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Corporate Philanthropy in Ethical Framework and Some Discussion Issues Over It

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Abstract

Corporate philanthropy is an issue that nowadays is getting more and more sensitive. Even more complicated becomes when we analyze this in ethical frameworks. Philanthropy is relatively a new concept, but this day is becoming quite a trend. In modern society it is embedded within the political institutions of the state. What we find surprising, is that they are encouraging and rewarding this gap-widening.

Through many others, the most used mean is through Strategic Corporate Philanthropy, which is the process by which contributions aimed to meet business objectives and recipient needs. This can be achieved only by integration of philanthropy into the overall strategic planning of the corporation, its mission and vision in finding ways to meet responsibilities to shareholders and stakeholders, and especially to employees and their communities. This, according to the literature is becoming the state of the art in corporate contribution management.

Integrating corporate philanthropy is a critical aspect of any business proposition and requires extensive actors to be involved. But how possible is the cooperation between corporate and the others? Can be the philanthropy the solution of the problems that our society is facing because of those giant economic organizations called corporations, which are ruling the world economy? How ethical are their actions? And in the end, is philanthropy the corporate duty? All this questions I have tried to answer in this paper work, consisting mainly in

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research and not only, by treating the outcomes of corporate philanthropy in ethical framework.

Keywords: *Philanthropy, ethics, corporations, human.*

1. Roots of Philanthropy: A Short Brief in World's History

Through history, we can find the roots of philanthropy manifested in simplest ways of generosity, differently in different cultures and periods, but the concept of giving has been living since the first existence of men king in the planet.

In prehistoric times, between the year's 300'000 BCE and 14'000 BCE, family groups were significant. Biological bonds of families living in early tribes provide a basis for 'caring' for one another, sacrifice, sharing and living in community.

Early Civilization (2'500-2'000): Ancient religions, ordered the obligation to help poor people. So, in *Kur'an*, the wholly book of Islam Allah says to help people through 'sadaka' that consists in material and nonmaterial support according to each person's ability and economic condition and 'zekat'[1] that is a kind of yearly fee to be paid from everybody to the poorer people, (Quran Surah Baqarah, chapter 2, verse 177[2]). Ancient Hebrews levied a 'tithe' a kind of tax, to benefit the poor. The patriarch Jacob promised to give a tenth of all his properties establishing the origin of 'tihing'. In *Torah*, charitable acts are expressed as 'tzedek', meaning righteousness or justice. For Christians is similar too, where is an obligation for the people to give to poorest (see: Bible, Mateu 25:31–46; Marku 14:7).[3]

The root ideas of philanthropy in recorded western civilization can be traced from the Egyptians through to the Reformation. The Egyptian tombs of Harkhuf and Pepi-Nakht offer the first written motivation

[1] What is Zekat?: https://www.islamichelp.org.uk/zakat/ and: https://www.muslimaid.org/zakat-charity/

[2] "The Holy Qur'an", (see it in: Kurani I Madherishem, 8-th publication of "Instituti Shqiptar I Mendimit dhe qyteterimit Islam", Tirane, Albania, 2008, pg.46. or see pdf format in address: https://www.alislam.org/quran/Holy-Quran-English.pdf)

[3] Plaku Dallin H. Ouks, April 1013, General Conference: "Following Jesus": https://www.lds.org/general-conference/2013/04/followers-of-christ?lang=alb

for charity: “I desired that it might be well with me in the great god’s presence” (Sixth Dynasty, 2’330-2’170 BCE).

In Mesopotamia (2’000-1’500), we have proofs of Hamurabi, the king of Babylonia. He established the first coded lows in a civil society. Many of codes were directed towards the ‘common good’. For instance, as detailed in ‘Learning to Give’s Civil Ideas and the Giving Society’, arrangements were made to protect widows and children. (Hamurabi,c.1’700 BCE)[4].

In the Ancient Greek (500 BCE- 200 CE), Prometheus is punished by the gods for giving man the gift of fire and hope. Alsi, Plato’s Academy in 387 BCE was a voluntary association for the public good. Also Herodes Atticus (102-177 CE), gave water supply and public baths for all the city in Delphi, Italy.

In Roman Empire, Augustos (known as "Gaius Julius Caesar Octavianus Augustus", 28-14 BCE[5]), the first Roman Emperor, gives public aid to an estimated 200’000 citizens, and led Rome into *Pax Pomana*, the long period of relative peace experienced by the Roman Empire.[6]

4 “Hammurabi”, by Joshua J. Mark, 2011, http://www.ancient.eu/hammurabi/

5 E-history: https://ehistory.osu.edu/biographies/gaius-julius-caesar-octavianus-augustus

6 Th.F. X. Noble; B.Strauss, D.J.Osheim; K.Neuschel; E.A.Accampo; D.D.Roberts; W.B.Cohen, “Western Civilization: Beyond Boundaries”, Volume I: To 1715, Houghron Mifflin Company, Cengage learning, Boston, USA, 2008.

2. What is Philanthropy

According to the Oxford Dictionary[7], philanthropy is:

noun

"-the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes".

The word "philanthropy" derives from the Ancient Greek phrase philanthropy, meaning "to love people." Today, the concept of philanthropy includes the act of voluntary giving by individuals or groups to promote the common good. It also refers to the formal practice of grant-making by foundations to nonprofit organizations.

The idea behind strategic philanthropy is to take it to the next level. It doesn't mean that it has to be a large donation but instead it focuses on solving problems at their root. Strategic philanthropy works to identify opportunities for leveraging change much greater than the size of the investment — small amounts of money that start making large impacts. These investments tend to be long-term in nature, upstream focused and come with a higher risk for a higher potential return. These are often focused on changing systems and regularly have an influence or public policy connection.

When it comes to philanthropy, executives increasingly see themselves as caught between critics demanding ever higher levels of "corporate social responsibility" and investors applying pressure to maximize short-term profits. In response, many companies have sought to make their giving more strategic, but what passes for strategic philanthropy is almost never truly strategic, and often isn't particularly effective as philanthropy. Increasingly, philanthropy is

[7] Oxford Dictionary, Definition of Philanthropy, http://www.oxforddictionaries.com/definition/english/philanthropy?q=philanthropy

used as a form of public relations or advertising, promoting a company's image through high-profile sponsorships. But there is a more truly strategic way to think about philanthropy. Corporations can use their charitable efforts to improve their competitive context--the quality of the business environment in the locations where they operate. Using philanthropy to enhance competitive context aligns social and economic goals and improves a company's long-term business prospects.

Addressing context enables a company to not only give money but also leverage its capabilities and relationships in support of charitable causes. The produces social benefits far exceeding those provided by individual donors, foundations, or even governments. Taking this new direction requires fundamental changes in the way companies approach their contribution programs. For example, philanthropic investments can improve education and local quality of life in ways that will benefit the company. Such investments can also improve the company's competitiveness by contributing to expanding the local market and helping to reduce corruption in the local business environment[8]. Adopting a context-focused approach goes against the grain of current philanthropic practice, and it requires a far more disciplined approach than is prevalent today. But it can make a company's philanthropic activities far more effective.

2.1. Corporate Philanthropy

By definition: Corporate Philanthropy mirrors individual philanthropy except for the fact that a corporation, not an individual, is donating funds, time, or talent. Although done on a larger scale, corporate philanthropy is still done without any expectation of direct corporate gain (such as increases in revenue),

[8] Porter ME ; Kramer MR, Harvard University, Boston, USA. Harvard Business Review [Harvard Bus Rev] 2002 Dec; Vol. 80 (12), pp. 56-68, 133

but usually involves indirect gains (such as enhancing a company's brand, engaging employees, recognition, etc.).

CP Attributes[9]:

1. Like standard philanthropy, corporate philanthropy focuses on the treating the cause of a problem or issue instead of the symptom.
2. Unlike standard philanthropy, corporate philanthropy must be done through a corporation directly or a corporation's own non-profit entity.
3. Funding for corporate philanthropy mainly comes from the company's contributions and are usually treated as a business expense.
4. Funding can also consist of individual donations if, for example, someone wanted to donate to a corporation's non-profit.
5. Companies are allowed to deduct up to ten percent of pre-tax income for direct charitable contributions (this includes giving to the company's foundation). Most companies deduct closer to one percent[10].

Some of the common forms of corporate philanthropy[11] are:

- ***Cash donations***: including grants, donations, sponsorships – whenever *money* exchanges hands.
- ***In-kind donations***: such as donating products; equipments; access to employee volunteer groups; the use of a company's

[9] https://www.causecast.com/blog/report-analyzes-corporate-philanthropy-on-a-global-scale
[10] Taxes, By John Carnwath on April 23, 2013: http://createquity.com/2013/04/the-deduction-for-charitable-contributions-the-sacred-cow-of-the-tax-code/
[11] Morton.V, "Corporate Fundraising", Directory of Social Change; 3rd edition (July 6, 2007), London

facilities, property, or services; and know-how; so here are included all the forms whenever ***non-monetary*** support is given.

Examples: Many large companies have a philanthropy branch, this is just two of the more well known examples: Boeing: Boeing's philanthropy does not go through its own individual non-profit, but it is very much a part of their CSR mission. Boeing defines its CSR mission around the three principles of 'Sharing Our Expertise', 'Partnering With Others', and 'Impacting Key Issues'. They execute these goals through a variety of grants and long-term partnerships. It supports environmental conservation through its partnership with Botanic Gardens Conservation International to help preserve plant life around the globe. Additionally, Boeing supports educational initiatives with business partner Alenia Aeronautica that teaches children in Italy about environmental awareness (simultaneously treating a symptom and a cause).

Corporations are becoming increasingly sophisticated in their giving, cutting back on small, scattered grant making in favor of bigger commitments to causes that are close to their expertise, in part so they can offer product donations and employees who are eager to volunteer. But for all the talk about large, concentrated gifts—aligned with business interests and measured with data—companies aren't giving away significantly more cash[12].

In a survey grew from US for Texas, a question was held: How a company's giving plan can help it meet its income, HR, and market share goals? "…*Effective and strategic philanthropy is a win-win-win: for the local community, for the business owners, and for*

[12] The chronicle of Philanthropy, Special Report, "Corporate Giving", 2014: https://www.philanthropy.com/specialreport/corporate-giving-2014/11

employees".– (Lisa Rodman, Principal and Founder, Rodman & Associates, 2015.)[13]

According to this survey, the primary cause areas supported are Education (71%), followed by Health and Wellness (60%), and Human Services (60%).

In another case, The Committee Encouraging Corporate Philanthropy (CECP) and The Conference Board released their Corporate Giving Standard (CGS) survey was conducted in December, 2012[14]. Over 200 Fortune 500 companies participated in the survey including 62 Fortune 100 firms. With these companies together donating almost $20 billion total in 2011, the report reveals current trends in corporate giving. To the detractors of corporate philanthropy, or those worried that companies are doing less, this survey shows that reports of corporate giving's demise are greatly exaggerated. Last year, 60 percent of the surveyed companies gave more than they had donated in 2009, showing that despite the global financial crises large corporate gifts are on the upswing.

Some of the more interesting findings in the survey include:

Growth in corporate giving will be moderate in the coming years: While 40 percent of the companies surveyed in the CGS report expect to increase their donations this year, few expect the amount to increase more than 10 percent. Most said that the amount they would donate would remain unchanged; only 10 percent said the amount they would donate would actually decrease. Despite the expectations back in 2009 that corporate giving would take a long time to recover,

[13] Rodman Report, "A Survey of Corporate Giving in Central Texas", by Rodman & Associates, Professional Philanthropic Advisors, 2015. See it in: http://rodmanassociates.com/wp-content/uploads/2015/03/2015-Rodman-Report.pdf

[14] Survey: Giving in Numbers, CECP, 2012 edition.

most firms were quick to restore their grants and donations to previous years' levels.

Fewer grants, but more higher-level gifts: The number of total grants is on the decline, but their monetary value is increasing. The median grant size spiked over 30 percent between 2009 and 2011. Two reasons are behind this trend: first, companies are overwhelmingly becoming more strategic about where they donate money, and want those grants to go to organizations where the work aligns with the companies' business interests. Some companies, but less than 20 percent, say that reduced staff resources are causing them to become more efficient with less bandwidth.

Non-cash giving is volatile: One would expect the opposite to be true, but companies who reduced their philanthropic efforts in general only donated less cash via their companies' headquarters or donations. Non-cash donations, such as information technology equipment or land, showed larger swings in total amounts donated the past few years. Companies that gave more in 2011 produced in-kind donations at a rate of over 30 percent; for companies that donated less, that rate approached a decrease of almost 50 percent. Such swings in part are because a large one-off donation such as a building, followed by the usual cash grants the following year, cause those huge fluctuations. Overall, if a company's financial performance declined, that was the primary reason for reduced donations the following year.

Who's the most generous with cash? Energy companies and utilities lean heavily on direct cash donations. Financial companies, and then manufacturers, primarily fund philanthropic donations through their charitable foundations. Companies in the CPG, health care and retail industries leaned toward non-cash donations. And another unsurprising trend: the more business a company does abroad, the more likely international donations are a large part of those philanthropic portfolios.

So large donations from the corporate world are not going away–they are evolving and becoming more focused as more companies desire a solid business case for corporate philanthropy. Corporate social responsibility, in part, means keeping close tabs on those monies and ensuring their maximum effectiveness.

3. Ethics in Philanthropy

Is Philanthropy the gateway to power? For generations, traditional philanthropy was the exclusive domain of the wealthy and powerful. Many of the great benefactors of the early 20th century made their fortunes from the railroad, steel, and oil industries. These industrial giants sat on boards of nonprofit foundations that they themselves established to oversee how their treasure troves would be dispensed. They determined which causes were worthy. Much of the philanthropic activity was focused on large, sweeping gifts to benefit big institutions like the New York City Public Library, the ballet, universities, and art museums[15].

How times have changed. Many of today's entrepreneurs are building their businesses based on the idea of fulfilling a new kind of social contract, one in which organizations voluntarily take responsibility for the "triple bottom line": people, planet, and profits. In similar vein a recent review has expressed surprise that such nice people as us are against the idea of corporate social responsibility.

All we are really saying is that we are in favor of clever, strategic philanthropy and not in favor of stupid, random, incoherent, superficial or hypocritical philanthropy. That shouldn't be a very controversial position. At the heart of many of these debates is simply a question of vocabulary and the fact that the notion of

[15] Philanthropy is the gateway to power, by Ann Charles,2016, https://www.fastcompany.com/1689263/philanthropy-gateway-power

philanthropy has become so large and fuzzy that it's barely a useful term any more. We argue in favor of many types of social engagement because they are profitable - such activities don't particularly need any extra political or ethical justification and are simply good management. If you want to call this CSR[16] or philanthropy fine, but we should probably reserve those terms for activities which are not related to the core business and which require some additional ethical justification not related to profit.

For a much cleverer version of this distinction, see Michael Porter and Mark Kramer's excellent Harvard Business Review paper of December 2006, "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility"[17], which argues "The fact is, the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society. If, instead, corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage."

In the statistical point of view, the distribution of total giving for the year 2017, related with corporations, is among the fewest, only 8.7% while the most amount of donations is made by Individuals and Households with 70.7% .[18]

[16] Business, Management and Economics: "Entrepreneurship - Gender, Geographies and Social Context", 2. Chapter: CSR, Ethics and Profits Intertwined book edited by Thierry Burger-Helmchen, Published: March 14, 2012

[17] Michael Porter and Mark Kramer's , Harvard Business Review paper of December 2006, "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility".

[18]Philanthropy Outlook, Total Giving, 2017 Marts & Lundy: http://philanthropyoutlook.com/index.php/philanthropy-outlook/total-giving/

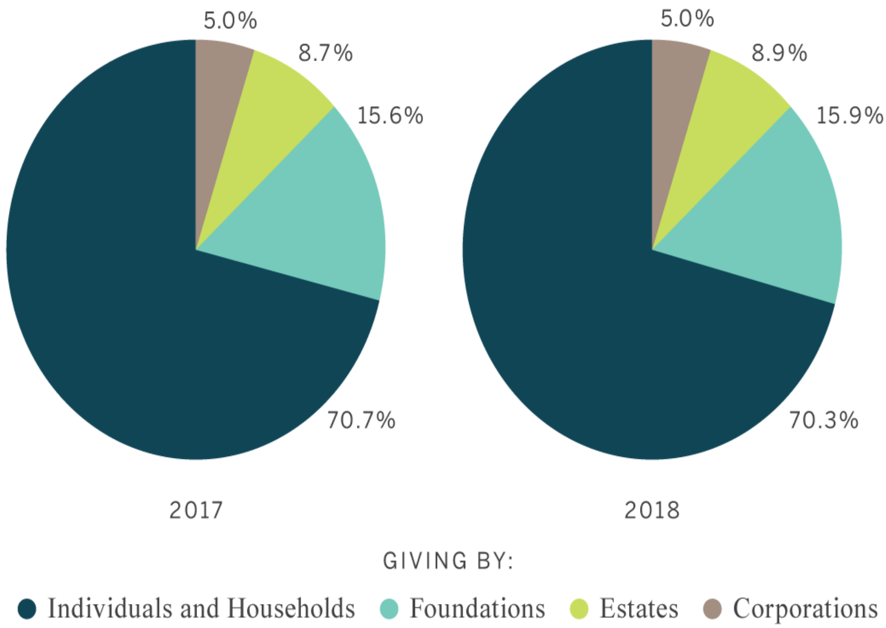

Figure 1 shows the proportion of total giving by each source for the years 2017 and 2018. In 2017, 70.7% of total giving is expected to derive from individuals/households, followed by 15.6% from foundations, 8.7% from estates, and 5.0% from corporations. The proportion of giving from corporations will remain steady between 2017 and 2018. [19]

In 2017 and 2018, total giving is expected to be lower than the historical 25-year and 40-year average rates of growth[20].

Companies today have to address questions that are external to their core business. Does the organization have a moral compass? Does it

[19] Is GDP Inextricably Linked With Corporate Giving, *Feb 23rd, 2017:* http://www.triplepundit.com/2017/02/gdp-corporate-giving/

[20] Philanthropy Outlook, Total Giving, 2017 Marts & Lundy: http://philanthropyoutlook.com/index.php/philanthropy-outlook/total-giving/

support worthy causes? Is it a good corporate citizen? Stepping back and taking a fresh look also gives brands a great opportunity to redefine themselves and optimize for the future. It should come as no surprise to corporate America that CSR has become a talent magnet, a sales magnet, and an investor magnet. The corporate giants of our time are starting to follow in the footsteps of their industrialist predecessors.[21]

The next natural evolution of this trend is the new "social enterprise," a social mission-driven organization that applies market-based strategies to achieve a social purpose. In Andrew Carnegie's 1889 essay "The Gospel of Wealth," he stated that business and the wealthy are the caretakers of our future society. At the time Carnegie's ideas were the exception rather than the rule. Today, many small and large companies are still new to CSR. If the social enterprise enjoys financial success, CSR can become a fundamental principle for businesses rather than an afterthought.

To use a quote from Winston Churchill that I personally appreciate, "We make a living by what we get. We make a life by what we give."

4. Critical Ethic Issues Related With Philanthropy in General and Corporate Philanthropy in Particular

Would be interesting to compare what folks thought “charity” was in comparison, i.e. faith, hope and charity. Is it the same as philanthropy, or different, or a subcategory?

Its worthy to raise an important historical question discussed by many critics: Do people give more out of their sense of obligation or influence from their faith or religious convictions, or do they give with intention to change the human condition? Or both? The history of giving discusses this issue of evolving from charity in the 1600s

[21] Article: “Opinion: Traditional Philanthropy Gives Way to a New Power”, The Magazine of Corporate Responsibility, October 15, 2010

and 1700s eventually to what we began to view as scientific philanthropy in the late 1800s and early part of the twentieth century. We can argue that these are two distinct forms of giving with different motivations to an extent but at the same time there is overlap between the two. We also need to remind ourselves that people who don't believe in a higher being or are not religious also give for humanistic reasons.

Philanthropy is sharing one's resources but it also delves into one's passion to create and enhance civil society. In the US there are many historic exemplars-from minute men, midwifery, and orphanages to abolition, workers rights and the various corps (Peace, Freedom) movements. It is part of who we are in ideology and in practice. Most of us have been touched many times by philanthropic donors- we belong to a church, enjoyed being a girl scout, parted with some coins to a person in need or have been escorted to a hospital room. Philanthropy is one tool we use to make this world a bit more hospitable and enhance the quality of life–which has a great effect on all of us.

In the Texas Survey (2015), when philanthropy-makers companies asked to select their motivations for giving, altruism/supporting the community was ranked as the primary motivation (78%), followed by building the corporate brand (45%), and attracting/retaining employees (30%)[22].

Philanthropy, as the others have indicated is looking outward, rather than inward (i.e. the other, or community well-being is the focus rather than self focus). It is giving of time, energy, knowledge, or money to aid others. Being philanthropic means giving of oneself to

[22] Rodman Report, "A Survey of Corporate Giving in Central Texas", by Rodman & Associates, Professional Philanthropic Advisors, 2015. See it in: http://rodmanassociates.com/wp-content/uploads/2015/03/2015-Rodman-Report.pdf

improve the human condition. As Mother Theresa[23] noted, helping others also helps us[24], either through the improvement of the community, or the satisfaction of having contributed to a greater good.

We should reminds of the old age debate over how much altruism and egoism play into our giving motivations and behavior. We might argue that pure altruism, giving with no intention of receiving anything in return, does not exist because we at minimum feel satisfied, get that "warm glow," etc. However, we might also consider that it might not matter as long as we are doing good in the community, and as you say, improving the human condition. If we give in part for this reason and consciously or subconsciously for our own reasons or to please ourselves, it is the end result of our giving that matters most.

Based on the data uncovered by the report (Global Report, 2013)[25] is obvious the part of giving for gaining a great image..For example, one type of international giving that is particularly popular amongst companies is *disaster relief*. Forty-six of 50 surveyed companies reported giving charitably to disasters since 2001; a majority donated to both domestic and international disasters. Most companies have set policies guiding disaster response; one-third of surveyed companies have a contingency fund budget for future disasters. The highest percentage of surveyed companies indicated that the *community impact* (e.g., the scale of the disaster and the number of people affected) *is the most important factor* in determining how they respond to a disaster. The second-largest proportion of surveyed

[23] Mother Teresa of Calcutta (1910-1997), Albanian, http://www.vatican.va/news_services/liturgy/saints/ns_lit_doc_20031019_madre-teresa_en.html

[24] See some of the quotes on the address: https://www.goodreads.com/author/quotes/838305.Mother_Teresa

[25] The study, "Giving Beyond Borders: A Study of Global Giving by U.S. Corporations,", 2013, sponsored by Global Impact and created by the Lilly Family School of Philanthropy.

companies highlighted the disaster's impact on their employees as a key factor driving their response. This feedback reinforces the notion that the time for a company to prepare for disaster relief philanthropy is now, before disaster has struck. How a company responds to disasters can have implications for the perceived - and actual - integrity of its brand.

According to 'The second annual Ethics in Philanthropy Debate[26]', presented by the Australian Communities Foundation in conjunction with the Melbourne Writers Festival that was held in 27 October 2011 at BMW Edge at Federation Square in Melbourne, philanthropy is definitely a very important aspect of today's society, while it's application , is to make into question in the framework of ethics.

Quite vigorous discussion ensued around whether it would be more beneficial for the government to have higher taxes which would go towards things people particularly want such as health and education, or whether this would mean that things not on the government agenda would fall by the wayside.

Cath Smith, CEO of the Victorian Council of Social Service, talked about how research has shown that people are prepared to pay more tax in return for services they believe are necessary, but that Politian's refuse to believe the research (and that this is demonstrated clearly by the debate around the carbon tax).

Peter Mares asked about the strings attached to philanthropic dollars, such as naming buildings and having commemorative plaques. He asked whether the best philanthropy is anonymous but Dorothy Scott

[26] Ethics in Philanthropy Debate, October 27, 2011: http://ozphilanthropy.com/2011/10/27/ethics-in-philanthropy-debate/

spoke of the need for people to speak about their support (but with the focus on the recipients).

Stephanie Alexander talked about the tensions that can arise when donors who like and believe in a project feel they can influence policy and direction and Dorothy Scott stated that philanthropy should not interfere in the governance of an organization receiving a grant, though this can become complicated where the philanthropic body is involved in initiating a program.

Dennis talked about the dangers of donor assumptions about how their money may be spent, particularly in endowed chairs at universities, where there may be implicit assumptions about ideology, and the sometimes questionable motives for businesses involved in philanthropy.

The conversation here touched only lightly on the difference between corporate sponsorship and philanthropy. It would have been great to have had a little explication of what is what, as many businesses do make legitimate (according to tax laws) "gifts" but sometimes the line can be blurred as to whether it is a gift or a sponsorship.

Peter Mares brought up the eternal question for ethics in philanthropy about whether it matters where the money comes from and comedian of the evening Rod Quantock quipped that "the only problem with tainted money is that there taint enough of it". On a more serious note he concurred that the origin does matter, but that some might believe otherwise, and that it wipes away any blood or guilt. The conversation then turned to ethical investing which is even more fraught with difficulty. They thinks that one needs to consider the community view and community benefit in taking dubious gifts. She talked about the current disquiet over distribution of funds from revenues raised by poker machines.

Questions from the floor covered issues such as: the Aid watch in High Court Decision allowing charitable organizations to undertake advocacy and lobbying activities and whether philanthropy would therefore now support more advocacy activities. Some critics were of the view that donors would still want to see what the practical outcome of the advocacy would be, while some others felt that this decision would be particularly beneficial for environmental issues. They questioned whether this could still be considered philanthropy or was political activism.

Also, a big question that should take into consideration is: would people still if they didn't have tax breaks. Dorothy Scott's response to this was that the tax breaks allow middle income earners to give away more than they could otherwise, so it is not only just for the super wealthy.

A question about whether altruism is incentivized and the example of crowd funding and the rise of social ventures. Phd D. Scott, a history professor, argues quite strongly about altruism and the advantages to the group and that we need to transcend the notion that we are only motivated by self-interest. She said that cooperative behaviors has enabled the species to survive. While some critics say that they are not against tax breaks but philanthropy is an alibi for government reneging on its responsibilities.

5. The Edge Between Charity and Philanthropy

First as we defined before, by definition philanthropy at it's core is the investment of private capital for the public good. Charity or donations are what we all think about when we get the solicitation in the mail around the end of the year asking for a year-end donation to help a cause that is close to our heart. These donations tend to go towards an immediate need, usually are smaller dollar amounts but are given by a large number of people. These are crucial to the operations of non-profits and make an impact in the community.

The adage "give a man a fish, you feed him for a day; teach a man to fish, you feed him for a lifetime" is, for many, at the heart of the difference between philanthropy and charity. People often use the terms 'philanthropy' & 'charity' interchangeably and think the two are synonymous. Social scientists consider this incorrect and rightly so.

Charity refers to the relief of suffering while philanthropy is the seeking out of the root causes of social problems and solving them. When the charitable person makes a donation, he gives whatever he's got on him or he conscientiously writes a cheque for a sizable sum and hands it off to a grateful beneficiary. When your philanthropist, on the other hand, makes a grant, that money comes from a foundation, or a giving circle, or a donor-advised fund, where the money is invested for social benefit.

Contemporary philanthropy usually focuses on interests and concerns of all income classes, while charity on the other hand has come to mean serving mainly, if not only, the poor, disabled and needy.

There is also a difference in the ways the two are carried out. While charity creates an dependent relationship between the giver and the receiver, philanthropy seeks to empower and enable sustainability. Give a man a fish, feed him for today. Teach a man to fish, feed him for a lifetime. Charity is for today; philanthropy is forever.

In the end it is not a question of strategic philanthropy or charity, it must be both. We will always have immediate needs and charity/donations help solve those gaps. I think it is imperative though, that everyone also keep an eye on how they can think strategically about their philanthropic dollars and find those times when we can give to help target root causes for issues and help our investments multiply many time over! Some years you will give more to charity while another time you may see a truly innovative idea and can make a strategic investment directly to the root cause. The most important thing is to keep watching for ideas and investing in our community to keep this an amazing place to live.

Conclusion

We typically tend to think of philanthropy narrowly as just the giving of money when it is so much more. It means a giving of one's resources, either time, voice or money, to a cause seen as beneficial for the greater community good.

While Corporate philanthropy is a company's planned program of charitable giving. Philanthropy has become more prominent in the early 21st century based on more expectations from the public that companies give back to the communities in which they do business. While society benefits when companies contribute, businesses have to consider the pros and cons to optimize business advantages.

In Make Poverty Business we are critical of the notion of corporate philanthropy and make the familiar argument that businesses create most social values by focusing on profits. But this does *not* of course mean that we are against all types of social engagement - quite the opposite. We are in favour of strategic social engagement which shows a demonstrable effect on the bottom line, and we believe the most successful win-win interventions will be the ones which are closely linked to the core business and where the company provides expertise and resources in addition to money - we might call this enlightened self-interest rather than pure philanthropy. When we criticize corporate philanthropy we are restricting our attention to "random acts of kindness" which simply give away shareholders' money without adding much corporate value, in a way that is probably less effective than if the money was returned to shareholders who could then make their own choices about where to donate the cash.

We will consider the moral requirements of and for philanthropy and its practices and the role of philanthropy in a democratic society. Hot issues may include religious and moral imperatives and motives for charitable giving, arguments that one is obligated to give away almost everything to save the lives of the poor, the justifications for publicly subsidizing philanthropy (through the tax system), the unintended problematic consequences of organized philanthropy, the role of corporate philanthropy, and the ethics of using psychological and behavioral economics techniques for fundraising.

Along the way, we may consider contemporary practices such as venture philanthropy and policy advocacy, the idea that philanthropy should be rooted in strategies based on empirical evidence (and critics of these approaches), and the relationship between foundations and their grantees.

According to ‘The second annual Ethics in Philanthropy Debate’, presented by the Australian Communities Foundation in conjunction with the Melbourne Writers Festival that was held this evening at BMW Edge at Federation Square in Melbourne, philanthropy is definitely a very important aspect of today’s society, while the application of it, is to make into question in the framework of ethics.

Companies that are more cutting edge and assertive in their philanthropy in fact, are promoting their efforts as part of their brand and especially their profits. So, what is their real purpose: The favorable image; the attract to investors by giving to charities that gain favor with the public; or the tax break that Corporations actually get from monetary gifts, which minimizes the net cost of philanthropy? For this main reasons and other arguments, personally I agree with the critics, that we have a crash between ethic and the hidden purpose of corporate philanthropy.

But in the end, to conclude this paper by using a quote from Winston Churchill, "We make a living by what we get. We make a life by what we give."

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