanthropy and communicate other company CSR issues.

To help to solve this problem, this paper analyses the websites of 141 companies that have engaged in corporate philanthropy to answer the following research questions:

RQ1. Are companies using their corporate websites to communicate their corporate philanthropy?

RQ2. Is there a relation between communicate corporate philanthropy and communicate other CSR activities, demonstrated by companies that mention their CSR engagement but not their philanthropic activities or, the other way around, that mention their philanthropic activities but not other CSR activities?

RQ3. Is there a relation between the kind of charitable giving (in-kind donations or financial gifts) and the mention on the company website?

RQ4. Is there a relation between the industry sector the company belongs to and the mention on the company website?

The results from this study show that companies are not using the full potential of corporate websites as a way to communicate their corporate philanthropy.

The rest of the paper is organized as follows. Section 2 clarifies terms and concepts used in the paper. Section 3 lays out the research methodology used in the study. Section 4 shows the results. Section 5 presents the analysis of the findings. Finally, Section 6 contains the conclusions from the study.

2. Literature review

2.1 Corporate social responsibility

CSR is a complex term that covers a wide array of actions carried out inside a company with an environmental and social outlook. It could be argued that the definitions found are intentionally vague, and leave a lot of room for the different aspects that the term embraces. Because of the difficulty involved in being able to include all aspects of CSR activities in one definition, there has even been a proposal to stop trying to define CSR in a single "one solution fits all" definition, but to let companies define what it means to them, based on their level of engagement, awareness and goals (Marrewijk, 2003; van Marrewijk and Timmers, 2002). Adding to the confusion, the term CSR is often used in parallel with terms like corporate responsibility, corporate citizenship, sustainable development, sustainable entrepreneurship and business ethics, all concepts referring to the same, or similar, field of activities.

Over the past few decades, different authors have developed the concept with small variations (Carroll, 1999; Waddock, 2004). In general, CSR is focused on the way in which corporations manage:

- their economic, social and environmental impacts (the triple bottom line); and
- their relationships and negotiations with different groups of stakeholders and society in general (Ihlen *et al.*, 2011), which underlines companies' responsibility to produce not only financial gains but also social and environmental wellbeing.

Commitment to stakeholders, leadership and governance, CSR communication and reporting and business alliances are some of the strategies that can be used to incorporate CSR within an organisation (Visser and Tolhurst, 2010). With his "Stakeholder Theory", Freeman contributed to the development of CSR by shifting attention to stakeholders (Freeman, 1984). Stakeholders were defined by Freeman as "any group or individual that can affect or be affected by the realisation of an organisation's purpose". He focused on the development of a new approach in which it is necessary to acknowledge and adapt to the demands and needs of the major stakeholders to keep the organisation competitive within a continually changing milieu. Only by meeting the needs of company's various stakeholders can the organization survive and succeed (Yin *et al.*, 2015).

Examples of companies CSR activities can be:

- to improve employees welfare (Celma *et al.*, 2014) through the establishment of different types of activities, policies and procedures like continuous training; having clear policies regarding health and safety at work; offering benefits that make it easier to balance private life with work commitments (part-time work, unpaid leave, working from home, flexible office hours);
- or even offering massages or gym membership as a means to relieve work-related stress;taking care of the environment by recycling, choosing energy-efficient production, transportation and storage options and reducing packaging materials and water, soil and air pollutants; or
- the good treatment of animals by those industries involved in handling them like The Body Shop (2013), that builds its brand image around not testing its cosmetics on animals.

2.2 Corporate philanthropy

Corporate philanthropy is a central feature of CSR (Adrian *et al.*, 2013), and it is considered the oldest form of social responsibility (Peloza and Shang, 2011). There are many ways to define philanthropy, which to this day remains a contested concept (Daly, 2011). In this paper, we use the definition of corporate philanthropy proposed by FASB (1993) that defines it "an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner". Corporate philanthropy, also known as corporate giving or corporate charity, is a way that companies use to give back to society part of what it gives companies and engage with stakeholders like NGOs, consumers and pressure groups. There is discussion in the literature about whether corporate philanthropy is altruistic or for-profit. Gautier and Pache (2015) identified three rationales in the literature from most altruistic to most profit-oriented: corporate philanthropy as a commitment to the common good, corporate philanthropy as community investment and corporate philanthropy as marketing.

For firm leaders and managers, corporate giving goes beyond the simple fact of donating cash and other resources to nonprofits. It has become a way for managers to integrate social demands into firm core mission, culture and strategy. For that reason, corporate giving is a subset of a much broader concept of CSR (Kabongo, 2013). However, there are few conceptual links between corporate philanthropy and CSR in the abundant literature on CSR, and this should be a future research on these concepts (Gautier and Pache, 2015).

Corporate philanthropy can take different shapes and forms, and a company can donate products, services, its employees' time, warehouse and office space or, as in most cases, money (Hatfield, 2015). These donations are made either directly by the company or through their foundations, which are legally separate units created to administer and manage companies' philanthropic activities. One type of donation does not exclude others; for example, a company donating money to an NGO might also donate product and time in form of employee volunteerism.

According to the Committee Encouraging Corporate Philanthropy, in the USA alone, corporate philanthropic activities totaled more than US$19.9 bn in cash and product-giving in 2011. Most of the donations are channeled to NGOs working in education and health, followed by areas like the arts, science and the environment.

Donations can be one-off contributions or long-term commitments with the NGO, depending on the company's corporate philanthropy aspirations. Long-term commitments, sometimes taking the form of strategic philanthropy, where a company has a clear vision of what it would like to achieve with the donation, are favored by the NGO, as this enables them to engage in longer-term program planning and a deeper relationship with the donor company (Rumsey and White, 2009). This type of focused giving is also gaining ground from classical corporate philanthropy, where a company's involvement is limited to just handing over the money (Committee Encouraging Corporate Philanthropy, 2012).

While NGOs seem to accept, and welcome, mutually benefitting arrangements like strategic giving (Rumsey and White, 2009), it could be argued that for a donation to qualify as philanthropic, there should be no immediate benefit to the donor as a result of the donation. Cause-marketing, a marketing program where a company commits to donating part of the profits made from the sale of items or services, can sometimes be excluded from the definition of philanthropy because of this. Because the NGO used as a source of donor information for this study does not exclude or divide donations based on donor intentions, this study follows their lead and considers all listed donations as valid and legitimate philanthropy, while recognizing the debate about the ultimate motives of giving.

2.3 Benefits from corporate philanthropy

If corporate philanthropy is difficult to define in a concise manner, being able to quantify in exact numbers the positive financial impact it may, or may not, have on a company is even more difficult. But corporate philanthropy gives companies new ways of gaining a competitive advantage (Porter and Kramer, 2002; Bae and Cameron, 2006). It does not matter if the motive behind corporate giving is purely altruistic or not. Once the company has carried out philanthropy activities, it can obtain some benefits. Corporate philanthropy allows to improve employee retention, commitment, motivation, productivity and engagement; to reduce company's cost of operations; a higher customer attraction and loyalty; to improve brand awareness, public image and corporate reputation; to increase sales; and to support a company's social license to operate.

Money motivates employees only up to a certain point: "People are seeking meaning at work [. . .] and it has become clear that staff motivation is a powerful bottom-line benefit of corporate social responsibility" (Murray, 2007). Staff motivation can rise from feeling proud to be part of an organization that gives back and has a solid positive reputation. Credit Suisse, for example, encourages its employees to volunteer by facilitating contact with an NGO and paying a full day's salary for the time spent with the organization:

> Credit Suisse is convinced that employee volunteering creates mutual benefits. By participating in the projects run by our partner organizations, we can gain a better insight into the needs of the people in the communities in which we live and work and build mutual trust. At the same time, these activities further enhance the interpersonal skills of our people and promote team spirit – ultimately strengthening our corporate culture (Credit Suisse, 2013).

High staff morale and solid positive reputation can also help attract new talent and retain existing employees, thereby potentially reducing costs from high staff turnover.

On the other hand, various studies have underlined the connection between corporate philanthropy activities and positive purchase intent (Crosby and Johnson, 2006; Wigley, 2008). This seems to send a clear message to companies with consumer goods. Products related to companies engaged in corporate philanthropy may be seen as more trustworthy and wholesome. Consumers might also like to use shopping as an expression of their values, choosing products that "do good" over ones that do not.

Positive image and reputation are seen by the organizations as tools enabling them to become "enduring institutions" (Kanter, 2011), that is companies that overcome a wide range of challenges. Companies benefit from communicating their good deeds to a wider audience (Crosby and Johnson, 2006). This could be partly explained by people's distrust toward what they do not know. When companies successfully engage in open dialogue with different stakeholder groups, trust and understanding is created. Consumers are aware that companies seek financial gains, but when those gains are sought after in a responsible and sustainable way, benefiting others beyond just the shareholders along the way, positive image and reputation are created that in turn results in higher trust and credibility. This is exactly what a recent study also found. Companies engaged in corporate philanthropy are considered more credible and trustworthy (Baksh-Mohammed *et al.*, 2012). This was especially true when there had been no negative press surrounding the company, and communicating engagement in corporate philanthropy was not seen as trying to divert attention from the negative image. Good reputation can also protect the company against negative reactions. For example, when a crisis hits a company, good prior reputation softens consumers' reactions, and they are more receptive to different variations in response strategies. This can be explained by the public being used to seeing the company as honest and trustworthy (Lyon and Cameron, 2004).

Corporate philanthropy can also have a risk-reducing effect on a company. For example, when an environmental NGO alerts a company of a possible safety concern of manufacturing residues in a local river and that concern is addressed by fixing the problem working together with the NGO, although the company does not have legal obligation to solve it, a possible crisis is reverted and good advertising is obtained. This also applies to regulatory compliance that can be seen as a way to avert possible crises that would affect the company negatively in the future. The same kinds of dynamics also work with positive press. When a company engages with an NGO on a good cause (a kind of corporate philanthropy), this can catch the attention of the press thereby resulting in "free advertising" alongside the benefit of being mentioned in connection with a good cause.

When investment decisions are made, all the above-mentioned positive effects contribute to create a positive image of the company seeking financing and can help to secure it at lower rates and with better conditions. The European Commission (2013), for example, recognizes the connection between the disclosure of non-financial information and a positive attitude by investors: "Good disclosure of non-financial information enables investors to contribute to a more efficient allocation of capital and better achieve longer-term investment goals".

2.4 Corporate philanthropy communication

As stated by the European Commission (2013): "by disclosing social, environmental and governance information, enterprises often find that they can better identify and manage issues that influence their business success". To communicate company corporate philanthropy is no exception. With more attention being paid to philanthropy, the stakeholders have developed an increased appetite for information about it. They mean that companies must not only develop strategic philanthropic programs that bring value to the business and the community but also ensure that key internal and external stakeholders are well informed about the purpose and results of community involvement activities. Corporate philanthropy gives companies a competitive advantage and managers are obliged to use it, as companies are not purely altruistic institutions (Leisinger and Schmitt, 2013). However, this critical activity, communications, is often lost amid competing priorities (Council of foundations, 2008).

Good corporate philanthropy communication strategy should be an integral part of a company's communication strategy. While communication of the good deeds can raise staff morale and stakeholders' engagement, not communicating the efforts externally leaves the company outside of these possible positive effects. If you do not tell, you do not benefit. The company cannot wait to be asked about its corporate philanthropy activities, it needs to proactively seek to communicate them.

According to Wanderley *et al.* (2008), at present, internet would have become one of the main communication channels used by companies regarding the broadcasting of information concerning their responsible practices. Corporate websites are the best media to one-way communication of the corporate philanthropy carried out by the company. Nevertheless, the number of studies about corporate philanthropy communication is poor. In our knowledge, there is only one research about corporate philanthropy communication through websites. This research (Greer and Moreland, 2007) examines how Fortune 500 companies used their websites to provide philanthropic communication following Hurricane Katrina in 2005. The results showed that of the 495 companies included in the analysis, 45.5 per cent provided no information on their websites about their philanthropic efforts. Therefore, there is room for new studies that:

- analyze corporate philanthropy communication through websites in other fields;
- analyze whether there is a relation between the kind of charitable giving (in-kind donations or financial gifts) and the mention on the company website;
- analyze whether there is a relation between the industry sector the company belongs to, and the mention on the company website; and
- analyze whether there is a relation between communicate company CSR and communicate company corporate philanthropy.

3. Methodology

To be able to quantify the non-communication of corporate philanthropy, the group of companies researched in this study had to have engaged in philanthropy recently and have a website where the communication could have taken place. These criteria were fulfilled with companies found in the annual report of a large NGO that listed its donors during the fiscal year 2012. All companies mentioned had provenly donated product (in-kind donation), made a financial contribution or donated money through a matching-gift program (where the sum raised by employees is matched by the company resulting in a financial donation where 50 per cent of the amount comes from the corporation and 50 per cent from its employees). As the study was focused on corporations, private donors and family foundations were excluded, and there were also companies that no longer existed (due to mergers, for example). After this preliminary vetting process, the study continued with a list of 141 companies that had recently engaged in corporate philanthropy.

The data were collected during the months of June and July 2013 from the websites of the companies and entered on an electronic study sheet with the following columns (in brackets, their relations with the research questions are showed):

- Does the company mention corporate philanthropy (*RQ1*)? (yes/no)
- Does the company mention other CSR activities (*RQ2*)? (yes/no)
- What type of donation does the company make (*RQ3*)? (financial, in-kind or matching-gift)
- What sector does the company belong to (*RQ4*)? (pharma, finance, etc.)

True to the quantitative nature of this study, the data were then processed based on different search criteria (sector, type of donation, etc.), as seen in the results. The basis of this

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study was information found in an Annual Report of a large American humanitarian aid organization, which specializes in health care and emergency response in the USA and abroad, reaching over 100 countries annually. It is a highly regarded organization with Charity Navigator's three-star rating and Better Business Bureau's certification for meeting AQ: 1 the Wise Giving Alliance Standards for Charity Accountability. Most of their donors are ongoing collaborators that have worked with the organization for many years.

4. Findings

4.1 Results by disclosure (RQ1 and RQ2)

4.1.1 A third part of the companies did not mention their corporate philanthropy. RQ1 to be answered was whether companies mention their CSR activities and corporate philanthropy activities on their website. By comparison, how many do not. The results show that out of 141 companies studied, 95 (67 per cent) did mention corporate philanthropy on their website, while 46 companies, a third (33 per cent), did not mention their corporate philanthropy F1 (Figure 1).

4.1.2 There is a strong possibility that if a company communicates corporate philanthropy then it also communicates other CSR activities, and if a company does not communicate corporate philanthropy, then it does not communicate other CSR activities. The study was also interested in knowing whether there is a relation between communicate CSR and communicate corporate philanthropy (*RQ2*). The study found that there was a relation in the 93 per cent of the companies. Only 3 companies (2 per cent) of 141 mentioned CSR activities but not philanthropy. The number was slightly higher for companies mentioning philanthropy but not CSR, 7 in all (5 per cent).

4.2 Results by type of donation (RQ3)

4.2.1 The number of companies that donate only product and do not disclose their corporate philanthropy is similar than those that do. The 46 companies that did not mention philanthropy on their websites had mostly made their contributions only in kind (in product). In numbers, there were 40 companies (87 per cent) that had donated only product compared to 6 companies (13 per cent) whose contribution was financial (out of these six financial donations, one company had made a financial contribution and also donated through a matching-gift program). On the other hand, there were 40 companies that had made their contributions only in kind and mentioned it. This suggests that the number of

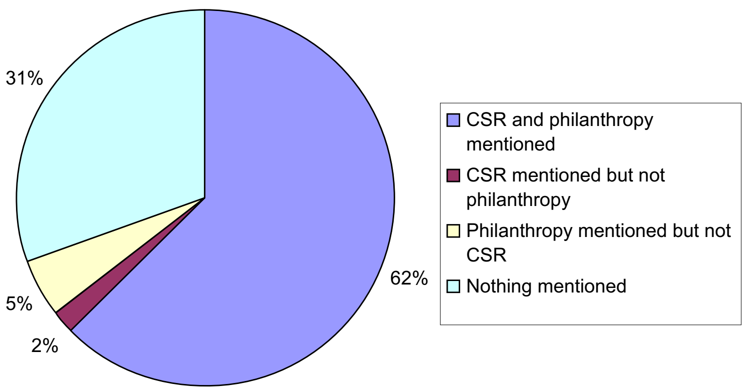

Figure 1.
Breakdown by disclosure

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companies that donate only product and do not disclose that information is similar than those that do. The fact that the 87 per cent of the companies that did not mentioned philanthropy made their contributions only in kind is significant considering that out of donors, only 57 per cent out of them had made a donation only in kind.

4.2.2 The majority of the companies that make financial and/or matching contributions disclose that information. There were 61 companies that made financial or matching-gift donations. Of these 61 companies, 55 (90 per cent) mentioned philanthropy in their websites. Table I shows the breakdown between different types of donation. T1

4.2.3 When a company donates via more than one method, it increases the likelihood of disclosing that information on its website. Based on the above data, most of the companies engage in just one type of donation. For example, a company donating in kind might not donate money or contribute via a matching-gift program. Although clearly a minority, there are also companies that donate in multiple ways. For example, a financial donor might contribute through a matching-gift program and also make a donation directly from the company funds. Only a few companies donate via all three types of donations mentioned, that is matching-gift campaign, financial contributions and in-kind donation (product).

There is a noticeable difference between companies that do mention philanthropy on their websites and those that do not. While in both cases, the single-type donors dominate the figures, 45 of 46 (98 per cent) in non-disclosing companies and 73 of 95 (77 per cent) in

	One type of contribution			Two types of contribution			Three types	
Number of enterprises	In kind	Financial	Matching	Financial and matching	Matching and in kind	In kind and financial	In kind and financial and matching	Total
Disclosure CSR and philanthropy	36	18	14	6	3	8	3	88
Disclosure CSR, Non-disclosure philanthropy	2	1	0	0	0	0	0	3
Non-disclosure CSR, disclosure philanthropy	4	1	0	0	1	1	0	7
Non-disclosure CSR and philanthropy	38	4	0	1	0	0	0	43
Total	*80*	*24*	*14*	*7*	*4*	*9*	*3*	*141*
Percentage of the total of donors								
Disclosure CSR and philanthropy	26	13	10	4	2	6	2	62
Disclosure CSR, non-disclosure philanthropy	1	1	0	0	0	0	0	2
Non-disclosure CSR, disclosure philanthropy	3	1	0	0	1	1	0	5
Non-disclosure CSR and philanthropy	27	3	0	1	0	0	0	31
Total	*57*	*17*	*10*	*5*	*3*	*6*	*2*	*100*

Table I. Breakdown between different types of donation disclosing companies, when a company donates via more than one method, the likelihood of disclosing that information on its website rises.

There was not a single company engaging in all three types of donation method that did not communicate their CSR and philanthropy efforts online. The three companies falling into this category all mentioned both CSR and philanthropy on their websites.

There were 19 companies of 95 (20 per cent) that engaged in two donation types and communicated about it on their websites, and only one company that did not.

F2 Figure 2 shows the dominance of donors engaging in only one type of donation, and it also clearly states the different composition of the columns. A donor donating in two or three different ways is more likely to disclose that information on its website.

It is important to underline the fact that there was only one donor among the non-disclosing companies that had donated in two different ways. All the others were contributing in just one way.

*4.4 Result breakdown by industry (*RQ4*)*

4.4.1 The health sector communicates their philanthropy and other CSR activities less than the average. The sample of 141 donor companies was diverse when it came to industries. Because the NGO all these companies donated to is specialized in health care, it was natural that most of the donors belonged to that field (pharmaceutical companies, both branded and generics, medical instrument and device manufacturers, personal hygiene product manufacturers and distributors, for example). Of all 141, a total of 96 companies (68 per cent) were either pharmaceutical companies or companies related to the field. The rest made up a diverse group of 45 companies (32 per cent) ranging from banks, consulting and law firms to an automobile manufacturer.

Although the sample was skewed toward health care, there is a clear statistical difference between the companies that did disclose philanthropy information and those that did not. The health sector was more prominently presented in the non-disclosure group (86 per cent)

F3 than in the disclosure group (60 per cent), as seen in Figure 3.

Within the group of companies belonging to the health industry, 61 per cent communicated about their philanthropy activities on their websites (the average is the 69

F4 per cent), while 39 per cent did not (the average is the 31 per cent). See Figure 4.

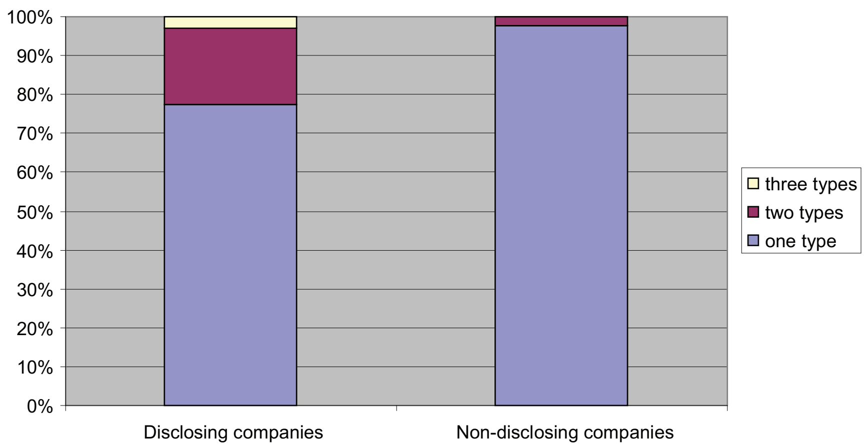

Figure 2. Breakdown by number of donation types

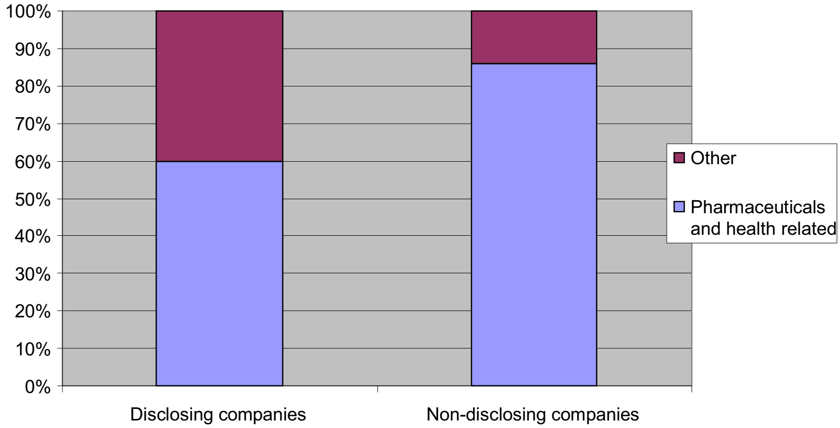

Figure 3. Breakdown by industry

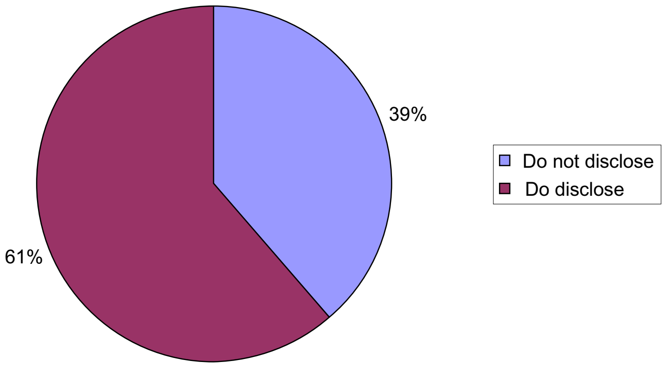

Figure 4. Pharmaceutical and health-related companies

5. Discussion

Websites are one of the main media to disclose company corporate philanthropy. However, little research has been conducted in this area. This study is a starting point for offering insights into the corporate philanthropy communication through websites.

The results underline in a concise manner how a considerable group of donor companies (33 per cent) did not disclose philanthropy information on their websites. The data also suggest that in most cases, these companies made their donation in kind and did not engage in any other giving option, that is to say, they did not make a financial donation to the NGO. The possible reasons explaining these findings are discussed below.

5.1 Why do not in-kind donations get communicated?

In most cases, companies donating product, and only product, did not disclose their philanthropic activities on their website. There are a number of possible explanations.

First, there is the decision structure relating to where the decision to donate money is taken, versus where the decision to donate product is taken. In an organizational structure, the decision to donate money is taken at the middle or high levels and normally needs to go through an internal verification process (financial controller, etc.) before the transfer is ready to be made. This might not be the case for product. Traditionally, the warehouse might identify surplus inventory that can be dispatched without high-level management and the financial officer needing to sign off on it. This can result in donations that are not fully within the scope of high-level management or other relevant bodies in the organization that take decisions on CSR. In essence, one part of the organization is engaging in philanthropic activities without the rest of the organization knowing about it.

Second, even if there were general knowledge about in-kind donations inside the whole organization, the donations might not be considered philanthropy and therefore disclosed on the company website. While financial donations are easy to value, putting a value to an in-kind donation can be difficult. In the case of a medical product with faulty packaging, for example, the commercial value of the product for the company is zero, while to an NGO that can use the product, it can be the same as acquiring it from the pharmacy. The product might even be destroyed by the donor company if it is not taken by the NGO. It is possible that the perceived low monetary value of the donated product results in its not being considered philanthropy. This is especially intriguing as, for the NGO, this is definitely a donation and an act of corporate philanthropy. Someone is going to benefit from the donated product, and it is going to help the NGO's work and mission.

Third, the companies that do not disclose might also be small- and medium-sized companies with limited resources reserved for communication (and none for CSR). This reasoning can also be more of a question of perception, as there are resources to have, and maintain, a company website. Adding a small mention about collaboration with an NGO would not be a huge organizational task.

Finally, it could happen that the non-disclosing companies are fully aware of their donations qualifying as corporate philanthropy, but do they do not see any benefits to be gained from disclosing them to the wider public. This would be a miscalculation that the NGO receiving the donations could perhaps help to mitigate. It is, after all, in their interest that their donors receive all the possible positive impact of their donation.

5.2 The effect of the number of donation types

There was also a clear relationship with the number of types of donations (one, two or three from among the options of product, financial or matching-gift donations). Companies donating all three ways always mentioned both CSR and philanthropy on their website. The number was low (three companies), so no generalization can be made from such a small sample. All but one company donating in two different ways also disclosed its donating activities online. It could be argued that this does show a tendency. The more engaged a company is with the NGO through different types of donations, the more likely it is to also communicate that engagement.

More ways of interacting also suggest a more sophisticated structure to deal with CSR and philanthropic donations, and maybe also more resources and coordinated activities. The more sophisticated the CSR structure is, the more likely they are to see communication as an essential part of the activity.

More than one type of donation also automatically reveals that the company did not just make a one-off donation (there must have been two separate donations at least). It also seems reasonable to think that the companies that only donate one type (product in most cases) may well have done so only once, which might also explain their reluctance to communicate the fact online (a one-off donation might not be seen as worth mentioning).

5.3 Is industry a factor?

As the sample was based on an NGO that specializes in health care, most of the donors were related to that field. If any generalizations can be made related to industry, they can only be about the pharmaceutical and health sectors.

The data did suggest that the health sector was more prominently presented in the "non-disclosure group" (86 per cent) than in the "disclosure group" (60 per cent). These would be interesting data if the control group (other industries) had been considerably larger and more representative. As they were not, these data can only be safely interpreted within this context, not generalized.

6. Conclusion

This paper examines whether companies engaging in corporate philanthropy disclose information about such activities publicly on their websites. Four main findings have been meeting.

One finding is that a third part of the analyzed companies that carried out corporate philanthropy did not mention either CSR or corporate philanthropy in their company websites. In most cases, these companies make their donation in kind and do not engage in any other giving option. So, the number of companies that donate only product and do not disclose that information is higher than those that do. However, the majority of the companies that make financial or matching contributions disclose that information. This could happen for different reasons such as financial or matching contributions needs to go through an internal verification process (financial controller, etc.) before the transfer is ready to be made, but in-kind donations can be dispatched without relevant bodies in the organization that take decisions on CSR knowing about it; or the in-kind donations might not be considered philanthropy; or the company has limited resources reserved for communication (and none for CSR); or companies do not see any benefits to be gained from disclosing their corporate philanthropy to the wider public.

Another finding is that the more engaged a company is with the NGO through different types of donations, the more likely it is to also communicate that engagement. It could be argued that this does show a tendency.

Third finding is that the health sector communicates their philanthropy and other CSR activities less than the average.

Finally, the last finding is that there is a strong possibility that if a company communicates corporate philanthropy, then it also communicates other CSR activities, and if a company does not communicate corporate philanthropy, then it does not communicate other CSR activities.

Findings have some important management implications. Many companies engage in CSR through corporate philanthropy but do not communicate those activities to a wider public. This can be seen as a missed opportunity to take advantage of a variety of positive effects that companies related to CSR benefit from. On the other hand, it can also be interpreted as a missed opportunity for the NGOs to encourage their donors to "come out" with their philanthropic activities. The assumption is that if companies publicized their good deeds, they would reap various benefits and, being encouraged by them, they would possibly continue to donate more. This can result in more in-depth relationships between NGOs and their donors and be of mutual benefit.

The study had two major limitations. First, the size of the sample was limited and skewed toward companies in the health industry, making it impossible to generalize results in a larger context. It would also have been beneficial to have access to additional information about donors, for example, if their donation had been one-off, or whether they were regular donors. Information of this type would have added value to the study.

There are various proposals for future investigations. First, it would be interesting to continue to study the specific nature of in-kind donations. A deeper understanding of the reasons why these types of donation in particular do not get communicated on company websites would be beneficial. This knowledge could be used by academics, NGO and CSR professionals alike to gain a better understanding and take appropriate measures to correct the imbalance.

This same study could also be repeated with a larger sample of various NGOs specializing in different fields. This would make it possible to compare between industries and generalize the results. A larger sample would also allow a deeper look into the size of donor companies and the differences between small- and medium-sized companies, and large corporations.

Finally, in this paper, the descriptive statistics research method has been used to offer insights into the corporate philanthropy communication through websites. A deeper analysis could be done using quantitative research methods like inferential statistics or qualitative studies such as case study. Then, it would be interesting to consider other variables like the reasons to carry out the corporate philanthropy from most altruistic to most profit-oriented.

Note

1. GRI (Global Reporting Iniciative, 2): GRI (Global Reporting Initiative): es un proyecto del Programa de las Naciones Unidas para el Medio Ambiente que se creó conjunto con el CERES en 1997 con el fin de elaborar una Guía de Memorias de Sostenibilidad a project of the United Nations Environment Programme that was created together with CERES in 1997 with the aim of drawing up a set of Sustainability Reporting Guidelines.

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Appendix. An alphabetical list of companies researched

AQ: 2

Abbott
Accudial Pharmaceuticals, Inc.
Actavis
Actient Pharmaceuticals
Adobe Systems, Inc.
Aetna Foundation
All Med Medical Supply
Allergan
American Medical Association
AmerisourceBergen Drug Co.
Amneal Pharmaceuticals, LLC
Aplicare, Inc.
Apotex Corp.
APP
Astellas Pharma US, Inc.
AstraZeneca Pharmaceuticals LP
Atrium Medical Corporation
Avon Products Foundation, Inc.
Bank of America Foundation
Bank of Tokyo-Mitsubishi, Ltd.
Baxter International Inc.
BD
Beaver-Visitec International, Inc.
BGC Brokers US, LP
Biocodex, Inc.
Blu Pharmaceuticals, LLC
Boehringer Ingelheim Pharmaceuticals, Inc.
Bracco Diagnostics Inc.
Bristol-Myers Squibb
BTIG, LLC
Byram Healthcare
C.R. Bard, Inc.
Camber Pharmaceuticals, Inc.
Cardinal Health
Chevron

Cipla Ltd.
CME Group Community Foundation
Coca-Cola Enterprises, Inc.
CooperSurgical, Inc.
CorePharma LLC
Cornerstone Therapeutics Inc.
Covidien
Deloitte Touche Tohmatsu Limited
Deutsche Bank
Edwards Lifesciences
Eisai Inc.
Eli Lilly & Co.
ExxonMobil
Ferndale Laboratories
Fujifilm North America Companies
Galderma India Private Limited
GE Foundation
GlaxoSmithKline Foundation
Glenmark Pharmaceuticals Limited
Goldman, Sachs & Co.
Google, Inc.
Henry Schein, Inc.
Hospira Foundation
Hu-Friedy Mfg Co., Inc.
ING, US
International Game Technology
J. Knipper and Co.
John Hancock Financial Services
Kraft Foods
Lazard Capital Markets
Lundbeck Inc.
Mallinckrodt LLC
MasterCard Worldwide
McKesson Medical-Surgical
Me Pharmaceuticals, LLC
Merck
Merz Pharmaceuticals, LLC
MetLife Foundation
Microsoft Giving Campaign
Midlothian Laboratories
Midmark Corporation
Minigrip
Mission Pharmacal Co.
Mylan Inc.
Nestle Waters North America
NetScout systems, Inc.
Nielsen

Nipro Medical Corporation
Novartis Pharmaceuticals Corporation
Novo Nordisk Inc.
OdysseyRe Foundation
Oracle
Pack Pharmaceuticals, LLC
Pamlab, LLC
Partner Re
Patagonia
PENTAX Medical Company
Pernix Therapeutics LLC
Pfizer
Praxair Foundation
Procter & Gamble
Purdue Pharma
Qualcomm, Inc.
Quinnova Pharmaceuticals
Reckitt Benckiser
Ricola USA, Inc.
SanDisk Corporation Fund
Sanofi US
Schick Manufacturing Inc
SDI Diagnostics
Shire Pharmaceuticals
SJ Pharmaceuticals LLC
Standard Textile
Stethguard
Surgi-Care, Inc.
Systagenix
Takeda Pharmaceuticals USA, Inc.
Terumo Medical corporation
Teva Pharmaceuticals
The Boston Consulting Group
The Johnson & Johnson Family of Companies
The Morrison & Foerster Foundation
The Wells Fargo Foundation
TOMS
UBS
Uncommon Goods, LLC
Unilever
United Technologies
US Chemicals, LLC
US WorldMeds, LLC
Valeant Pharmaceuticals International
VersaPharm Incorporated
Vertical Pharmaceuticals Inc.
Volkswagen Group of America

Walgreens
West-Ward Pharmaceuticals
Wockhardt Limited
WWE, Inc.
Xango, LLC
Xerox Foundation
X-GEN Pharmaceuticals, Inc.
Yahoo
Yankee Containers
Zimmer, Inc.
Z-Medica, LLC
Zydus Pharmaceuticals USA, Inc.

AUTHOR QUERIES

AUTHOR PLEASE ANSWER ALL QUERIES

AQau— Please confirm the given-names and surnames are identified properly by the colours.
■=Given-Name, ■= Surname
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AQ1— Please check the edits made in the following sentence, and correct if necessary: It is a highly regarded organization with Charity Navigator's three-star rating and Better Business Bureau's certification for meeting the Wise Giving Alliance Standards for Charity Accountability.

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