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Dollars and Sense: Corporate Social Responsibility in Canada's Oil Industry

by

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ABSTRACT

Corporate philanthropic initiatives are now part of a larger concept of *corporate social responsibility*, in which strategic donations programs are designed to further business goals. Using a combination of theoretical literature, semi-structured interview methodology, and corporate and research reports, I collected data on how corporate social responsibility operates within nine large Canadian oil companies. This research focused on how philanthropy and business goals are linked, how philanthropy can be measured, and what relationships exist between the corporate and not-for-profit sectors. A central theme in the research is that corporate giving practices operate within a fundamental tension, with shareholder and social responsibility values at the heart of an ongoing tension. The question of the inherent value of socially responsible corporate behaviour remains a salient question, and lies at the heart of the debate between those favouring the profit motivated shareholder view and those espousing the values of socially responsible business practices.

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DEDICATION

To my husband Clovis,
who has the faith of the world
in my strengths and my abilities.

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CHAPTER ONE

Introduction: The Business of Corporate Philanthropy

***Corporate Social Responsibility . . .**

"Is about creating better relationships and meeting fundamental community needs"

"Is the glue in your corporation's reputation in society"

"Isn't about philanthropy nor is it done out of the bottom of our hearts"

—Interview Data

The last decade has seen significant changes in the ways that corporate philanthropy is conceived of and structured in Canadian corporations. Corporate Canada has experienced a marked shift in the way that businesses and their stakeholders think about corporate philanthropy. It has become generally acceptable to consider philanthropy as a legitimate corporate activity, and moreover, as one that should be linked to other business functions. Corporate Social Responsibility operates as a legitimate business function—titles of individuals involved in such activities include 'National Director of Community Investment', 'Coordinator of Community and Public Affairs', 'Director of Community Investment in Corporate and Community Relations', amongst others. Such activities are no longer a 'back office' kind of operation; rather, individuals involved in CSR operations receive similar treatment to that which other executives are accorded—benefits include large central offices on the prestigious top floors of corporate towers, membership on executive level corporate committees, funding for seminar and conference training, secretary support, and in some cases, the help of an

assistant. Working in CSR is understood to be a legitimate corporate position, in-line with other executive rank standings. However, specifically where philanthropic initiatives fit into the corporate structure remains a hotly debated question. Rather than using the term corporate philanthropy, corporations are now engaging the concept of *corporate social responsibility*, in which businesses strive to find a balance between social and economic initiatives. Corporate donations activities that formerly fell under the auspices of *philanthropy* are now part of the larger framework of corporate social responsibility. As the above quotes suggest, corporate social responsibility (CSR), can be classified as neither a purely economic nor altruistic business initiative. If economic "for profit" and philanthropic "altruistic" motives exist at opposite ends of business' ideological spectrum, then CSR can be said to exist within the space that separates the two, and what is significant about CSR are the dynamics operating in that space.

Anthropologists who have focused on gifting have examined the social significance of the exchange taking place, including how elements of prestige, status, and reputation fit into the gifting process. In anthropological terms, the thing given represents much more than simply the gift given or the exchange taken place; rather, the activity of giving the gift is considered to be embedded in all aspects of that society's cultural fabric or understanding. Therefore, to take an anthropological approach to understanding CSR, it is possible to see it as something which is located within the corporate culture within which it takes place—a set of values and corresponding initiatives that are firmly embedded in that corporation's corporate culture. It is necessary to understand practical and structural considerations of CSR such as *how to give, who to give to,* and *how much to give them*; however, where it becomes anthropologically significant is in answering the

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* Oil industry Representatives speaking on Corporate Social Responsibility

more complex questions of *why CSR takes place, how does it relate to corporate culture,* and *what is the significance of CSR beyond the corporate framework?*

A critical starting point in addressing these more complex questions is in establishing a unifying thread that the corporations in question (in this case Canada's oil industry corporations) share in common—that is, despite different industry specializations, corporate structures, and mission statements, what aspect of their corporate cultures do Alberta's oil industry corporations have in common? The simplest answer is that a unifying theme amongst such corporations is *a mandate to provide a profit for shareholders*. Therefore, in order to understand how CSR is played out within Canada's oil industry corporations it is necessary to understand the relationship between CSR practices and business goals. And, assuming that profit-making is inextricably linked to business goals, the central question which arises in this research is: *What is the relationship between corporate social responsibility and business goals?*

CHAPTER TWO

Methodological Considerations: From Inception to Conception

I proposed to take four months of field work to answer my central research question: *what is the relationship between corporate social responsibility and business goals?* I proposed to use those months speaking to representatives from Alberta's oil industry corporations and to representatives from non-profit groups, in order to discover the answer to that central question and to gain an understanding of the issues surrounding corporate social responsibility in Canada today.

Research Objectives

The following comprised my central research objectives:

- *To understand the relationship between corporate social responsibility and business goals*
- *To determine how corporate giving practices can be measured—in terms of campaign success, dollar value, corporate image, etc.*
- *To gain a general understanding of the relationship between the Non-Profit sector and the Corporations with whom they deal*

Research Questions

The research objectives led me to form the following research questions:

- *What is the relationship between corporate social responsibility and business goals?*
- *How can Corporate Social Responsibility be measured? What kinds of measurement practices are used?*
- *What kind of relationships exist between the Non-Profit and Corporate sectors?*

Method

The specific methodology I proposed to use was the semi-structured interview. This enabled me to prepare a list of interview questions that targeted my research objectives. while still allowing me the freedom to pursue a subject or conversation if it came up in the interview situation. As well. this less structured interview allowed my informants to pursue any topic or area they felt to be important. rather than having to adhere to a strict regimen of pre-determined questions. Because each corporation was structured in a different way. the semi-structured approach gave me the flexibility to react to such elements such as interview/ interviewee compatibility. whether my prepared questions were in sync with that corporation's CSR initiative(s). and how willing a given representative was to discuss their company's CSR structure beyond what is immediately available to the general public.

The strength of the semi-structured interview lay in the fact that. as a research tool. it allowed me to use questions which target the specific concepts that I am interested in. and provided me with a tool that I could use in every interview situation. thus maintaining continuity in my measures. At the same time however. the semi-structured interview provided me with a moderate degree of flexibility in the interview situation. Flexibility is important because. although my questions were carefully formulated and considered. they reflected my own perspective and were not always completely in sync with the informant's experience with CSR. In this way. the semi-structured approach allowed me to consider a wide range of issues in my research. Weaknesses of the semi-structured interview approach were that. in one or two situations. informants tried to lead

the interview into areas that were not relevant to my research objectives. However, overall, I felt the semi-structured approach to be a very strong research tool.

Interview Questions

When I formulated my questions I organized them in terms of conceptual questions and interview questions. The conceptual questions reflected ideas that come out of the theoretical positions and were to inform the interview questions I asked in the interview setting. The lettered questions in each section have been matched to correspond to the same concept or idea.

Conceptual Questions:

a) How is corporate social responsibility structured in a given corporation?

b) What is the corporation's CSR mandate? *–This may tell me where their idea of CSR fits in with the business literature on motivations for corporate social behaviour.*

c) What is their justification for that mandate? *–To shed light on their ideas about corporate social responsibility and business goals.*

d) What is the relationship between the structure and the mandate? Do they appear to fit?
–Is there congruence between what they say and what they do?

e) In what ways do those individuals associated with CSR in the corporation talk about corporate giving? Are there implicit meanings? *–Again, this may shed light on their CSR philosophy and where this fits, or does not fit, with theoretical positions on corporate giving.*

f) Do the ways they talk about CSR reflect what has happened in past campaigns? *–Again, this may illustrate whether there is congruence between what they say and what they do.*

g) What other departments are individuals involved in CSR practices in contact with? Do such relationships appear to have implications for their practices?

–This is to determine what other business functions philanthropy is linked to, whether there is a strong relationship with advertising, public relations, community relations, etc.

h) How does the representative from the corporation see CSR within a broader context? What do they think the relationship is between corporate social spending and society? *–This addresses the concept of corporate social responsibility, how that person views the role of corporate donations in a broader context.*

i) How does the problem of measurability get worked out? Are there ways to determine or measure the success of a given initiative? How does this work? What are the criteria for such measurability? *–This is to uncover how that corporation approaches the problem of measurability.*

j) What have that person and/or corporation's experiences been in dealing with those persons and/or groups who receive monies? How do they characterize their relationship with the non-profit sector? Or conversely, how do representatives from non-profit groups articulate their relationship with the groups from whom they receive money? *–This is to illustrate how the process of CSR operates, how are the relationships between those who give and those who receive are characterized?*

Interview Questions:

a) Can you tell me about how Corporate Social Responsibility works in your corporation?

b) Does your company have a specific corporate giving mandate or philosophy? How does this work?

c) What is the reason for this particular mandate? Who wrote or came up with this philosophy?

d) How does that philosophy or mandate get played out in specific initiatives? Can you give me an example?

e) Can you talk to me about CSR in general—how you see

f) Can you talk to me about some past donations initiatives. what they consisted of. how they worked. what the end result was?

g) What other departments within your corporation do you have contact with? What does this contact consist of?

h) Can you talk to me about corporate social responsibility within a broader context? What do you see as the role of corporate donations and/or corporate social initiatives within society?

i) How do you know whether a particular CSR initiative or campaign has been successful? Are there ways to measure success? How do they work? Can you give me some examples? Are there problems inherent in this process?

j) Can you talk about your experiences with those groups to whom you give to? How can you characterize your relationship with the non-profit sector? Can you give me some examples based on past campaigns?

Sample

Prior to commencing the research I had met with representatives from seven oil companies to discuss my research with them. the kinds of questions I might be interested in asking them. and to inquire as to the feasibility of conducting research at their corporations. By the time of proposal defense I had determined that I was going to be conducting semi-structured interviews at the following corporations: Petro-Canada. Shell. Trimac. PanCanadian. BP Amaco. Alberta Energy Corporation. and Nova Chemicals Corporation. Throughout the summer I also met with and received permission to conduct interviews at TransAlta. Suncor. Hunter Canadian. and Imperial Oil. From the first group. BP Amaco and Trimac did not work out. leaving me with a sample of nine Canadian Oil Corporations. In addition to having met with those nine corporations. I also met with representatives from the United Way of Calgary. The Calgary Center for Non-Profit Management. The United Way of Canada. Culturenauts. Jones-Emery Barristers and

Associates. The Historica Foundation. The Canadian Center for Philanthropy. The Canada Conference Board. and Canadian Pacific.

Constraints

One of the primary methodological constraints lay in the fact that I was 'studying up'. Because I was previously unknown to each of the corporations whom I studied. accessibility became a paramount factor in how I was able to conduct this research. A participation and observation situation would have been ideal and would likely have provided me with a significantly more in-depth look at how CSR gets played out in specific corporations. Although networking and corporate referrals played a critical role in determining which corporations I could 'get into'. being a relative stranger with no previous business contact in the corporations I was studying created a situation in which the issues of confidentiality and security seriously affected the level of accessibility I had within the corporations. Furthermore. those corporate representatives with whom I spoke were often quite high in the corporate structure. were very busy individuals and. at a given time. these representatives generally had no more than a half hour to an hour to spend with me. Thus. because of such constraints. conducting research other than by the interview process would have been next to impossible.

Another central constraint in this research is the issue of corporate representation in my written work. Because the oil industry companies in Calgary are in competition with each other. the degree to which this research can identify specific practices of particular corporations is limited. Although. from a comparative perspective. the most ideal situation would involve an analysis in which I can identify and discuss specific corporations and

their practices, this has not been possible. A further constraint that emerges in this research are the issues of representation and trust. Parts of my data contain material that, depending on how it is depicted, could be potentially harmful to certain corporations' reputations. Because, as a researcher I have been entrusted with that material, it is my responsibility to ensure that any information that could be seen as damaging or detrimental to a corporate reputation not be linked to a specific company. Public image and reputation are critical concerns of these oil industry companies and I have had to keep this in mind when discussing the specific practices of corporations.

Although concerns of reputation management and public representation are not as critical for non-profit organizations as they are for the oil industry corporations, it is still important that, as a researcher, I respect what is contained within my data and do not betray the trust of any non-profit representative with whom I spoke. For example, if a given representative spoke about a company or the corporate sector in general in a way that was less than flattering, I did not include those kinds of specific details within my analysis. Thus, because of these concerns of representation, reputation, and confidentiality I have organized the way I discuss my data in the following manner:

- *An analysis discussion that does not identify specific corporations*
- *An appendix that outlines the CSR practices of specific corporations*

Methods in practice

Using such a methodological approach was useful because the semi-structured interview provided a structure for me to use while in the interview situation. However, I found, more often than not, that I did not adhere to the interview schedule in any specific

way. It became immediately clear to me that some of the informants were nervous talking about their corporations with me, and that the more formal I made the interview situation, the less information I was going to receive. At one corporation, the representative with whom I met actually questioned whether I was a student and seemed to think that I might be working for another corporation. This issue of formality also relates to the informed consent sheets that I had originally proposed to have signed in every interview situation. I became aware at once that using such forms was going to cause me some degree of difficulty because the forms created an air of distrust and uneasiness in the interview situation. Some of the comments about the forms were "what does this form mean" and "does this mean you can repeat everything I tell you". Due to the guardedness that appeared to result from using the consent forms, I decided that establishing a verbal agreement as to my intent in the interview was a satisfactory practice. In addition to choosing the verbal over the written consent method, I chose not to record my interviews for the same reason. It seemed logical to me that if the prospect of signing an informed consent document created an air of uncertainty with my informants, that tape-recording the interviews would have also posed problems for the informants. This was a disappointment to me as I am aware, from previous research, that tape-recorded conversations can be very rich sources of data. However, in this case I felt that the disadvantages of using a tape-recorder outweighed the advantages.

In order to further facilitate a less formal interview environment, I generally approached each interview situation by asking the first two questions from the interview schedule, "*Can you tell me about how Corporate Social Responsibility works in your corporation?*" and "*Does your company have a specific corporate giving mandate or*

philosophy? How does it work?" and proceeded with the interview depending on the way the individual answered those questions. Usually there was some variation in the responses to these questions and I tried to follow their responses as they related to my research questions. For example, in one case, an informant was talking about their corporation's CSR program and finished off the sentence with "... and that's how it works ... it's got to be that way because we have to think about the business at hand and obviously about shareholder value". Because that statement was directly related to one of my research questions (*what is the relationship between corporate social responsibility and business goals?*) it made more sense to follow with "can you tell me more about that?" than to go on to the next question simply because it was on the list. That situation clearly illustrates the benefits of using the less structured approach.

Of course, in other situations being able to use the interview schedule was a welcome structure to depend on. In a few interview situations it seemed that I could not establish a fluid dialogue with the person, regardless of whether I asked the same questions in different ways, or whether I asked them to expand on a very short answer by saying "can you expand on that more". Granted, creating a comfortable and smooth dialogue with an informant is made easier by being a practiced interviewer and being able to draw on such well-practiced skills; however, as in any conversational setting, personality and pre-conceived notions about the situation can affect the way in which the situation unfolds. Despite the fact that I found those interviews where I was able to generate a conversational rather than interview-like feeling more effective in getting at my research objectives, in the few situations where a conversational-like feel could not be created, I definitely found the structure of the interview schedule to be advantageous.

Therefore, the data that emerged from using such a methodology is a collection of hand-written notes that I took in the interview situations. In most instances I reviewed my notes as soon as possible after meeting with the informant and typed up those notes including any opinions, comments, and feelings that arose in this reflective process. In addition to having this collection of hand-written and typed reflections, I also received a great deal of literature from my informants in the form of annual reports, magazine articles, newspaper clippings, and in the case of the non-profit sector, a rich array of research papers and articles on the subject of CSR. The annual reports that I received from the corporations were extremely useful for two reasons; not only did they enable me to compare what the corporate representatives told me with what is in those documents, but they also provided me with concrete examples of what such corporations consider to be public information. The research papers and articles that I received from The Canada Conference Board and from The Canadian Center for Philanthropy have also been extremely critical to this research—these documents reflect what are the cutting edge research issues in the area of CSR and have helped me think about and find answers to some of my core research questions—some of the answers being ones I did not receive in the interview situations.

CHAPTER III

The History of Corporate Social Responsibility in North America

There is an extensive body of business literature that speaks to the evolution of business philanthropy (Carroll 1999; Campbell et al 1999; Smith 1996; Stroup 1987; Burlingame 1994). Prior to 1954, in the United States it was not possible for public companies to make contributions unless they were "in direct relation to their shareholder's best interests" (Stendardi 1992:21). The Smith Manufacturing Company Case of 1954 established a law called the "business judgement rule" which made it possible for corporate managers to make contributions that, in their judgement, would promote the corporation's interest (Stendardi 1992:21). That ruling established corporate philanthropy in law, and from that point on a debate over the legitimacy of philanthropy as a corporate activity ensued. Two sides to the corporate giving debate emerged—there are those who believe that corporations need not engage in philanthropic behaviour, and those who consider philanthropy to be one of a corporation's social responsibilities (see Stendardi 1992).

A key notion for understanding the history of corporate philanthropy is *corporate social responsibility* (CSR). The concept of CSR is essentially one which considers what responsibility corporations must take towards the societies in which they operate. Carroll (1999) maintains that formal writing on the question of CSR is most useful in the last fifty years. Since the early 1950's, theory, research, and practice surrounding CSR have become central topics in business research. By looking at the historical context of CSR

one can better understand how contemporary ideas about CSR, especially the notion of enlightened self-interest, have come into existence.

It is clear that earlier conceptions of social responsibility differ quite sharply from today's standards. In the 1950's, business social responsibility was considered as simple as "to make a profit" or as vague as "to pursue those policies . . . which are desirable in terms of the objectives and values of our society" (Carroll 1999:270). Some definitions of CSR in the 1960s included: i) "an interest in politics, in the welfare of the community, in education, [and] in the 'happiness' of its employees" (Davis 1960:12)); ii)"look[ing] beyond the firm's narrow economic and technical interests" (Davis 1960:12); iii) and "recogniz[ing] the intimacy of the relationships between the corporation and society and realiz[ing] that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals" (Davis 1960:13).

Davis (1960) argued that "some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible outlook" (Davis 1960:70). This statement is of particular significance because, in this, one sees the beginnings of the more modern union between socially responsible behaviour and business marketing. However, the marriage of these two concepts does not happen in 1960. Throughout the 1970's and 80's definitions of CSR were worked and re-worked, and during this time CSR was primarily conceived of in terms of business performance. Some definitions of CSR included a "social responsibility [which] states that businesses carry out social programs to add profits to their organization" (Johnson 1971: 54), and "social responsibilities [as] more of an attitude . . .a philosophy that looks

at the social interest and the enlightened self-interest of business over the long run as compared with the old, narrow, unrestrained short-run self-interest" (Steiner 1971:164). Although the beginnings of this modern notion of CRS are present as early as 1960, it is not until the late 1980's that there is a real movement towards the marriage of marketing and social responsibility, that is, towards the belief that philanthropy can be used as a tool in creating positive market value.

Of central importance for the modern conception in which socially responsible behaviour and marketing are joined is the idea of *enlightened self-interest*. The principle of enlightened self-interest brings together the ideas of social responsibility in general, and corporate philanthropy specifically. In essence, the notion of enlightened self-interest comes out of two beliefs: i) that because corporations exist in a society they are responsible to that society, and ii) that socially responsible behaviour such as philanthropy will provide a corporation with a general benefit at some point in the future (see Stendardi 1992). Benefits include the hope that if the corporation is construed as a socially responsible corporate citizen, and such an impression can be created through philanthropic activities, employees would be more inclined to work for that firm, customers would be more likely to buy the firm's products, municipalities would be more inclined to be hospitable to the firm located in their borders, and governments at all levels would be less inclined to regulate (Stendardi 1992:22). Smith (1994) refers to this process as the "*the two way street*" approach—a process in which the goal is to establish a dynamic relationship between firms and society, specifically a partnership through which the interests of both can be met (Smith 1994:109).

Much business research has been conducted which studies under what conditions business giving takes place, how such transactions are socially constructed, and the converse ways in which different corporate structures affect the way that companies give (see Coffey and Wang 1998; Galaskiewicz 1997). Galaskiewicz's (1997) research on corporate philanthropy behaviour in Minnesota is theoretically significant because he situates his analysis in relation to three theoretical perspectives: agency theory, resource dependency theory, and institutional theory (see Galaskiewicz 1997: 446–448). Agency theorists believe that corporate giving is most closely tied to the principle of control and that research must focus on the decision-making structures in the firm and how different forms will affect corporate giving. Resource dependency theorists believe that corporate giving is good because it lends credibility to the corporation in the eyes of the stakeholders[1] thereby stabilizing the firm-stakeholder relationship. Research influenced by dependency theory analyzes and measures the ways that company stakeholders feel about and view corporate giving. Finally, institutional theory maintains that charitable contributions are greatly influenced by normative processes—that the firm, managers, directors, and employees are embedded in social systems that exercise considerable pressure on them to give.

Galaskiewicz states that, based on his research findings, institutional theory perspectives are most clearly supported in research on corporate philanthropy.[2] He finds that companies gave more money to specific charities if the company thought that such charities were providing essential services, were an outstanding organization, or the

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[1] A stakeholder is any person who is affected by the company—namely employees, customers, the community, persons who have stock in the company etc.

[2] Of note is the fact that Galaskiewicz is a sociologist not a business scholar. His sociological background likely influenced his belief that corporate giving is primarily a socially mediated process.

company used the organizations themselves. He further suggests that ties to the local community, corporate 'old-boy' networks, and the notion of enlightened self-interest were key factors in how a company's giving practices are determined. I would argue further that those studies which use agency and dependency theory must still consider that philanthropy takes place in a social context. Whether the focus of inquiry is on the relationship between firms and stakeholders as in dependency theory, or on decision-making structures within companies as in agency theory, it is clear that the essence of such relationships remains social—i.e. how they are socially constructed and mediated in the business situation. From an anthropological perspective, the most salient positions coming out of the business literature on corporate giving are those of *institutional* and *stakeholder theory*, which see corporate giving practices as the socially embedded behaviours that form the firm–stakeholder relationship. Giving credence to institutional theory perspectives is critical because the ideas contained in institutional theory are where the business literature on corporate giving most clearly meets with sociological and anthropological perspectives on the gift.

Furlong's (1994) work on corporate sponsorship and Drumwright's (1996) work on advertising with a social dimension make the point that both of these practices involve a close link between social responsibility, corporate image, and business profit. Drumwright makes clear that advertising with a social dimension is much more complicated than straight economic advertising because resistance to this form of advertising is stronger, time commitments are much longer, stakeholders often do not understand the objectives, and social campaigns are more difficult to measure (see Drumwright 1996: 77-79). Certainly there is an element of social responsibility involved

in "social" advertising campaigns; however, Furlong makes the point that "the modern perception of sponsorship [and I would argue other philanthropic types of behaviour] is a commercial arrangement in which there is an exchange of benefits . . . promotional benefits [which] result in increased product awareness and enhanced corporate image . . . it could be said that sponsorship is merely a form of advertising. With the purpose of increasing product awareness and ultimately sales" (Furlong 1994:161). Furthermore, the fact that the literatures on corporate sponsorship and social advertising talk about the same issues (corporate image, stakeholder interests, business profits, social responsibility, etc.) as do those of CSR and philanthropy suggests that advertising, sponsorship, and philanthropy are concepts that are theoretically and practically linked.

Another idea that is present in the business literature on philanthropy is the subject of tax incentives and what kind of tax breaks corporations receive when they give money and/or donations to charity. Notwithstanding the significance of studying the ways in which philanthropic practices are determined by the social contexts in which they occur, it is crucial to acknowledge that there is a direct link between the value of corporate donations and the amount of tax deductible income that a company can claim during that tax year (see Baumol 1970; Fry et al. 1982; Navarro 1988; Webb 1996; Zippay 1992). In her analysis of the ways that different forms of corporate giving affect tax incentives, Webb (1996) makes clear that it is not simply the social context in which giving takes place that is significant; she illustrates, by examining private sector donation tax laws (see United States Government 1969), that the manner in which donations are channeled to charity affects tax benefits and company profits.

In the early 1990's an idea called the "two-way street" approach to corporate philanthropy became the new way in which to think about business giving (see Smith 1994). This 'two-way street' approach holds that businesses who give philanthropically do so with the expectation of a return in the form of marketing power, public and/or community visibility, and improved reputation (Smith 1994:109). Implicit in this approach is that companies who give do so with the expectation that they will receive a form of return and that because of this they see themselves as involved in an exchange relationship. And, while the return on this kind of exchange is difficult to substantiate, more and more corporations are beginning to see a relationship between this 'two-way street' approach to philanthropy and increasing the bottom line. This shift in thinking about corporate philanthropy did, in no uncertain terms, set a path by which corporate social responsibility has become a legitimate business issue. What was once called corporate philanthropy has evolved into a concept called Corporate Social Responsibility—one that is very much tied up in the stakeholder relationships that form the core of business practice in large North American corporations.

This shift in thinking about corporate giving practices has not only been significant in legitimizing corporate social responsibility issues as viable business concerns; the shift which has brought to the forefront the strategic nature of corporate giving also has important implications for the anthropological study of giving practices. By acknowledging the strategic nature of corporate gifts, and by recognizing the way in which planned donations are linked to the expectation of some kind of return, corporate donations activities can be included in the realm of exchange practices, including those that were studied by anthropologists such as Mauss and Malinowski.

CHAPTER FOUR

The Anthropology of the Corporate Gift: Anthropological Approaches to Gifting and Exchange

The anthropological study of corporate giving requires that two fundamentally different fields of inquiry be brought together—those of business management and anthropological theory. Where corporate philanthropy and the anthropological meet is over questions of a relationship between corporate culture. i.e. the ways in which economic decisions are mediated by a certain kind of business culture. and what such decisions suggest about the social and economic context in which business and philanthropic activities take place. There is a rich and varied anthropological literature on giving practices—anthropologists and sociologists such as Mauss. Levi-Strauss. Malinowski. and Douglas have focused on the role that giving plays in social systems and more specifically have looked at notions of exchange. reciprocity. status. and honour as inextricable parts of giving exchanges.

Although Mary Douglas began writing about gifting and exchanging much later than classic gift and exchange theorists such as Mauss and Levi-Strauss. it is important to start with Mary Douglas because of her insistence on the subject of free gifts. Douglas (1992) suggests that one must not confuse donations with gifts and suggests that "there are no free gifts in a particular place . . . the whole idea of a free gift is based on a misunderstanding" (Douglas 1992:155). Underlying these ideas is the principle that in a free gift situation the giver does not expect anything in return. that by giving up such an expectation any ties between the two parties are lost. and that a gift that fails to generate

solidarity is a contradiction (Douglas 1992:155). Thus, in taking to heart Douglas' argument that there exists, in no form or fashion, a free gift, one comes to the understanding that a gift is part of a "total system" that transcends the spiritual, social, material, economic, and religious parts of society (Douglas 1992:156).

In this way it is possible to see CSR as part of a total system, one that involves a gift, but is in fact embedded in all aspects of the social system. Douglas states that "the [gift] system would not be total if it did not include personal emotions and religion" (Douglas 1992:157). In the business context it may be more fruitful to think in terms of value systems than religious factors; however, what is of significance is the basis that motivates the gift—the essence of which is based upon the value system of that society. This fits in with the *two-way street approach* to philanthropy in that it has its core in the idea that gifts are not free, but rather part of a relationship in which return expectations play a role (Smith 1994:109).

In his classic analysis of gifting practices in non-western societies, *The Gift*, Mauss contended that the exchanges taking place in archaic societies were part of the "*total* social phenomena" of society, and that gifting could only be understood as linked to "religious, legal, moral, and economic" institutions (Mauss 1967:1). Mauss suggests that, in theory, gift giving is voluntary, but goes on to say that "the accompanying behaviour is formal pretence and social deception, while the transaction itself is based on obligation and economic self-interest" (Mauss 1967:1). What becomes clear is that, for Mauss, the concept of economy is not a natural category. He states that "there has never existed, either in the past or in modern primitive societies, anything like a 'natural' economy" (Mauss 1967:3). Mauss maintains that markets are not established among

individuals, but rather that it is groups, who carry on exchange, and moreover, who do not simply exchange "goods and wealth, real and personal property, and things of economic value. They exchange rather courtesies, entertainments, ritual military assistance, women, children, dances, and feasts" (Mauss 1967:3). Furthermore, he contends that the "system of *total prestations*" (Mauss 1967:3), that is, the exchange system that is embedded in the total social fabric of society, is fundamentally a moral contract in which there are two equally important obligations, the duty to give and that to receive (Mauss 1967:10).

In *The Gift* Mauss talks about the gift as property, possession, and pledge and in terms of understanding gifting as a form of display or imaging. In the first, Mauss contends that "the gift received is in fact owned, but the ownership is of a particular kind . . . it includes many legal principles . . . it is at the same time property and a possession, a pledge and a loan, an object sold and an object bought, a deposit, a mandate, a trust; *for it is only given on condition that it will be used on behalf of, or transmitted to, a third person, the remote partner*" (Mauss 1967:22) (italics mine). What is critical in this understanding of the gifting process is that there are conditions based on the reception of the gift, that is, that it is given in trust, and that, at some point in the extended future this gift will be transmitted to a third party, or a remote partner. Thinking of the gift process in this way is salient for two reasons—firstly because it speaks to the fact that when companies donate goods or monies to charity groups they are doing so under the belief that the donation, or returns from that donation, will ultimately come into the hands of a third party, i.e., persons who benefit from charitable goods, and secondly, because thinking of philanthropy as a process that extends beyond the immediate company-

charity relationship comes closer to the idea of gifts and exchange as part of a total social system, not simply an isolated relationship between corporations and the charities with whom they are associated.

The second idea, gifting as a form of imaging or display, is linked to the embeddeddness of the concept of honour in the gift exchange. Mauss reflected on the North American West Coast Indian institution of the potlatch in which the themes of honour and credit are of paramount importance (Mauss 1967:34). He suggested that through the potlatch the distribution of goods is the fundamental act of public recognition in all spheres, including military, legal, economic, and religious (Mauss 1967:39). What can be extended to gifting in the corporate context is the idea that gifting is about imaging, that is, that the gifts one gives directly influence one's status in society. What Mauss' study of the potlatch makes clear is that, as in the Melanesian and Polynesian context that he describes, by throwing a potlatch the giver acquires a form of credit both economically and socially speaking, and inscribes in the receiver the absolute obligation to repay—"failing these obligations . . . etiquette is violated and rank is lost" (Mauss 1967:38). The potlatch example illustrates the way in which gifting affects one's status in society, and furthermore, that the gift does not necessitate an instant repayment, but rather, imbues the giver with a form of credit that can be collected at a later date. This last point is significant in terms of the corporate context because, as Smith (1994) makes clear, the 'new' corporate philanthropy does not imply a direct give and receive relationship, but rather one in which companies are playing "a leadership role in social problem solving by funding long-term initiatives", ones in which recognition and reputation become long rather than short term benefits (Smith 1994:105).

Like Mauss, Levi-Strauss sees exchange as part of the social fabric that constitutes society. In his *The Elementary Structures of Kinship*, he refers to Mauss' work in the Pacific and agrees that indeed, in such societies exchange events are "a total social fact" and are at once "social and religious, magic and economic, utilitarian and sentimental, jural and moral" (Levi-Strauss 1969:52). As well, in his analysis of wine exchanging in Southern French restaurants Levi-Strauss maintains that, as in the non-western exchange that Mauss studied, the exchange itself transcends social and economic spheres and wine is seen as a "social commodity" (Levi-Strauss 1969:58). He suggests further that gifting can "constitute a means—normal or privileged, depending on the group—of transferring goods, or certain goods, and that these gifts are not offered principally or essentially with the idea of receiving a profit or advantage of an economic nature" (Levi-Strauss 1969:53). This idea is a key one when thinking about the corporate context because, as I have argued above, when firms donate monies, services, goods etc. they do not primarily expect a tangible (economic) return, but rather foresee a non-tangible return that will result in improved reputation and hopefully in a stronger market power (Smith 1994).

Of further relevance is Levi-Strauss' idea that in the exchange processes of primitive society (his term) "goods are not only economic, but vehicles and instruments for realities of another order, such as power, influence, sympathy, status and emotion; and the skilful game of exchange . . . consists in a complex totality of conscious or unconscious maneuvers in order to gain security and to guard oneself against risks brought about by alliances and rivalries" (Levi-Strauss 1969:54). Clearly it is necessary

to consider the context which Levi-Strauss refers to; in the corporate sphere security and risk are no doubt different than that of the Eskimos (his term) he was writing about.

However, it is certainly the case that in the business world, ideas of risk and security are realities worth considering. One contemporary corporate/non-profit relationship that illustrates this idea of risk brought on by an alliance is that which existed between the American corporate giant AT&T and Planned Parenthood of America. In 1990, after having supported Planned Parenthood for close to two decades, AT&T made a corporate decision to pull their support of Planned Parenthood because of that organization's growing affiliation with a Pro-Choice position in the debate on abortion rights.[3] Although AT&T did not hold an official public position on the abortion debate, their philanthropic link to Planned Parenthood of America was sufficient to bring on negative press from the Christian Action Council and other Right to Life groups. Not only does the AT&T situation support Levi-Strauss' idea that certain alliances can bring risk to a participating party, it also illustrates the way in which CSR initiatives can become embedded in social and/or political agendas that are completely separate from the corporate business context.

As the global marketplace grows, competition and customer power are increasing and are making corporate image all the more critical. The concepts of exchange and alliance are also useful in discussing philanthropy in the corporate context. In their article on finance capital acquisition strategies, Carroll and Alexander (1999) make clear that corporate alliances, in the form of networks, have a significant influence on achieving financing—and in his article on corporate giving in Minnesota, Galaskiewicz

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[3] See Levy 1999 and Himmelstein 1997 for an in-depth discussion of the AT&T/ Planned Parenthood situation.

(1997) suggests that corporate networks are a significant factor influencing levels of corporate giving.

Social exchange theory may also be fruitful for thinking about conceptions of business philanthropy. Ekeh's (1974) analysis of two traditions in social exchange theory—the British individualistic and French collectivisitic forms—is useful for considering the corporate context. The development of social exchange theory came about in the context of a polemical interplay between these two traditions and Ekeh suggests that these two approaches to social exchange theory are largely the result of differences borne out of two revolutions: the British industrial revolution and the French revolution (Ekeh 1974:3). He states that differences in the two traditions of social exchange theory were not simply due to cultural processes, but also to the underlying religious world-views in each country.

Without getting into a drawn-out discussion of the theoretical polemic that came about between the two traditions, it important to draw some general distinctions between the two traditions. The individualistic tradition considered exchange to be an economic behaviour, where actors involved in exchanges are motivated by economic and psychological, rather than social and moral determinants.[4] Conversely, the French collectivistic approach viewed exchanges to be fundamentally social behaviours, mediated by institutionalized definitions of societal norms and values, and operating beyond the level of the individual(s) involved in the exchange. Because the exchanges at work in corporate social responsibility behaviours operate beyond the level of the individual actors involved, CSR influenced exchanges fall more clearly under the

[4] This is but a very brief and general summary of the British Individualistic approach to exchange—for an in depth discussion of this tradition see Ekeh 1974.

collectivistic approach to exchange than the individualistic. Furthermore, as I will argue, in such exchanges the social value of the exchange exceeds the economic value, which further supports the idea that the corporate context fits more clearly with a collectivistic approach to exchange.

The collectivistic tradition in social exchange theory is taken primarily from the work of Levi-Strauss. Two assumptions are central to Levi-Strauss' brand of social exchange theory: i) social exchange behaviour is human and therefore sub-human animals are incapable of social exchange, and ii) social exchange is a supraindividual process—individual self-interests may play a part in the social exchange; however, they cannot sustain the social exchange process (Ekeh 1974:43). Levi-Strauss saw exchange as a primarily social, rather than economic behaviour. As he states in *The Elementary Structures of Kinship*: "it is the exchange which counts and not the things exchanged" (Levi-Strauss 1969:139). Key in the collectivistic approach is the idea that individuals engaged in exchange do not create norms and values, they carry with them institutionalized definitions of these norms and values into the exchange situation (Ekeh 1974:46). Levi-Straussian collectivists argued that there was a principle of reciprocity involved in the exchange process—a mutual reinforcement by groups of their actions, and behaviours based on the equality of exchange between the members. This differs from Mauss' *morality of social exchange* which posited that social exchange processes yield for the larger society a moral code of behaviour which acquires an independent existence outside the social exchange situation, and which informs all social, economic, and political relationships in society (Ekeh 1974:58). Although they differ in their

approach to exchange theory, both Levi-Strauss and Mauss see society as a principal determinant in regulating social exchange behaviours.

According to Levi-Strauss the principle of reciprocity involved in the exchange situation could be divided into two categories: restricted exchange and generalized exchange (Ekeh 1974:58). In restricted exchange "the two parties to the social exchange transaction benefit each other directly but do not receive or give to any other party as part of the social exchange situation" (Ekeh 1974:50). Conversely, generalized exchange operates on the principle of what Levi-Strauss termed "univocal reciprocity" (Ekeh 1974:52). In generalized exchange, groups rather than individuals exchange, reciprocity is neither direct nor mutual, and it operates on the law of extended credit in which the major attribute is trust, therefore engendering a high degree of social solidarity (Ekeh 1974: 53-58). Generalized exchange may be more suitable for the corporate context where exchanges are not direct or mutual. Moreover, they do operate on a form of credit which I would argue becomes the case when improved reputation and image is the long-term expected return. I would also argue that trust is a mediating factor in the corporate situation as the parties involved, that is, the corporation, the non-profit group, those who benefit from non-profit services, and the over-arching society within which this takes place, are operating under the trust that each will retain a given benefit from the transaction. It would seem for all intents and purposes that it is an exchange between groups in the generalized reciprocity sense. Figure 1 illustrates how such an exchange would take place in the corporate sense:

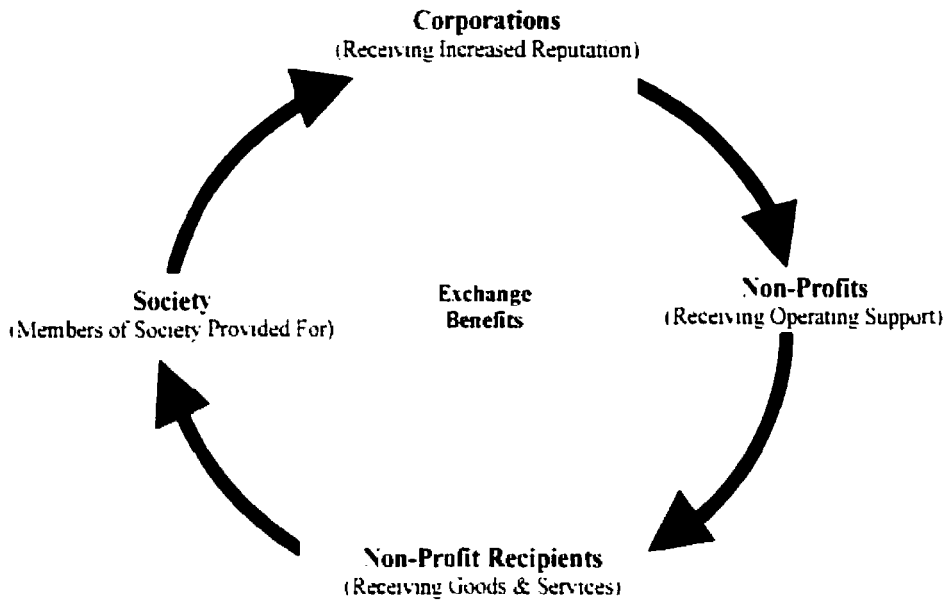

Figure 1—
The Corporate Social Responsibility Exchange:
Collectivistic Generalized Exchange

As Figure 1 illustrates, when thinking about exchanges that operate within CSR behaviour, the position of generalized exchange which comes out of the collectivistic model is extremely useful because it supports the context within which these corporate behaviours take place: where groups rather than individuals are exchanging, where the reciprocity involved is neither direct nor mutual, and where the exchange is based on a form of extended credit and trust.

A further concept that relates to exchange relationships is the notion of reciprocity. Levi-Strauss (1969) and Gouldner (1960) talk about the ways in which reciprocal relations are embedded in exchange processes. Levi-Strauss suggests that "reciprocal gifts constitute a means—normal or privileged, depending on the group—of

transferring goods. or certain goods. and that these gifts are not offered principally or essentially with the idea of receiving a profit or advantage of an economic nature" (Levi-Strauss 1969:53). He goes on to state that "goods are not only economic commodities. but vehicles and instruments for realities of another order. such as power. influence. sympathy. status. and emotion" (Levi-Strauss 1969:54). These points are significant because they support the idea that philanthropic practices transcend the economic and become. rather. social behaviours that are linked to notions of power. influence. reputation . and emotion. Furthermore. Levi-Strauss' statement that reciprocal relations are not conducted primarily with the expectation of a *financial* return is critical given my argument that the "two way street" approach to philanthropy (a partnership in which the interests of both firms and charities can be met) is the prevalent approach in corporations at present and that philanthropy may be based less on direct economic return than on the expectation of social benefits (Smith 1994:109).

Gouldner's discussion of the norm of reciprocity likewise raises some important issues for my research on business giving. He states that "as shared social rules. reciprocity is a key intervening variable through which social rules are enabled to yield social stability" (Gouldner 1960:161). This statement supports the idea that exchange practices are an inherently social phenomenon and cannot be considered strictly in economic terms. However. Gouldner's work is most salient is in his discussion of unequal exchange relations. Gouldner talks about unequal exchange in terms of "institutionalized exploitation" or "reciprocity imbalance" (Gouldner 1960: 165 & 167 respectively). He compares two traditions which deal with the notion of exploitation in social systems. one coming out of Comte that was developed by Durkheim. and the other

coming out of Marx. According to Gouldner, the Comteian tradition approached reciprocity through its emphasis on the division of labour, viewing reciprocity as a major source of social cohesion; whereas the Marxist tradition emphasized the lack of reciprocity where the exploitation of labour takes place (Gouldner 1960:167). However, in terms of corporate philanthropy research, Gouldner's ideas about *complementarity* and *value* as they relate to unequal exchange are more significant.

Gouldner suggests that complementarity connotes that "one's rights are another's obligations, and *vice versa*" (Gouldner 1960:169). In the one sense it could be correct to suggest that a corporation's *obligatory* gift becomes a non-profit organization's *right*; however, in the opposite sense, stating that it is the corporation's right to give and the non-profit's obligation to receive does not ring true. Such a relationship does not imply a *vice versa* status, but rather, in terms of an unequal reciprocal relationship, one party's obligation becomes the other's right. Two critical questions arise—is the fundamental nature of what is being exchanged different, and if so how does one calculate value, or is the exchange comprised of the same nature but in terms of different values? Gouldner uses the terms *heteromorphic* and *homeomorphic* reciprocity to discuss the notion of value in exchange. In heteromorphic reciprocity equivalence means that the things being exchanged may be concretely different but equal in value and in the case of homeomorphic reciprocity, exchanges would be expected to be concretely alike, in terms of the things being exchanged or the circumstances under which they are exchanged (Gouldner 1960:172). It is clear that in the exchange relationship that takes place between corporations and charities, the nature of the exchange is one of heteromorphic reciprocity. Because tangible goods such as monies, services, equipment etc. are given in

exchange for such non-tangible goods as reputation, recognition, marketing power etc., it would be impossible to consider the value of the exchange in terms of anything other than a heteromorphic reciprocity. Heteromorphic reciprocity is a key concept in positioning the notion of value within the framework of unequal exchange theory as it relates to the concept of *value of exchange* as a measurable category in the exchange taking place.

Finally, the notion of commodity vs. gift goods must be addressed (see Carrier 1992; Parry & Bloch 1989; Weiner 1992). Carrier (1992) suggests that there are two distinct kinds of goods: those that are alienable and those that are inalienable. He suggests that "gifts are inalienable, they are to some extent parts of persons" and that, in contrast, commodities are alienable, and comprise of "objects of abstract bundles of utilities and values that are precisely not unique" (Carrier 1992:125-126). In their volume on money and exchange, Parry and Bloch (1989) offer a much more critical perspective when they suggest that one of economic anthropology's weaknesses has been to rely, too stringently, on this dichotomy between gift and commodity. A common theme coming from the Parry and Bloch collection is the critical message that the concepts of gift and commodity need not necessarily be separated—that, indeed, commodity relations can transcend a moral order, and that in order for economic anthropology to be successful, we must "shift our focus from a consideration of the meanings of money, to a consideration of the meanings of whole transactional systems" (Parry & Bloch 1989: 23).

The questions which must be addressed are how the ideas located in anthropological and business discourses come together—how is it useful to combine such

perspectives and how will such theories ultimately contribute to this study of CSR? Where the anthropological and business theories complement each other are generally in areas that the other does not address. The business literature provides both a practical and an intellectual history of corporate philanthropy practices and research to date. Although much of this work is not highly critical, it provides the necessary historical base from which this research can proceed. Because this has been a little researched area in anthropology, there is no anthropological body that covers this same subject. In addition to being widely cited in the business literature, Smith's (1994) work on the *two way street* approach to philanthropy and Stendardi's (1992) concept of *enlightened self-interest* have been key in providing a link between business and anthropological ways of looking at CSR. These positions have been central for my research because, by combining social responsibility and business interests within corporate philanthropy behaviour, it has been possible to think in terms of an exchange where corporations can potentially receive a return for their gifts, and in terms of a business situation where it is acceptable to combine those two concerns. This marriage of business goals and social responsibility which I have argued embodies an exchange relationship, influenced my decision to look at the advertising literature, as well as some of the kinds of anthropological theories which I chose to review for this project.

What I took from Smith and Stendardi's works is the idea that corporate goals or *economic* factors cannot be separated from CSR or *social* aspects of business when looking at corporate philanthropy. CSR practices exist within the overall structure of business. I believe both Mauss and Douglas' ideas about a *total system* relate to this notion of the embeddedness of the social and economic. Furthermore, I think the very

intangible nature of *exchange* in this new kind of philanthropy, the arena of CSR, relates to Levi-Strauss' point that gifting can be a means where gifts are not offered principally or essentially with the idea of receiving a profit or advantage of an economic nature" (Levi-Strauss 1969:53). Corporations may give with the idea that they will benefit from this behaviour in the future; however, a direct economic return is not the kind of exchange that takes place.

The literature on advertising suggests that advertising with a social dimension is much more complex than purely economic advertising. Drumwright (1996) suggested that the main issues that arise in advertising campaigns with a social dimension are: stakeholder resistance to the non-economic nature of social advertising, resistance among company management, and a problem with evaluation techniques. However, despite these problems, he also contended that socially motivated advertising remains a critical way of building company image, especially in a business world where consumers expect companies to behave responsibly (see Drumwright 1996:77-79). What is clear is that the literature on socially motivated advertising and CSR raise similar issues and tend to ask the same questions. It would seem then, that advertising is very much linked to CSR.

While the business theory offers a historical description of the development of CSR and philanthropy practice, there is not the critical analysis that anthropological theory generally offers. The anthropological theory of gifting and exchange however, relies on the traditional distinction between commodity and gift giving in which economic and moral obligations are considered separate. The set of assumptions about commodity/economic/contractual vs. gift/moral/social transactions which underlies much of the theory in economic anthropology is not very useful for thinking about this CSR.

which is predicated upon a union of social and economic interests. The most efficient way of thinking about these perspectives has been to use the contemporary work of Smith (1994) and Stendardi (1992) as a base from which I could apply more critical ideas and/or questions that come out of the economic anthropology texts on giving and exchange.

CHAPTER FIVE

Corporate Social Responsibility: Business and Society

Chapter Three focused on the history of Corporate Social Responsibility in North America and Chapter Four considered the implications of using the concept of CSR within an anthropological framework. At this point it is important to think about Corporate Social Responsibility in a broader perspective so that we can understand it beyond its theoretical implications.

As of yet, a standard or universal definition of CSR has not been agreed upon. Many different bodies are conducting research and holding roundtable sessions and conferences in an effort to determine what is meant by CSR and where precisely it fits into the corporate world. The Canada Conference Board, The Canadian Centre for Philanthropy, the Voluntary Sector Roundtable, and the World Business Council for Sustainable Development (WBCSD) are a few of the many organizations who are currently involved in issues surrounding CSR. Despite a significant growth in the appreciation of the importance of CSR in business circles in the last ten years, concerns that CSR has no clear business benefits continue to fuel a debate as to the validity of CSR initiatives being included in business practice (WBCSD 1998:2). Representatives from the one side fear that businesses are being asked to take on social responsibilities that should be handled by the government and individual donors, while on the other side, views are held which support the idea that CSR strategies serve to parallel corporate values with social needs and result in improved reputation and increased public support

(WBCSD 1998:2). There are no clear answers to this debate and groups such as the WBCSD do not exist for the purpose of enforcing how CSR should be played out in the corporate sector—however, they have offered some guidelines as to how businesses can understand CSR at a practical level.

The WBCSD held a series of Stakeholder dialogues around the world in an attempt to grasp the concept of CSR at a global level. The result from these sessions was a working group on CSR which produced two reports (1998 and 1999) that summarize the results from these worldwide assemblies on CSR. In the first working report on CSR, the WBCSD described CSR as "the ethical behaviour of a company towards society. In particular, this means management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business—not just the shareholders" (WBCSD 1998:3). Another definition that came out later that same year stated that "corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large" (WBCSD 1998:3). A further definition locates CSR within a context of sustainable development in which CSR is one of three components in a sustainable development approach to business. The model is as follows:

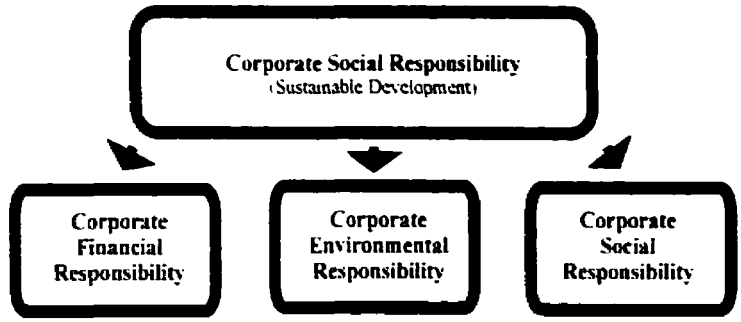

Figure 2—
Corporate Social Responsibility within Sustainable Development

Although researchers, CEOs, and the general public have not been able to generate a definition of CSR that extends across corporate, social, and political borders, what has become clear is that CSR is an issue of central concern, debates on the matter have grown significantly in the last decade, and CSR issues are currently at the forefront of substantial research in the business world. The question then is why the interest in CSR has grown so rapidly in the last ten years. Well-known industrialists like Rockefeller and Carnegie began 'classic' individual philanthropy as early as the turn of the last century; however, the question of business philanthropy did not become a paramount concern until the relatively recent past. The WBCSD suggests that the political mood of the 1980's, which led to a shrinkage of state responsibility, created a situation in which a radical re-thinking of the role of business in Western society took place (WBCSD 1998:6). Likewise, Chris Pinney, director of the Canadian Center for Philanthropy, suggests that Canadian society has undergone major changes, namely a downloading of responsibility from the government to civil society. Pinney states that the social contract which exists between the government, public, and corporate sectors has shifted, the result being an increased responsibility on business for funding the non-profit sector. He talks

about two dynamics taking are currently changing in the corporate world: i) the concept of business' license to operate in society, and ii) the idea of shareholder value and how such value is created.

If we take Pinney's argument to be correct, then one can see the existence of a definitive link between the emergence of CSR issues in the business world and the changes that have taken place in society's *social contracts*. Moreover, is it actually possible to see that this process has occurred if we compare the situation in the United Kingdom (UK) with that of North America. Under Thatcher, a restructuring of the state occurred much earlier in the UK than it did in North America and, as a result, ideas and perceptions concerning the role of business and CSR have evolved further in the UK than in Canada and the United States. This fact is supported in the conference program that is currently being circulated by the Canada Conference Board for its annual CSR conference taking place in April 2001, which states that "the United Kingdom is reputed to be 15–20 years ahead of any other nation with respect to corporate social responsibility. Canadians need to look at what is happening in the United Kingdom as a possible blueprint for the future of CSR in Canada" (Canada Conference Board 2000: http://www.conferenceboard.ca/conf/2001Community-Pro.htm). Shell International is a clear example of this case. While both Shell Canada and Shell International are actively involved in CSR initiatives, Shell International which is based in the UK, has been very much a part of the WBCSD's working sessions on CSR and has adopted leading-edge ideas on CSR and its role in the business place that are more aggressive than those of

Shell Canada.[5] When I discussed this with Elvia Picco, Shell Canada's Community Affairs Coordinator, she suggested that Shell Canada sees Shell International as an outstanding example in CSR practices and is working towards implementing similar leading edge initiatives to those that Shell International is currently involved in.

Thus, it is in this new era, one in which a *new* kind of social contract is being proposed, that CSR finds itself in Canada. As stated, this new social contract is based upon a scenario where government funding of the non-profit sector has lessened with the expectation that corporate funding of the non-profit sector will increase.[6] Such a contract might look as follows:

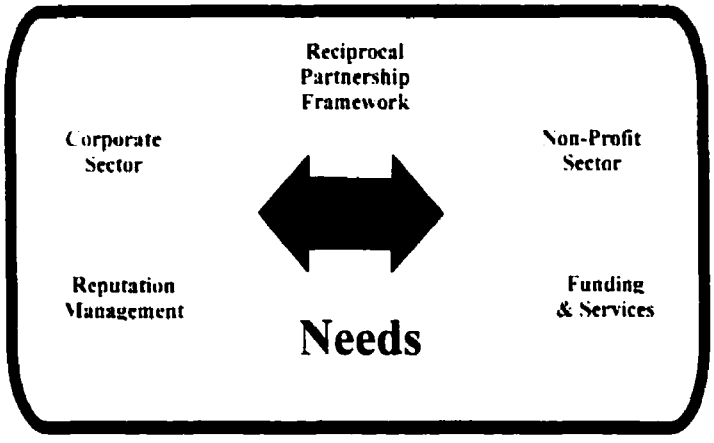

Figure 3—
The New Social Contract

According to Pinney, unlike classic philanthropy which was less strategic in nature, an underlying notion behind the contemporary philanthropy of CSR is that there is an engagement talking place in which a reciprocal relationship is at work. It is no longer the case that operating under the law or creating shareholder value is the minimum

[6] Shell International has been involved in much of the World Council for Sustainable Development's research on CSR, including stakeholder Dialogue sessions (see WBCSD: 1998; Watts & Holme 1998; Watts & Holme 1999).

responsibility for businesses in society. Rather, there is an expectation that there are no longer any common rules by which corporations operate and that what constitutes *shareholder* value is changing.

The changing dynamics of business' license to operate in society and how shareholder value is created are key influences in the recent and rapid evolution of corporate social responsibility in Canada. The political climate of the 1980s, which resulted in governments moving away from the funding of the not for profit sector, set the stage for a significant change in what Canadians expect from the corporations that operate in their communities. Where it was once accepted that business responsibility lay in creating shareholder value, there is now an expectation that corporations are obligated to be responsible to the societies in which they operate. According to the Millennium Poll on CSR which conducted a study of over 25,000 people in 23 countries, "two out of three citizens want companies to go beyond their historical role of making a profit, paying taxes, employing people and obeying all laws; they want companies to contribute to broader societal goals as well" (Environics International Ltd 1999:2). Furthermore, a 1998 survey conducted by the CCP's Imagine campaign stated that Canadians believe that 20% of charitable revenues come from corporations, and that this number should increase to 30% in the future—whereas in reality corporate contributions form less than 2% of charitable revenues (see Imagine Fact sheet—No 1: http:/ www.ccp.ca imagine publications fact-1.htm). These statements are critical because they reflect that first dynamic that Pinney talked about, that business' contract with society has

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[7] According to a 1998 survey conducted by the Canadian Centre for Philanthropy, Canadians believe that corporations should increase their commitment by one third in the future (see *Imagine Fact Sheet—No 1*: http:www.ccp.ca imagine publications fact-1.htm).

changed and that the general public now expects corporations to do more than simply make a profit and follow the law.

The first change, of increased corporate responsibilities in society, is directly linked to the second corporate shift—the concept of shareholder value and how it is created. Shareholder value is the value of the shares that are held by a corporation's shareholders, and creating shareholder value is at the core of any company's business goals. However, as corporations' social responsibility records become increasingly important to the society and the communities within which they operate, the concept of *stakeholder value*, that is the value that all people who are affected by a given corporation (employees, customers, the community, etc.) see in the corporation, is becoming a critical business issue that can directly affect *shareholder value*. According to the Conference Board of Canada, "stakeholder influence [has become] important enough to cause a shift to a more inclusive management style that gives equal consideration to the interests of all stakeholders" creating a view of CSR that includes all "activities and practices affecting key stakeholders" (Choquette & Khoury 2000:2). As such, corporations are expected to take into consideration the needs of the communities in which they operate, the individuals whom they employ, the customers whom they serve, and all other groups that are affected by the corporation. In terms of creating shareholder value, the question becomes not 'what will happen if we integrate CSR within our corporate framework', but rather 'what will happen if we *don't* integrate such initiatives into our framework'. As the director of a large oil company's corporate giving program states about CSR,[*] "it

[*] No company I spoke with actually has a program named the 'corporate giving program'; however, for purposes of confidentiality I will not, in this section, name specific programs.

isn't so much what you see. it may in fact be what you don't see . . . you don't notice a clean house. but you sure notice a dirty house" (Interview Data).

Therefore. if we consider the creation of positive stakeholder value to be an intrinsic part in creating shareholder value and these in turn to be a part of the larger concept of CSR. the key to understanding the larger significance of CSR is to consider how the concepts of stakeholder and shareholder value are engaged in actual corporate social responsibility practices and to look at the kinds of value perceptions that are placed on these CSR initiatives. Although the research that is currently being conducted by large organizations such as the WBCSD. the Canada Conference Board. and others is taking place with the aim of illustrating a positive relationship between shareholder value and CSR. it is important to note that there are dissenting beliefs which would hold that such a relationship does not and should not exist. As the interview data will suggest. a tension between these two positions on CSR does exist. and has created quite a substantial gap within the corporations that I studied—a space within which much of the CSR operations takes place.

CHAPTER SIX

The Value of Social Responsibility: Understanding Corporate Decisions

From the many discussion-style interviews that I conducted with oil industry corporation representatives. it became clear that there are distinct and prevailing themes surrounding corporate perceptions of corporate social responsibility. While different companies engage the concept of CSR in different ways. the core issues reflected in the data do not differ significantly from corporation to corporation (please see Appendix A for an in-depth CSR profile of each of the nine corporations whom I studied).

Table 1—Summary of Corporate CSR Profiles

Company	Formal Profile	Areas of CSR Support
Petro-Canada	Yes	1. 2. 3. 4. 5
Shell	Yes	1. 3. 4
PanCanadian	Yes	1. 3. 5
AEC	Yes	1. 2. 3. 5. 6. 7
Nova Corporation	No	1. 2. 5. 6
TransAlta	Yes	1. 3. 4. 5. 6. 8
Suncor	Yes	1. 3. 5. 6. 8
Imperial Oil	Yes	1. 4. 6.
Canadian Hunter	Yes	1. 2. 4. 6. 7

Areas of Support:

1 = Education **2** = Health **3** = Environment **4** = Arts & Culture
5 = Employee Volunteerism **6** = Community Development
7 = Civic Development **8** = Aboriginal Relations

In considering the data, it is not only important to analyze the themes that emerge, but also to look at the implications that are suggested by the emergence of such themes. One of the key questions to be addressed is the relationship between this data and the anthropological approaches to giving practices that were explored in Chapter Four. Does the data support anthropological positions such as Mauss' which suggests that gifting and exchange behaviours are imbued with elements of status, prestige, and self-interest? Or, does the data suggest something altogether different—that the corporate giving context operates on fundamentally different value systems than those which were described by Levi-Strauss and Mauss? Furthermore, what does data reveal about CSR? What values take precedence over others? Do corporate approaches to CSR reflect one belief, or do different and possibly conflicting tensions emerge in this work? By considering four primary themes in this data, I address the central research objective, *understanding the relationship between business goals and CSR*, and consider the anthropological significance of corporate donation behaviours.

The key themes that emerged in the interview data on CSR are: i) the relationship between CSR and business goals; ii) the concept of community investment; iii) the concept of reputation management; and iv) the problem of measurability in donations initiatives. These themes represent different stakeholder interests—however, taken together, they allow us to consider the way in which CSR relates to the corporate structure as a whole. In order to understand the CSR process, it is important to explore the ways in which these themes interrelate with CSR practices and to corporate operations in their entirety.

The Relationship between CSR and Business Goals

Understanding the relationship between CSR and business goals is a critical aspect in considering how CSR works because the dynamics of this relationship determine, to a large extent, the direction that CSR policies and practices take. The simplest statement which can be made in regards to social responsibility and business goals is that they are inextricably linked to one another. Each of the nine CSR profiles (see Appendix A) makes clear that corporate social responsibility initiatives are very much tied to business functions. An example of such a link is the way in which CSR education initiatives focus on industry related learning. From a business perspective it makes sense to fund industry related learning initiatives because the students that presently benefit from such programs will become part of the pool from which corporations recruit future employees. A further example of this link can be found by looking at the environmental initiatives that are present in almost every large oil company's CSR profile. As one corporate representative suggests: "the public has the perception, in a way, that we're making all this money and that the environment may be suffering because of it . . . making sure that the public sees our commitment to the environment is really a top priority in maintaining the public's loyalty to our particular brand" (Interview Data). It is important to notice that the emphasis is placed on using environmental initiatives to secure brand loyalty—not on promoting environmental responsibility.

Another example of the relationship between CSR initiatives and business goals is the degree to which employee preferences influence the direction that CSR takes within a given corporation. In every corporation operating with a CSR profile, employee opinion has played a role in shaping the initiatives within that particular profile (Interview Data).

According to one corporation's employee-relations specialist, "employee involvement plays an important, if not critical role in the business working of [this corporation] . . . the pride and involvement that employees feel about this company is definitely linked to business performance" (Interview Data). According to that representative, having employees involved in the CSR process (by means of donating to employee preferred causes, providing 'matching employees' donations' incentive programs, and supporting employee volunteerism) not only allows employees to feel involved in the CSR process, but also results in improved employee performance, which in turn creates increased business performance.

As the above examples suggest, the link between CSR and business functions can be easily illustrated. However, it is important to acknowledge that this relationship is neither simple nor direct and that there are several different factors mediating the way in which such a relationship is played out. As one corporate donations officer states:[8] "corporate social responsibility operates in the 'gray area' that exists between the two poles of philanthropy and marketing"(Interview Data). This representative suggests that "the tension between marketing and community investment is very real, and it is easy for the lines between the two to become marred" (Interview Data). It is in these tensions—that is, at the points where different needs and priorities intersect—that we get beyond the CSR packages, as they are so clearly outlined in Appendix A. And, getting beyond the external CSR profiles is critical because it is possible to see the ways in which CSR behaviours are bound within the corporate culture in which they take place, and to see moreover, that CSR is much more than a corporate profile. Therefore, rather than

[8] I will use the term *corporate donations officer* to refer to any employees directly involved in corporate funding initiatives, irregardless to their specific corporate title.

addressing specific CSR initiatives and discussing the degree to which they might or might not reflect business goals. I will use the idea of this *tension* between business goals on the one hand. and philanthropic goals on the other. and consider the social responsibility/ business goals relationship in relation to the other themes that were outlined above.

The Concept of Community Investment

The concept of *community investment* speaks to this idea of a tension between business and altruistic motives. The language of *investment*. which is used to talk about community donations. reflects that tension directly. The term community investment. as in the sense of a financial investment. implies meanings which include increased value. long-term viability. and of course. the idea that a return will come out of that investment. Using the language of investment to discuss and label CSR initiatives is important because it provides a semantic link between two conflicting corporate responsibilities—that of behaving ethically and giving back to the community. and that of making a profit for the shareholders. As a marketing executive suggests: "bridging the different needs of business goals and CSR can be done very easily . . . the trick is not to commercialize [social initiatives] like you would marketing. get local media behind it and it will enhance the corporate brand" (Interview Data). She states that "there is a very fine line" in how to treat a social cause: "you must talk about corporate social responsibility in such a way that you make it a shareholder value initiative and a good corporate social responsibility initiative" (Interview Data).

As this marketing representative's statements illustrate, in terms of business functions, it is critical that the language used to discuss CSR tread that line of appealing to shareholder value while at the same time remaining a 'good CSR initiative'. This reflects what the corporate donations officer said about the line between marketing and altruism, that because CSR operates within the extremes of pure philanthropy and pure marketing, the lines between the two can become foggy and must therefore be attended to carefully. Both the corporate donations and marketing representatives suggest that it is in the intersection of these two areas of interest that valuable CSR initiatives can take place. From a philanthropic donations perspective, the corporate donations officer talked about a four-part model where geographic needs, business concerns, social responsibilities, and consumer expectations come together to create a situation where "a real synergy is created at the intersection of those points" (Interview Data). Likewise, the marketing representative talked about "the importance of creativity in fine-line initiatives such as CSR . . . if you can create a situation where different needs come together then it is possible to create brand value while promoting socially responsible behaviour" (Interview Data).

This language does not only portray CSR's potential benefits on an internal corporate level; the language of investment also seeks to illustrate the concept of increased value on a community level. As one corporate representative suggests, "it's not so much about the actual CSR, but about how you communicate your CSR" (Interview Data). What becomes important is the *message* which stems from a given CSR initiative—and this message must resonate a sense of increased community value. For example, as another corporate representative with extensive community-level experience

makes clear, "the key with giving to communities is to create a (corporation name) legacy . . . it really has to be a movement towards a sustainable initiative so that the community receives long-term value, and you won't get that when you think in terms of a single donation" (Interview Data). The use of investment language, which reflects ideas of sustainability and long-term planning are present in the CSR profiles where terms such as 'partnership', 'capacity building', 'conservancy', 'collaboration', and 'community connection' are used to describe CSR initiatives (see Appendix A).

What is interesting is that the same tensions that exist between balancing business goals and socially responsible behaviour in CSR policies are present in the movement towards promoting the image of increased community value to the community. As one corporate representative who is active in corporate-community relations suggests: "there must be a balance between giving back to the community without it looking like a business objective", and as another corporate representative makes clear, "the community looks at (that corporation) as a major corporation that can make things happen . . . it's all about building relationships with communities and corporations, but at the same time our initiatives must build corporate growth" (Interview Data). Both of the above quotes speak to the idea that despite the presence, both internally and externally, of increased value perception, that business and social objectives continue to operate in tension to one another.

Reputation Management

The increased value that comes out of corporate community investment has the potential to create relationships where a win/win situation is created—one where the

needs of both the community and the corporation are met. As much of the interview data suggests, CSR is linked to business operations and to the goal of creating increased shareholder value. Community investment works to that end by creating relationships between corporations and communities—and the desired end of such relationships is a good corporate reputation. The term *reputation management* was frequently cited in discussions about CSR and the following comments made by corporate representatives illustrate some of the ways that CSR and reputation management are linked:

- "Part of doing business is about reputation . . . and when you're involved in corporate social responsibility you're involved in reputation management."
- "CSR is the glue in your reputation in your community."
- "CSR is a critical part in building corporate reputation."
- "The brand created at the crux of philanthropy and marketing lies at the heart of reputation management."

-Interview Data

An important distinction to be made is in the positioning of reputation management relative to CSR. Increased reputation is certainly one of the goals of CSR initiatives; however, it is critical to see that while corporate representatives are talking about reputation management in the context of CSR, that CSR is in actuality part of reputation management as a larger whole. The following outlines how this positioning takes place:

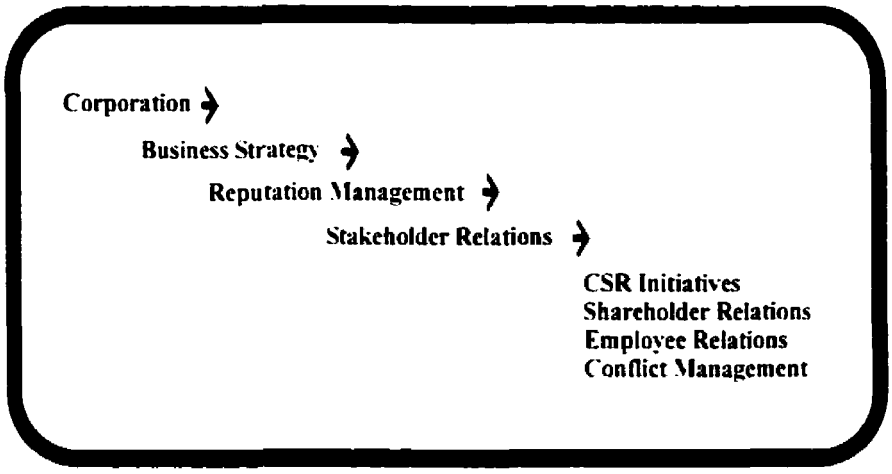

Figure 4—
The Positioning of CSR in Corporate Operations

Such a framework allows us to see CSR within the larger corporate structure and to see the way in which CSR behaviours relate to and connect with various other, and perhaps conflicting, business functions (such as shareholder relations, employee relations, conflict management, etc). According to a senior oil company executive, understanding how these different business functions relate is critical because "the strategies in the different departments need to support each other . . . the outside world's perception of [that corporation] all comes from separate nodes and those nodes can't be sending out mixed messages" (Interview Data).

In this way it is possible to understand CSR initiatives as one part of corporate reputation management, as one of the 'nodes' that operates as part of a larger whole. This relates back to the question of the underlying tensions that operate within CSR initiatives—between giving back to the community while at the same time maximizing increased shareholder value. As that corporate executive suggests:

> different groups within the company are going to emphasize different things . . . the environmental group will be talking about environmental safety, the corporate donations people will talk about responsible business,

> marketing's going to appeal to the consumer, and investor relations are naturally going to be talking about profitability . . . at some point the reps from these departments need to come together so that they're supporting each other's messages and their messages are supporting each other and that the different interests don't appear to be in conflict with each other.
> -Interview Data

Therefore, what appears to be the case is not so much a movement towards establishing congruence between the goals and strategies coming from within each department, but rather in establishing congruence in the messages that each group sends out. In essence, corporate reputation management connects to all corporate functions—corporate social responsibility being one of those activities.

Furthermore, reputation management is not simply a practice being talked about in corporate boardrooms, the subject of reputation management is at the forefront of business research today. As business analyst Ken Gofton suggests: "the two core elements of reputation management are measurement and communication" (Gofton 1999: 1). The above discussion noted that in reputation management, the importance of communication lies in promoting a unified corporate image that appeals to a range of stakeholder groups. Measurement, on the other hand, is involved in establishing benchmarks that can track progress and make the link between corporate reputation, the CSR behaviours that promote these good reputations, and share value.

The Problem of Measurability

My own data suggests that the concept of measurability in CSR has been met with significant problems in the corporate world. The most formidable obstacle lies in creating a measurement tool that can provide quantitative evidence that a positive relationship exists between socially responsible behaviour, good reputation, and

increased shareholder value. Although only three of the nine oil corporations that I researched have tackled the measurement problem by instituting some kind of formal measurement process, every corporate donations officer with whom I spoke cited measurability as a concern and talked about the need to establish measures for socially responsible behaviour.

The following table outlines to extent to which measurement processes have been instituted within the corporations that I studied:[9]

Table Two—Measurement Practices of Corporations

CORPORATION	FORMAL MEASUREMENT	TOOLS USED TO MEASURE CSR PRACTICES
PETRO-CANADA	YES	Community Partnership Evaluation Tool—"Litmus Test" assessment tool which assesses the suitability of PC's non-profit support with its CSR goals.
HUNTER	NO	Media Coverage.
PANCANADIAN	NO	Focus groups in HR, media coverage, & coverage in Financial Post.
AEC	NO	Feedback from employees in field.
TRANSALTA	NO	Employee perception/ feedback, growth of organization, & anecdotal information.
IMPERIAL	YES	Specific series of 5 questions which assess compatibility of non-profit support with Imperial's CSR policies.
SUNCOR	YES	Metrics for Foundation Partnerships—Formal assessment tool which measures the degree to which a non-profit organization's mandate reflects Suncor's CSR goals.
SHELL	NO	Employee perception, media coverage, & event participation numbers.
NOVACORP	NO	Employee feedback & media coverage.
CANADIAN PACIFIC (CP)	YES	Project Outcomes Status Report—Comprehensive written evaluation tool for non-profit organizations, which assesses the success of the programs which CP has funded.

As Table One suggests, the measurement of CSR practices has not been widely developed within the companies that I studied. Only one third of the nine oil industry

[9] Although CP does not operate in the oil and gas industry, the company has conducted much research and development in the area of measurability. Various oil company representatives recommended that I speak to CP's donations representative, Sheila Caruthers, regarding CP's measurement practices.

corporations have formal measurement systems in place, and within this third, the measurement tools themselves have been described as "less than efficient in addressing the quantitative value of these kinds of [CSR] activities" (Interview Data). Imperial Oil, Petro-Canada, Suncor, and non-industry member Canadian Pacific's measurement tools have one key element in common—every one of those corporation's measurement tools looks at the non-profit organizations whom they support and assesses either the degree to which non-profit organization programs are meeting their projected goals, or whether such organizations' mandates are in line with the corporate CSR strategies.

These kinds of measurement tools are critical in determining a fit between the corporations and the non-profit organizations whom they support, and moreover, the emergence of such tools lie at the heart of the sustainability movement that is growing in the non-profit sector at present (see Chapter VII: The Non-Profit Sector and Corporate Social Responsibility). However, a problem lies largely in the fact that these tools do not measure the relationship between CSR and added value, and, the very essence of this problem relates back to the tension between business value and social value. Tools have been developed which can consider the social value of CSR initiatives; however, tools that can measure increased shareholder value through CSR and corporate reputation strategies appear to be lacking. As the corporate profiles illustrate (see Appendix A), CSR decisions are very much related to business goals and therefore the fact that tools, which can measure a relationship between CSR and increased business value are lacking, creates a fundamental problem for corporations who are trying to negotiate that gray area between social responsibility and shareholder value.

Several oil company representatives have expressed an understanding that added value and social responsibility are, in some ways, connected; however positions vary as to the value and feasibility of establishing such a connection. Some representatives expressed beliefs that the relationship is impossible to determine and that seeking to understand CSR in this way does not reflect the goals of CSR practices. Others however, suggested that establishing a positive link between CSR and the bottom-line is a fruitful if not critical endevour to pursue. As one corporate donations officer stated: "this whole idea of a relationship between CSR and profit . . . I really think that this could be a tenuous link, and I have to question the relativity of this link" (Interview Data). However, another corporate donations officer suggests that "the inability to quantify a relationship between these good social practices and [this company's] profit seems to me to be the missing link" (Interview Data). Yet another corporate representative suggests that CSR "is all tied in with the financial, and if you can't measure the relationship between your social mandate and your corporate performance then you're going to have problems appealing to those shareholders who are more financially minded" (Interview Data). What becomes clear is that, whether measurement is considered to be a legitimate part of CSR practices or not, corporate representatives are expressing the need to understand and quantify the CSR/ profit relationship further.

Research that is currently being conducted by groups such as The Canadian Conference Board, Business in the Community (UK), The Canadian Centre on Philanthropy, and Shandwick International echoes the call for more succinct CSR and reputation measurement tools. In a recent issue of the Imagine Campaign's magazine, *New Directions*, Chris Pinney suggests that "you can't manage what you can't measure"

and discusses the need establish industry-wide standards and benchmarks that can measure the success of corporate Canada's community investment (Pinney:1). Likewise, the UK's Business in the Community maintains that in order to properly manage CSR, companies must employ a set of measurement tools. Business in the Community's *Business Impact* research group has created a "Web Guide to Social Responsibility" that includes a checklist of impact indicators, that could act as a set of basic measures for companies involved in CSR practices (see Appendix C). The Canada Conference Board talks about the importance of evaluation and states the need to implement criteria that would include benchmarking, comparison, and evaluative measures by which social responsibility initiatives could be assessed (see Alperson 1995 & Gornitsky 1996). And, in addition, when talking about corporate reputation and increased value, Shandwick International suggests that "a strong link does exist, albeit one that is challenging to untangle" (Shandwick 1999:1).

Notwithstanding the increased calls for social responsibility measurement tools and the extensive research taking place on the subject, a tool that can clearly identify the relationship between CSR practices and added value has yet to be developed. And while this lack of efficient tools may be the result of the still underlying tension between social responsibility and shareholder value, it is not to say that significant progress has not been made on the subject of CSR and increased business performance. In their on-line 'Introduction to Corporate Social Responsibility', the San Francisco based Global Business Responsibility Resource Centre (GBRRC) talks about the relationship between corporate social responsibility and improved business performance and makes the following statements:

• A 1999 study, cited in *Business and Society Review* showed that of 300 large corporations, companies which made a public commitment to rely on their ethics codes outperformed companies that did not do so by two to three times, as measured by market value added (http://www.bsr.org/resourcecenter/).
• A 1997 DePaul University study found that companies with a defined corporate commitment to ethical principles do better financially (based on annual sales revenues) than companies who do not (http://www.bsr.org/resourcecenter/).
• A recent longitudinal Harvard University Study found that "stakeholder balanced" companies showed four times the growth rate and eight times the employment growth when compared to companies that are only shareholder-focused (http://www.bsr.org/resourcecenter/).
• A study by the University of South Western Louisiana entitled "The effect of Published Reports of Unethical Conduct on Stock Prices" showed that publicity about unethical corporate behaviour lowers stock prices for a minimum of six months (http://www.bsr.org/resourcecenter/).

—Global business Responsibility Resource Centre

The above data is significant because it not only makes clear that a relationship exists between CSR, good reputation, and added value, it suggests that the relationship is a positive one and that it is in corporations' social *and* economic interests to implement socially responsible initiatives within their business practices.

John Prestbo, President of the Dow Jones Indexes and founder of the Dow Jones Sustainability Index[10] further supports the idea that a positive relationship exists between social responsibility and added value. In a speech given to WBCSD Liaison Delegates in March 2000 in Switzerland, Prestbo addresses the concept of measurability in socially responsible business practices when he states that by "the very act of measuring we are affecting that which we seek to measure" (Prestbo 2000: speech). He goes on to suggest that "companies pursuing growth in the triple bottom line tend to display superior stock-market performances with favorable risk / return profiles" (Prestbo 2000: speech). Even more significant—and a critical factor when appealing to shareholder value—is the

[10] The Dow Jones Sustainability Index is an Index that measures corporate performance according to a set of socially responsible criteria. Corporations are ranked according to their sustainability practices (see http://www.wbcsd.ch/Speech/s83.htm).

fiscally based approach that Prestbo takes to the subject. Prestbo relates socially responsible practices and good reputation to positive stock market performance when he states that "sustainability becomes a proxy for enlightened and disciplined management – which just happens to be the most important factor that investors do and should consider in deciding whether to buy a stock" (Prestbo 2000: speech).

Prestbo's comments are invaluable because he uses a financially based approach to relate shareholder initiatives and CSR behaviour. When talking about economic performance, he states that "enlightened and effective management means sustainability companies deliver more predictable returns . . . [and] fewer negative surprises . . . the easiest way to beat your benchmark is not to find a bunch of hot stocks to buy, but simply to avoid owning the stocks that turn into disasters" (Prestbo 2000: speech). Using a fiscal approach in establishing a link between social responsibility and shareholder value is critical because adhering to the bottom line continues to be one of the primary concerns for managers of publicly traded companies.

Despite the fact that the perfect measurement tool has yet to be developed for CSR, the reality remains that world financial leaders such as Dow Jones, the UK based social Investment forum (SIF), Vantage Investment Advisors, and World Bank Group[11] are promoting investment in socially responsible companies with the expectation of increased financial performance. Based on a 1999 study co-sponsored with the SIF, the Washington based Vantage Investment Advisors (VIA) produced the following statement:

> socially responsible investment assets grew at twice the rate of all assets under professional management in the United States. Between 1997 and

[11] See www.socialinvest.org sec index.htm; http: www.vgainvest.com 1999trends.html; and http: www.worldbank.org html extdr extme 1881.htm respectively.

> 1999, total assets involved in socially responsible investment grew 82 percent. According to a comparison of total assets under professional management in the United States reported annually in Nelson's Directory of Investment Managers, the broad market grew 42 percent (including both market appreciation and net cash inflows) in the same period.
>
> —1999 Trends Report on Socially Responsible Investing

Information such as this has critical implications for my own data, which is filled with statements which suggest that there is a general understanding that a relationship between added value and socially responsible behaviour exists, but without the quantitative proof that tangible links can be produced. As a top Canadian oil corporation marketing executive suggests: "shareholders and financiers *have* begun to change their perception about being socially responsible—however, I think where it's coming from is that the link between corporate social responsibility, the good reputation that stems from it, and the bottom line has become more apparent—*not that CSR values have become more important, at least from the shareholder perspective*" (Interview Data).

The extensive research efforts that are currently focused on establishing a positive relationship between socially responsible business practices and increased value make clear that such a relationship does exist and moreover, that the relationship appears to be a positive one. The statements by John Prestbo and the research conducted by Vantage Investment Advisors illustrate that, from a financial perspective, it is possible to make a strong case for the value of CSR initiatives. However, as I suggested above, the endevour to establish this fiscal connection poses some concerns for corporate representatives involved in promoting and exercising socially responsible business practices. This perceived problem highlights once more, the tension between the pursuit of social values and that of bottom-line profit. Although the case has been made that a positive relationship exists between socially responsible business practices and increased

financial performance, the tensions between altruism and business goals continue to be expressed by those individuals involved in CSR practices.

As a corporate donations officer suggests: "when it comes to the whole measurement/ value equation, it really depends on who's judging it . . . taking different perspectives and adding them together might give us a comprehensive tool, but it's my major concern that we don't turn it into a strictly business tool, we must still be doing this [CSR] for the right reasons" (Interview Data). It may be useful to approach the value question of CSR from different perspectives (i.e. social value, financial value, employee value); however, concerns still exist that the social and/or community value of CSR will become lost if it is simply considered to be a reputation building business tool. A senior corporate executive states about CSR in the corporate environment: "the corporate donations department is obviously going to take a more philanthropic approach, while marketing will see it from a numbers or value added point of view, and senior management is going to be thinking about the shareholders . . . we need to work together so that we're not just telling our individual stakeholder groups what they want to hear" (Interview Data).

Dollars and Sense—Social and Economic Values in CSR initiatives

The fundamental tension of CSR—between making money and giving it away, lies at the heart of CSR as both a concept and a practice. Taking into account the research which suggests that CSR can promote increased value, as well as the corporate accounts which call for a need for different stakeholder groups to work together is important; however, the data still suggests that on some levels, a distinction continues to

be made between investor interests and shareholder value, and the philanthropic practices that form a part of CSR initiatives. This still-present tension is critical because it reflects a chasm that traditional business research has not been able to resolve—one that can be further addressed by using an anthropological method of inquiry.

Both Mauss and Levi-Strauss suggested that gifting and exchange practices are wound up in elements of status, reputation, and self-interest. As the above discussion illustrated, business goals lead to reputation management, and reputation management likewise leads to CSR practices. I would argue that, based on the inextricable link between corporate social responsibility and business goals, the gifting which takes place in the corporate world is very much tied to reputation and self-interest. Mauss talked about the concept of honour in the exchange taking place and suggested that through the donations process, the giver accrues a form of credit (Mauss 1967:38). He further suggested that "the distribution of goods is the fundamental act of public recognition" (Mauss 1967:39). I would suggest that in the act of corporate donations, the concepts of credit and recognition are both present in the form of increased prestige (a form of credit) and enhanced reputation (public reputation). Likewise, Levi-Strauss suggested that "the skillful game of exchange . . . consists in a complex totality of conscious or unconscious maneuvers in order to gain security and to guard oneself against risks" (Levi-Strauss 1969:54). Again, it is possible to argue that gaining security and guarding against risk are an inherent part of corporate reputation, in which corporations try to secure a socially responsible brand name that can help them guard against negative reputation.

Although the exchanges formed in CSR initiatives occur in a vastly different arena than those which Mauss and Levi-Strauss describe, it is possible to suggest that

some of the core characteristics that they discuss—those of establishing honour and guarding against risk—are applicable to the corporate context as well. As I illustrated in the discussion of the concept of reputation management, establishing a good reputation (maintaining or building honour), and guarding against a bad reputation (risk), are two primary considerations with which CSR initiatives are concerned. Furthermore, both Mauss and Levi-Strauss agreed that exchange events constituted a "total social fact" that encompassed all aspects of society (Levi-Strauss 1969:52). As the above discussion made clear, CSR extends to all aspects of business operations—including business goals, reputation management, employee relations, community relations, and shareholder interests—in effect the totality of stakeholder relations, or all individuals who are affected by corporate operations. CSR affects all areas of the corporate structure and can be said to encompass the total business system.

What these points illustrate is that it makes sense to think about corporate social responsibility in the same way that classic anthropological theory approached gifting and exchange systems. Mauss' 'archaic' systems of exchange and CSR involve both relationships that are predicated on a form of exchange and in which elements of imaging, reputation, and security play a central role. However, it is necessary to take this discussion further by looking at that notion of exchange in the business context, what kinds of relationships are created by such exchanges, and how the tension that I have argued exists between altruistic motivation and increasing shareholder value plays out in the creation of different kinds of exchange value.

In a discussion of Chinese guanxi (relationships of social connections), Alan Smart mobilizes Bourdieu's concept of *capital* to discuss how the social and the

economic play out in the intricate set of social behaviours that are used to make social connections in Chinese society (see Smart 1993). Smart reconsiders Bourdieu's forms of capital in his analysis of the gift giving that occurs in *guanxi* interactions, and more specifically in the conversions that take place between economic and non-economic forms of capital. Where this is useful for thinking about CSR is in Smart's treatment of Bourdieu's "economy of practices", in his conception of different forms of capital, i.e. economic, social, symbolic, and cultural—and how gifting relate to these various kinds of capital (Smart 1993:389). By considering how conversions between economic and non-economic forms of capital take place in the gifting process, it is possible to further analyze the tension between social and economic value that appears to be a central point of resistance in CSR's battle between "looking good and doing good" (see Himmelstein 1997).[12]

Where Smart becomes useful for thinking about CSR is in his comment that a clearer understanding of Bourdieu's categories of capital will facilitate an analysis of the conversion of different forms of capital (Smart 1993:393). It is arguably the case that the movement which sees CSR dollars used on social spending, thereby creating enhanced reputation, and in turn providing increased value, creates a situation in which different forms of capital are being created, converted, and consumed. This leads once more to the problem of measurability and to the difficulty that Bourdieu faced, of extending the term *capital* through metaphor and resulting in imprecise conception and usages of different forms of capital. However, as Smart makes clear, "when billions of dollars are spent yearly to create a product's image [or in this case a corporation's image], we can hardly

[12] Himmelstein uses this phrase to describe the tension between wanting to be socially responsible and "looking good" and wanting to make money or "doing good" (Himmelstein 1997:56-58).

claim that economic capital is unproblematic and involves only "real measurable entities"" (Smart 1993:391). It would seem that, from a theoretical perspective we come back to the same problem faced by those groups working on practical measurability problems—of establishing what criteria are to be measured and how it can be quantified. However, and despite such problems, the concept of capital conversion remains a salient one for this research and the pursuit of establishing clearer analytical categories in order to make the connections between different forms of capital is a fruitful endeavour.

Smart argues that "fully economic capital is found when there are institutions of private property, and where such property is accorded protection by the state and legal system" (Smart 1993:391). Smart further suggests that social capital designates things relating to obligation and trust, that symbolic capital includes things such as honour and name, and that cultural capital includes the knowledge or skill that is "incorporated within the body or mind (*habitus*) of those who know how to do certain valued things" (Smart 1993:393). He goes on to state that "the distinction between symbolic and social capital is based on the difference between resources that are part of dyadic, specific social ties and resources that are generalized as the attribution to individuals of particular characteristics by society as a whole or subgroups within it" (Smart 1993:393).

To apply Smart's distinctions about these forms of capital to corporate social responsibility, it is possible to conceive of a situation where the dollars spent on CSR initiatives represent economic capital, in which CSR dollars (economic capital) are spent on non-profit organizations in exchange for public recognition or symbolic capital, where the symbolic capital of public recognition is converted to the attribution of trust and good reputation that becomes social capital, and this social capital (good reputation)

can in turn be used to create increased shareholder value, or economic capital. Although cultural capital doesn't fit into the conversion mechanism, one can argue that where cultural capital fits in to CSR practice is in the knowledge and skill to create corporate social responsibility programs and to execute them in such a way that the interests of all stakeholder groups are maximized. A model of CSR which takes into account conversions of different forms of capital might look as follows:

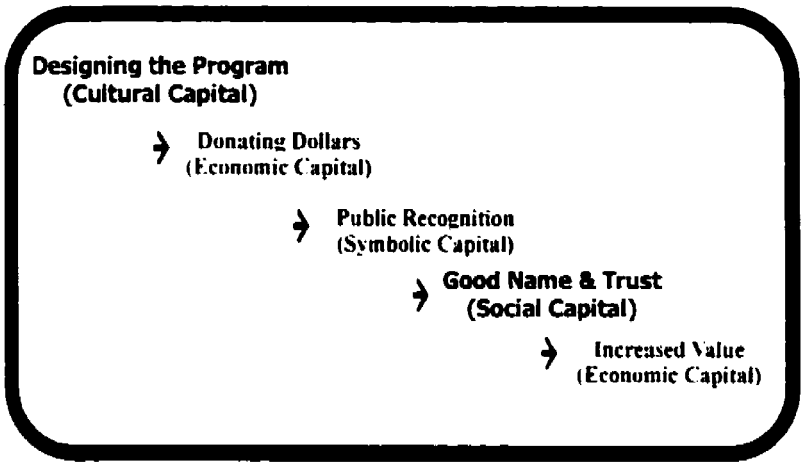

Figure 5—
Conversions of Capital in CSR

This model allows one to see the way in which exchange conversions underlie corporate gifting practice. As earlier discussions in this chapter revealed, the corporate gift is given with the expectation that a form of financial return will benefit the donor company in the future. This guards against the typical anthropological approach to gifting which would see gift exchange as belonging to a completely different category than market-place exchange. In this case the gift exchange itself is thoroughly embedded in a larger form of exchange—the exchange of marketplace commodities—the publicly traded stocks whose value become the ultimate measuring stick of shareholder value.

As the above model illustrates, the concept of return, that is, of receiving a return from CSR initiatives, is one that is centrally linked to the goal of increasing shareholder value. Smart talks about return strategies in gifting practices when he suggests that "there is a considerable degree of insecurity in strategies that involve giving gifts with the aim of receiving counter gifts" (Smart 1993:396). Herein lies a central problem for the role of CSR within corporations—marketing strategists who must appeal to investor groups are going to run into trouble with this 'insecurity' when trying to defend the intangible nature of such return strategies. This also relates to the question of measurement that was discussed earlier. Research has shown that a relationship does exist between shareholder value and CSR; however, this connection is still intangible and has not received wide acceptance in all areas of corporate operations. As a senior executive who has contact with all areas of operations notes: "the diversity in thinking between the corporate camps of philanthropy and investor relations is still pretty huge. We need to figure out how to maximize the return from these strategies because altruism in the corporate world can only go so far" (Interview Data).

In his discussion of uncertain return strategies, Smart goes on to suggest that "the outcome of the prestation is also dependent on competent performance . . . an incompetent performance of a gift prestation, one that allows the gift to *be seen* as motivated by the desire for return, may result in the prestation being interpreted as a bribe or an attempt at ingratiation" (Smart 1993:396-397). This point is important because it relates back to the balancing act that must occur in CSR initiatives, of finding a ground where social responsibility and business goals can be met. As a marketing executive suggests about implementing CSR strategies: "you really don't commercialize

this . . . the trick is not to become a crass commercialist in using a social cause to yield the bottom line" (Interview Data). Establishing the balance is critical because "if the prestation is interpreted in this way [of desiring a return], it may be devalued or 'distained' and seen as manipulative or illegitimate, therefore not obligating the recipient in any way" (Smart 1993:397).

This last point rings true in some of the data coming from the non-profit world. As one member of a non-profit organization remarks: "it's great that these corporations are giving money away, but we have to remember that they're getting something for it too, both as a tax cut and in public recognition . . . but relative to the profits that they're making, it's really not that much—really just a drop in the bucket for some of these billion dollar enterprises that we're dealing with" (Interview Data). This reflects the ingratitude of the gift that Smart refers to when the donor is seen to expect a return from the exchange. Smart suggests that "the necessity of misrecognition in gift exchange is that the partners do not have to be unaware of the instrumental goals involved, but these goals cannot be made explicit, and where incompetent performance makes the goals inadvertently blatant, loss of gratitude and devaluation of the obligation may result" (Smart 1993:397). This last point is made clear by a corporate donations officer who states that "the purist notion of philanthropy doesn't fit, people are going to see it for what it is, although if they see [the company] only in it for our own benefit, then that won't work either" (Interview Data).

Smart considers the problem of devaluation of gifts and suggests that "if gifts are not always reciprocated, and if the motivations involved in gift giving are diverse, then what is common to the gift as a mode of exchange may only be the necessary *form* of the

gift: unconditional offer of a prestation in which explicit recognition of instrumental goals is excluded from the performance" (Smart 1993:397). It is difficult to think about CSR in this way given its close link to business goals and to providing increased value. However, it is possible to consider the form that a CSR initiative might take, and to consider that form separately from the business goals to which it is ultimately linked.

When talking about guanxi, Smart suggests that "the style and manner of gift exchange is not optional; rather, it is fundamental to its operation" (Smart 1993:399). Likewise, the structure that the gift takes in CSR must conform to a specific form—one that retains the balance between "looking good and doing good" (Himmelstein 1997: 256-258). The form that a CSR initiative takes must adhere to the following *unstated* rules:

- It must be related to business goals
- It must not come across as a marketing initiative
- It must not appear to be a tax initiative or a media ploy
- It must use the 'language of investment' to appeal to different stakeholder groups
- It must combine a social cause with the bottom line in order to balance the inherent tension between making money and giving it away

By using a form that adheres to these 'rules', the corporation has the potential to create a CSR initiative that has the power to promote and encourage socially responsible behaviour while at the same time promoting shareholder interests. As Smart suggests, "the participants in these relationships know very well what they are doing; there is no misrecognition in the sense that people are unconscious of the way in which instrumental aims are intertwined with the social forms of gift exchange" (Smart 1993:398). This last point is critical because it addresses the central tension that exists in CSR practice—the problem of exercising socially responsible behaviour with a self-fulfilling goal attached.

Shareholder groups will not stand behind a proposed donations program if it is not partly designed to meet their needs. Likewise, the corporations will not receive the value of increased reputation if their strategies are seen to be *explicitly* self-serving. As Mauss suggested about gifting behaviour, "the accompanying behaviour is formal pretence and social deception, while the transaction itself is based on obligation and economic self-interest" (Mauss 1967:1). Although the parties involved may be *aware* of each other's ultimate goals, the form taken must be a formal pretence in which the gift is given without any reference to reward or self-gratification being made.

A further point that Smart addresses is the problem in traditional economic anthropology of distinguishing wholly between commodity and gift transactions. Smart suggests that Bourdieu's economy of practices possesses "great conceptual dangers" because of his inability to recognize, in many cases, the non-separateness of economic and non-economic forms of capital (Smart 1993: 390-391). Understanding that gift and commodity exchanges do not necessarily take place in a 'one or the other' context is important because, as I will argue, my own data suggests that there are elements of *both* commodity and gift transactions taking place in the CSR practices of the corporations that I studied. Furthermore, giving credence to this idea of the presence of gifting *and* commodity relations within the framework of CSR is critical because it provides a basis for understanding what has thus far been labeled as the 'inherent tension' of CSR practices, or what has been called the struggle between "looking good and doing good" (Himmelstein 1997: 56).

A difficult part in this research has been generating the kind of 'thick' data that generally comes out of anthropological research. Participant observation style research

was not an option in this research and nor was it appropriate to tape the interviews. Due to acute confidentiality concerns, this analysis has concentrated heavily on theming and interview extracts, at the expense of the thicker case study and participatory approaches. However, it is possible to use a case study to talk about conflict in CSR by considering the question of commodity and gift practices, and the ways in which both are tied to corporations' social responsibility practices. In order to do so, it is important to consider the question '*why are corporations actively and strategically involved in giving money away*', which came up both in the interviews and the literature (see Himmelstein 1997:56-75 and Levy 1999: 85-107).

When speaking to external stakeholder groups, corporations talk about their CSR activities in ways that emphasize the philanthropic side of such behaviours and illustrate the positive potential that CSR can have for both the corporation and the community. However, internal communications, that is, what different employees from different departments actually state about CSR, suggest that there are contradictory messages at work, ones which speak to very different ideas about the purpose for and goals of CSR practices. It is possible to use the framework of gift vs. commodity relations to analyze the different perspectives, and to suggest that elements of both gift and commodity transactions are present in CSR operations. I would suggest that the strategic, goal oriented, share value motivated perspective reflects commodity relations in which goods are 'donated' with the expectation of a specific economic outcome, and that conversely, the more philanthropic proponents who support ideas about socially responsible business practices and being a good corporate citizen fall more clearly within the realm of gifting practices where elements of prestige, reputation, and image are played out.

In his analysis of corporate philanthropy in the U.S. sociologist Jerome Himmelstein states that:

> In their conversations with me, corporate philanthropists betrayed some of the same ambiguities . . . they usually picture their work as an unproblematic combination of doing well for the corporation and doing good for society, a 'wonderful job'. At the same time significant concerns crept into our talks about budget cuts as well as deeper dilemmas (Himmelstein 1997: 56).

He goes on to talk about some of these *deeper* dilemmas when he talks about the fact that:

> Corporations may be too impatient to wait for the more indirect, long-term ways in which their philanthropy programs may serve corporate interests by making society a better place to live. They may insist on palpable benefits in the short term, especially in the form of a clear boost to the corporate public image. Once doing well for the corporation is defined in this way, it may well come in conflict with doing many kinds of good for society, including those that corporate philanthropists most like. One corporate philanthropist has called this 'the struggle between looking good and doing good'(Himmelstein 1997:57).

One can see in Himmelstein's statements, the presence of both the economically motivated 'commodity' interests, and those more philanthropic socially motivated 'gift' related interests. For example, the unproblematic combination of doing good for both the corporation and society reflects the 'gift' idea that philanthropic practices are a good for society with the additional corporate benefits of improved reputation, brand name prestige, etc. However, other statements such as corporations being too impatient to wait for long-term benefits and expecting more short-term palpable results from donations, speaks to the idea of a much more calculated strategy such as in commodity transactions where there are clear expectations of a very real return within a given period of time.

Likewise, in my interview discussions, these same kinds of ambiguities were present. Many informants discussed philanthropy, saying how such "good social practices" could

benefit both the corporation and the communities—these informants who espoused the inherent value of socially responsible business reflect the 'gift' position that is a prestige and reputation related CSR, and one that is informed by "good community relations practices" (Interview Data). However, the more economically minded corporate representatives who believe that CSR initiatives are only valuable if they can provide increased shareholder value reflect, much more closely, the commodity transaction perspective that is based on a high degree of calculation and expected economic return. It is at the intersection of the gift and commodity perspectives on CSR that tension is created, and although these two very different approaches to the exchange situation should not be held to exist in completely separate contexts, it is important to understand how they intersect and to understand how the tension is created.

A further idea that illustrates the way in which elements of 'gift' and 'commodity' are taking place in CSR is in theme of corporations engaging in CSR practices *in those communities where corporations' have operations*. When talking about the communities where corporations are engaged in CSR initiatives, the phrase '*where we have operations*' was repeated by various informants. What is critical to note is that the corporations place a considerable degree of emphasis on those communities where they *have* operations as opposed to those communities where they *don't* have operations. I asked one of my informants whether there were CSR initiatives where they do not have operations and they asked me to clarify the question because it did not make sense. When I reiterated the question, the response remained "there wouldn't be a situation where we engage in community investment where there aren't operations—it doesn't make sense" (Interview data). It is clear that a kind of commodity transaction is taking

place that extends beyond the goal of doing good for the community—a goal wound up in a relationship where monies and/or services are 'donated' to a community for the very calculated purpose of doing business in that community. This becomes all the more complicated when one considers that oil corporations oftentimes must obtain the drilling rights for a given site, and that the drilling rights are owned by individual(s) in those communities.

This idea of different kinds of transactions at work in community donations *where operations take place* relates to the question of discerning the goal or motivation for establishing CSR initiatives in a given place. When I first asked about the CSR initiatives that take place in smaller communities, I was told that "it is about understanding the relationship between the corporation and that community, what their needs are, and focusing on long-term goals" (Interview Data). This reflects the socially motivated gift transaction in which a social relationship takes place with the objective of meeting the long-term goals of community good, improved corporate reputation, etc. Moreover, this response reflects the language of investment that was discussed earlier, of establishing long-term initiatives and reinforcing the positive relationship that can exist between corporations and the communities in which they operate. However, as the discussion moved away from my questions and became more reflective, a different light was shed on the kinds of dynamics taking place in the corporation/community relationship.

I was told a story about a company that wanted to drill at a given site that was owned by a prominent group in the community. Consultants were hired to go into that community to best identify what that community's needs and goals were, and how the

corporation could make those goals become a reality. Some of the less central details in the story made it clear to me that there were some fundamental tensions operating in this realm of corporate/community relations. I was told that it can be "quite tricky" working with communities because "it takes a long time to build relationships, the drilling rights are often controlled by a family or a prominent group, and *things* can get put on hold for a long time" (Interview Data). I interpreted '*things* (i.e. operations) being put on hold' to be the 'tricky' element, and this interpretation would suggest that an implicit relationship exists between the donations being made, the needs of the community being met, *and the eventual right or permission of the oil company to engage in drilling operations*.

It becomes clear that, although not explicitly stated, a relationship between 'community investment' and operations exists and it is implicitly understood that each party is receiving benefits of some form. This is important because it supports my argument that the elements of commodity and gift need not be contextually separated, that both are taking place in the CSR context, and that it is the intersection of these two contrasting exchange perspectives that is creating such a discernable tension within the corporations. The 'trickiness' of the situation discussed speaks to the commodity context where there is a direct relationship between the corporate dollars being 'donated' and the rights to have operations in the community. However, another scenario described to me suggested that the community at hand was just as complicit in the exercise of buying drilling rights. In this other situation, a corporate representative described a context in which the corporation was interested in establishing a 'relationship' with the community and, with the community, established some clearly identifiable goals and CSR initiatives. After having done so, when *things* (i.e. procuring drilling rights) were not proceeding at

the desired pace, a series of rumours made its way back to the company that in fact it was not development projects or program funding the community wanted, but rather a lump sum of cash.

I should note that this example was described to me as a rarity that "was a strange situation . . . it doesn't usually happen that way" (Interview Data). When I asked about the outcome I was told that under no uncertain terms did the corporation at hand engage in "this kind of outright bribery" (Interview Data). This was the only instance where a relationship between donations and operations was articulated so explicitly—and although I can only speculate as to how common such an instance might or not be, it is important to highlight this example because it provides the strongest and clearest case of the existence of a commodity relationship in the 'philanthropic' context of CSR where the gift relationship also takes place. It speaks to Mauss' assertion that in gifting practices "the accompanying behaviour is formal pretence and social deception, while the transaction itself is based on obligation and economic self-interest" (Mauss 1967:1). In this situation the community broke the 'form' and made explicit its objective of economic remuneration. This example is critical because it presents a concrete example in which purely economic motives are uncovered and reinforces the idea that the socially motivated 'gift' exchange and the economically motivated 'commodity' exchange are inherent parts of CSR operations.

It is possible to further locate the presence of 'gift' and 'commodity' forces within CSR operations in the themes of 'community investment', 'corporate reputation' and 'measurability'. As discussed previously, the concept of community investment is one in which very specific language is used to emphasize the long-term value from which

corporations *and* communities benefit. By looking at the 'language of investment' one can identify the ways in which both commodity and gift forces are at work. The term 'investment' is linked to the financial concept of investment, in which expectations of long-term value, profitability, and financial return resonate. However, in the CSR context, the use of this language works on two levels—it not only explains how stakeholders such as community and non-profit groups will benefit from "good corporate social responsibility initiatives", it also emphasizes, for the sake of shareholder interest, that CSR practices can provide financial benefits and can be a "shareholder value initiative" (Interview Data). Understanding the use of the investment language is significant because this language provides the semantic link between the two forces of economic 'commodity' interest and social 'gift' interest. By appealing to economic profitability interests as well as to the more socially based 'good corporate citizen' issues, investment language becomes a critical vehicle which unifies social and economic interests within a common language, and which attempts to minimize the tensions between the two priorities of making money and giving it away.

The theme of 'corporate reputation' likewise raises the question of what kinds of forces are at work in CSR practices. As I suggested earlier, corporate reputation management is an overarching corporate practice, within which CSR operations can be located. Statements such as "the brand created at the crux of philanthropy and marketing lies at the heart of reputation management" and "part of doing business is about reputation . . . and when you're involved in corporate social responsibility you're involved in reputation management" suggest that the forces of commodity and gift are very much intertwined in the idea of creating corporate reputation (Interview Data). In

this context, the use of the gift strategy, that is, operating as a good corporate citizen and donating dollars to non-profit groups, is the first part of a dual strategy whose second half, the goal of creating improved reputation, has its roots in the economically motivated commodity strategy.

It must be noted, that because corporate reputation management extends to all departments, not simply CSR, that understanding the mobilization of corporate reputation in this way is critical because it provides a way of identifying how commodity and gift forces operate within CSR, as well as throughout the entire corporate structure. A corporate executive suggests about reputation management that "messages [from different departments need to be] supporting each other and the different interests [can't] appear to be in conflict with each other" (Interview Data). This statement has important implications for thinking about the gift/ commodity relationship because it allows one to see that reputation management, as a practice that employs both gift and commodity strategies, extends beyond the CSR department and to the entire corporation.

Finally, the concept of measurability needs to be addressed, particularly why the calls for measurement of a relationship between the bottom line and CSR practices are so strong within the corporate world. As previously discussed, only three of the nine oil companies that I studied have implemented formal measurement processes, and of these three, none have been able to measure a relationship between economic profitability and CSR operations. What these companies have been able to measure is the effect of CSR dollars on non-profit groups, and whether or not the groups who receive funding operate in such a way that they are in line with the focus areas of the corporate CSR profiles. In order to understand this from a gifting and commodity perspective, it is important to see

what kinds of measurement practices are currently being employed. Thus far, measurement has extended to the social sphere, i.e. measuring the benefit to non-profit groups and measuring the social value of these initiatives—however, as of yet, there has been no comprehensive measurement tool that can identify a positive relationship between engaging in CSR practices and increasing shareholder value.

The measurement practices established to date measure elements that relate to 'gift' forces, including those of social value, philanthropic good, and community benefit. However, with calls for increased measurement of the economic benefits of CSR, and with executives suggesting that "shareholders need evidence of the real economic benefits of philanthropy, not just the nice social the benefits" it becomes clear that there are two kinds of measurement taking place with two very different expectations (Interview Data). One can see that, at the heart of these two contrasting measurement systems, is the difference between the gift vs. commodity relationship. Measurement practices which identify the social value of CSR practices are more aligned with the gift perspective, while those which seek to measure the purely economic benefits are clearly more aligned with the calculated self-interest aspect of commodity relations. That neither measurement focus is sufficient to measure CSR as a comprehensive practice speaks to the fact that indeed, commodity *and* gift relations are an inherent part of CSR practices, their forces are at work within the different areas of CSR practices, and that because of this the presence of the fundamental tension created by the intersection of gift/commodity relations will continue to take place.

This discussion has illustrated that the social responsibility practices that take place in the corporate world contain elements of the 'archaic' exchange systems that were

described by Mauss in *The Gift*, as well as elements of commodity transactions that are associated with the 'modern' marketplace. The 'gift' elements of CSR initiatives take place with the goal of promoting socially responsible business practices, being a good corporate citizen, and looking after the communities within which corporations exist. The elements of prestige, imaging, display, and honour that Mauss describes reflect a social transaction in which dollars are donated in return for those kinds of 'social' benefits (see Mauss 1967:20-34). However, the more calculated corporate interests that seek a financial return for the dollars 'donated' and the reputation accrued represent a more economically motivated perspective, one more associated with commodity relations. The four themes that emerged in this data, those of CSR and business goals, community investment, reputation management, and measurability all speak to the classic anthropological approach to gifting which suggests that strategy and self-interest play a central role in gifting practices. However, these themes also speak to the fact that economic interest and strategic calculation are a real part of CSR initiatives. Mary Douglas' statement that "there are no free gifts" goes to the heart of the differences between gift and commodity relations, these differences being a central factor in the practice of giving money away for the purpose of making it back (Douglas 1992:155).

As I have argued, it is in the gray area between the poles of altruistic motivation (gift perspective) and business marketing (commodity perspective) that CSR operates. The marketplace goals of making money for shareholders and the gifting goals of good corporate citizenship and donating back to the community operate together in CSR practices, and create a tension that underlies the fundamental nature of corporate social responsibility practice. As the theme of business goals and CSR illustrates, CSR's 'social

gift' initiatives are directly influenced by business' self-interest, which illustrates how both commodity and gift forces are part of CSR practices, and how the contrasting goals of "looking good and doing good" are unified in a single corporate operation (Himmelstein 1997: 56-58).

The concept of community investment likewise reflects the difference between the commodity and gift perspective. The language of investment is designed to reflect the interests of both shareholders and the community—and is used in such a way that all parties receive the message of sustainability and increased value. This language seeks to unify the values of both commodity and gift transactions, and creates a semantic link that ties the two concepts together. In addition, the concept of reputation management relates directly to the tension between altruism and self-interest. The consistent reference of CSR to reputation management, and the dual strategy by which a gifting practice is used to promote the economic reputational interests of corporations suggests that CSR is again, tied to both gift and commodity transactions. Finally, the problem of measurement also suggests that gifting and commodity interests play a role in CSR operations. That there are two distinct kinds of measurement taking place suggests that there are different forces at work. In terms of measurement there is that which seeks to identify a positive relationship between CSR and profit, in addition to the measurement that looks at understanding the benefit of corporate donations to communities. It can be argued that, based on the different goals of these measurement practices, the former relates to commodity relations, while the latter focuses on the gift element of the transaction.

It is important to conclude a discussion on the fundamental nature of corporate social responsibility by asserting the large degree to which this tension between gift and

commodity values exists within corporations' social mandates. This tension is apparent in all areas of CSR practice and, despite the impressive progress that is currently being made by corporations, research groups, and community groups alike, the commodity interest of making money and the gift interest of giving it away continue to be played out in the arena of corporate social responsibility. Having considered the ways that CSR initiatives are played out in the corporate world, it is now important to look at the non-profit sector and to consider what kinds of relationships exist between the corporate and non-profit sectors and to determine if there are areas where both sectors can work together to the benefit each other's needs.

CHAPTER SEVEN

The Non-Profit Sector and Corporate Social Responsibility

The non-profit sector represents an overwhelmingly large proportion of Canadian society and to address, in depth, the issues that face this sector is a task beyond the scope of this research. However, because of the indisputable link between corporate social responsibility and the non-profit sector it is necessary, in brief, to consider some of the issues linking CSR and the non-profit world, as well as to look at some of the organizations who are conducting research initiatives in this area. Therefore, this chapter touches on the following issues:

- Non-Profit organizations and the concept of Sustainability
- The effect of strategic corporate giving on non-profit organizations
- The United Way and its role in funding social programs
- The concept of charitable status
- The problem of measurability in corporate—non-profit initiatives
- The effect of non-CSR business initiatives on non-profit organizations

As some of the responsibility for the fundraising and management of social programs has shifted from the government to the non-profit sector over the last decade, the non-profit sector has seen a tremendous amount of growth in the number of existing organizations and the competition for funding dollars (Interview Data). In addition, there have been significant shifts in the operation of non-profit organizations and the manner in which they are relating to the corporate world. The United Way of Calgary's Jackie Mattock-Howard suggests that the

enormous growth in non-profit organizations (upwards of 70.000 in Canada)[13] has created an environment in which the competition for corporate dollars is fierce and where non-profit organizations are having to change the ways in which they are run.

Non-Profit organizations and the concept of Sustainability

One way that non-profit organizations have had to change is in the area of operations. Lois Allen. vice-president for the United Way of Canada. suggests that because non-profit organizations are often without a stable and/or satisfactory source of incoming money and are staffed by a very small number of individuals and/or run by volunteers. the amount of work to be done can far exceed the amount of available persons to do it. She suggests further that because pay scales in the non-profit sector are significantly less than in the business sector. that non-profit organizations have not always been able to attract employees who possess the skills to adopt structured business-like practices in their operations. What Jackie Mattock-Howard and the Calgary Centre for Non-Profit Management's (CCNPM) director Ann Lewis make clear. however. is that in the wake of this significant shift of responsibility to the public sector. non-profit organizations have been *forced* to become more business-like in practice in order to appeal to corporations and to receive the corporate donations upon which they are dependent.

A central idea that comes out of the movement towards 'business-like' practices in the non-profit sector is the concept of sustainability. With the demand for corporate dollars at an all time high. corporations are in a position where they can and do make their donations choices on more than simply the cause itself. Corporations are interested in how recipient organizations operate. how they manage the dollars they receive. and the level of congruency between the

[13] This information based on an interview with ms. Mattock-Howard at the offices of the Calgary United Way.

applications for funding and how the dollars are actually spent. This interest in recipient organizations exists for two reasons: i) because competition is strong and donations officers must have a somewhat established framework from which to make decisions, and ii) because corporations are ultimately responsible to their shareholders and must be able to account for the organizations to whom they donate and the criteria upon which such decisions are made. Therefore, becoming business-like in practice includes writing a three to five year business plan which maps out a strategic course of action including a mission statement, the organization's goals during an established period of time, and the steps to be taken to ensure the success of that plan. Corporations are interested in knowing that their dollars are going to be used wisely and that the program in which they are investing is going to, hopefully, become one that is sustainable and not in need of constant donations of dollars.

The Calgary Centre for Non-Profit Management (CCNPM) is an innovative organization that is involved in helping other non-profit groups on the path towards sustainability. The first of its kind in Canada, this Calgary based organization is a non-profit consulting firm, which, run by a small staff and comprised mainly of volunteers from the corporate sector, provides leading-edge business solutions to Calgary area non-profit organizations. The CCNPM helps non-profit organizations design solutions that will help them achieve sustainable outcomes in their organizations. The centre's consulting services include: board development, mission/visioning, strategic planning, business planning, administrative systems, financial management, team building, leadership coaching, human resource planning, technology assessment, and marketing and communications planning (Interview Data). In addition, the CCNPM has instituted a baseline performance guide titled *Generally Accepted Practices in Non-Profit Management* (GAP), which is used as the centre's assessment tool (Interview Data).

The effect of strategic corporate giving on non-profit organizations

The effect of this *new* kind of corporate giving in which donations are very much tied to business goals is that decision-making practices concerning donations have become much more strategic in nature than they formerly were. As the corporate profiles illustrate (See Appendix A), corporate donations in the oil industry have taken a turn away from traditional "CEO directed" (Himmelstein 1997: 63-67) type giving that is influenced by the personal feelings of top management and that a "donor choice mentality" has evolved in which corporations are giving to focus areas that more clearly reflect their corporate goals (Interview Data). What non-profit representatives suggest, however, is that strategic giving practices have had negative influences on those organizations whose service mandates do not fall within corporate areas of interest. There is no denying that giving to health, education, and the environment are legitimate if not critically important causes; however, what has been suggested is that these types of strategic giving have created "an imbalance in the overall direction of money being donated" (Interview Data). Whereas planned donations are great for those recipient groups who fall within those strategic categories, the result has been less positive for organizations representing the "less sexy causes like homelessness or child abuse", that do not have a tangible link to core business goals (Interview Data).

A further note regarding this movement towards a strategic kind of corporate social responsibility is the concept of partnership. In this arena of *new* CSR where creating sustainable initiatives are often the goals of donations programs, corporations are seeking to form *partnerships* with those whom they donate to, rather than simply donating a sum a cash. What this means is that companies are often funding initiatives where there is a movement towards a joint collaboration on a given community issue, working together on community projects, and

generally drawing from each other's strengths rather than adhering to the traditional donor—recipient relationship. While this is an innovative approach that has very real strengths in terms of developing skill-sets in both sectors, one problem is that in order for such partnerships to take place, a program or project must be at the center of the collaboration. Where the trouble lies is in the fact that many non-profit organizations are simply struggling to survive and they often need to spend the donations dollars they receive in the areas of staff support, overhead, and the general maintenance of the organization. However, because operations and overhead costs are not issues or causes that can be used to create a positive corporate profile, they are often not areas that corporations want to fund (Interview Data).

The United Way

The United Way, which exists at both a national and local level, has been described by non-profit representatives as a unique organization because it has "its foot in the door of both the corporate and non-profit sectors" (Interview Data). This foothold in both sectors is critical because the United Way can use the tremendous amount of support that it receives from the corporate world to fund and support causes that may not necessarily fit within a given donations focus area. It is clear from looking at the corporate profiles in Appendix A that the United Way is a paramount and significant recipient organization and that it is more often than not included in community 'focus areas' and also in employee donations incentive programs. This high degree of corporate commitment to the United Way is important because it is an invaluable source of financial support which can in turn be directed towards the groups that are not high profile or "trendy" and which are not usually included in corporate giving focus areas (Interview Data). However, despite its recognized status in the corporate sector, Jackie Mattock-Howard

describes the United Way brand as "very well known, but not known well" and suggests that like many other non-profit organizations, the United Way's primary hurdles remain raising money for services, communicating with donors, and establishing a clear understanding of the programs which they support, and keeping abreast of what is happening in the non-profit, private, and government sectors (Interview Data).

The Concept of Charitable Status

The concept of charitable status is an important factor in determining whether or not a corporate body will fund a given organization (see Appendix B—Tax Implications). Achieving the status of a *federally registered charity* is not only a factor that has tax implications for corporations; it also plays a critical role in the taxation of the actual non-profit organization itself.

One area that has been hotly debated in the non-profit world of late is the definition of 'charitable status' and the difficulty that organizations face in achieving such status. According to non-profit research analyst Gary Nyp, the legal terminology which governs and determines the granting of charitable status in Canadian law is ambiguous and is based on 200 years of case law involving British laws and Canada's income tax act (see Nyp 1998:1). Nyp suggests that the two primary criteria upon which charitable status is defined extend as far back as English law in 1601 which, called the Preamble to the Statute of Elizabeth, or better known as the Statute of Charitable Uses, describes a number of accepted charitable activities including assistance for "unmarried maids" and "the relief of ancient mariners" (Nyp 1998:2). The second criteria relates to the 19th Century Pemsel case in England which determined four basic categories considered to be satisfactory charitable activities: i) the relief of the poor; ii) the advancement of religion; iii)

the advancement of education and iv) "other purposes beneficial to the community" (Nyp 1998:2).

These narrow, yet indistinct, definitions of charitable activity, which are based upon very much outdated societal ideals, have caused extreme problems for many Canadian non-profit organizations whose mandates do not fit within the express criteria described above or whose mandates may or may not be interpreted as 'beneficial to society'. When a non-profit organization applies for and is denied charitable status, the only course of action which can be taken is to appeal the decision in the courts. Nyp suggests that it is the interpretation of "other purposes beneficial to the community" that has caused such problems for non-profit groups whose activities do not clearly fall into the first three categories (Nyp 1998:3). Critics suggest that the legal treatment of Canada's charitable organizations is based upon archaic laws that do not reflect the changing needs of contemporary Canadian society.

Much discussion and controversy has arisen as non-profit and government representatives have discussed the concept of charitable activity and no consensus has emerged to define such activities in any comprehensible manner. Gordon Floyd, director, public affairs, at the Canadian Centre for Philanthropy, believes that a legal definition of charity is not the answer to this dilemma as it would soon become as outdated, such as those in the Statute of Charitable Uses preamble and the Pemsel case (Nyp 1998:4). One Vancouver based group, which has taken its appeal for charitable status to the Supreme Court of Canada, has suggested that fixed criteria of public benefit be abolished and that individual cases be decided upon based on a number of factors including constitutional compatibility, the values of a given elected representatives, etc. However, Floyd suggests

that such a scenario could cause further problems if it opened "the floodgates to thousands of new charities" and created even fiercer competition for donations amongst already existing charities (Nyp 1998:4).

Suggestions have been made to form a commission which considers the issues surrounding legal charitable status and the current situation in Canadian legislation. The catch-22 appears to form at the point of reference between those organizations who want the boundaries widened to include their particular service mandate, those already *charitable* groups who are intent on protecting their territory, those *charitable* groups who want the current laws to be changed but who are unwilling to rock revenue Canada's proverbial boat, and industry analysts who worry that moving from a fixed point of reference will create a situation that ends up being far more ambiguous than that which exists presently. The Voluntary Sector Roundtable (VSR), a coalition of nonprofit organizations which include the Canadian Centre for Philanthropy, recently completed a comprehensive paper entitled *Charitable Activity Under the Canadian Income Tax Act: Definition, Process and Problems* which looked at the current situation with the idea to create an arena where useful and meaningful discussions on the subject can take place. Some suggestions made in the paper included the formation of a special task force on the issue including looking at creating a charities commission (Nyp 1998:4).

The Problem of Measurability in Corporate-Non-profit Initiatives

Measurability, that is, the ability to measure the effectiveness of a given program or project that results from funding dollars, or being able to judge whether a non-profit organization is successful in its mandate, remains a problematic issue in many non-profit

organizations. The movement towards establishing business-like practices and sustainable initiatives in such organizations is very much tied to this concept of measurability and, moreover, it is inextricably linked to the idea of corporate measurability, which was discussed in Chapter Six.

Whereas much research is being conducted that relates to corporate social responsibility and the impact that CSR initiatives may have on the corporate world, ideas about measurement and non-profit organizations appear to have been little explored beyond the initial question of '*how do we measure this organization's successes*' (Interview Data). Jackie Mattock-Howard suggests that measurability is a huge concern for groups that she deals with through the United Way and that the difficulty lies in determining long-term successes and goals—especially in an arena where long-term funding and support are not necessarily guaranteed. She goes on to state that quantitative measures have been used as traditional benchmarks in determining success, but that qualitative benchmarks, which might have the power to measure the actual experience of a given program on individual lives, would be potentially more useful determinants of success. Mattock-Howard stresses that one of the key factors in generating good measurement is in establishing and maintaining good communication channels with the community, the corporations, and with other charitable groups, in order to create an open dialogue and to make sure that all groups are working together and towards similar goals.

At present, various corporations have created questionnaires and/or evaluation packages which they require those to whom they donate to complete and return. Despite the fact that the implementation of evaluation packages may have been introduced by way of corporate request, having to complete such packages and to think in terms of

measurement and goal orientation has been a valuable step in a more sustainable direction for many non-profit groups. According to Ann Lewis of the CCNPM, a movement towards implementing measurement and accountability processes in the non-profit world is critical because such actions can only serve to raise the profile of the corporate sector so that it may receive the attention that it deserves. She suggests further that a volunteer evaluator with the CCNPM made it clear that, in his experience, those non-profit groups who have implemented into their organizations the business-like practices, including measurement, that come out of organizational assessments, have been far more successful in securing funding dollars and in maintaining their day to day operations (Interview Data).

The Effect of Non-CSR Related Business Initiatives on Non-profit Organizations

A further idea worth addressing is the effect that non-CSR initiatives can have on non-profit organizations. A non-profit representative addressed the issue of corporate structure and the manner in which shifts in the structural arrangement of companies can play out for non-profit organizations. The two areas of concern to the non-profit world are corporate mergers and decision-making strategies.

It is not uncommon in the corporate world, especially for large corporations who presumably exercise large donations budgets, for corporate mergers to occur. What a non-profit representative suggested was that structural changes of this sort, although not specifically related to CSR policy, can prove disastrous for those non-profit organizations who have formed relationships with companies involved in mergers. In the case of a merger, the two former individual companies who would have had two separate giving programs, or perhaps two

separate foundations, often combine the two with the result being a single donations program or foundation in the newly merged corporation. What this may mean is that where there were two $2 million dollar donations programs existing formerly, there will now only exist one. The same scenario could play out in the case of corporations who give through a company foundation. Where two foundations operated previously, only one would survive as a result of the merger.

This non-profit representative suggested that situations such as these have also taken place in the government sphere—particularly in the area of health care downsizing. As a long-time hospital executive explained it, the last decade saw severe government cut-backs in which municipal-level hospitals which formerly operated on an individual hospital level, were consistently amalgamated into one super hospital system with a board of directors that oversees budgetary operations and determines donations policies. This expert suggested that when such super systems are formed, often four or five former hospital foundations are reduced, along with their corresponding budgets, into a single foundation that oversees the needs of those groups who previously benefited from the five foundations (Interview Data). What was made clear from both the corporate and the healthcare examples is that when the number of donations budgets and foundations are made less, the funding dollars must be stretched further and the competition for such dollars becomes fiercer. Furthermore, when mergers and downsizing take place, positions of 'director of foundation' and/or 'corporate giving officer' that were formerly filled by two or more individuals are now filled by one and as a result, those people who are involved in fundraising for non-profit organizations often lose their donations contact with whom they have worked to establish a positive relationship.

In large corporations, donations related decision-making are increasingly being made by committees, boards, or teams, who decide as a group the direction that corporate giving will take.

As discussed above, this trend towards group level decision-making, combined with increasingly strategic donations decisions, has had a negative impact on certain non-profit organizations. As committee style decision-making replaces choices made by individual giving officers and/or by CEOs, the relationships formed between non-profit representatives and their corporate counterparts may end up playing less of a role in securing funding dollars. Likewise, as the focus areas for donations play an increasingly important role in the directions that corporate funding dollars take, organizations who may have held long and established funding relationships may be out of luck because their particular mandate or cause does not fit in to a given area of corporate funding.

CHAPTER EIGHT

CSR in Canada: where to go from here?

As the data has illustrated and much of the discussion has shown, corporate social responsibility in Canada finds itself in the situation of having been partially accepted as a legitimate corporate function. The days in which 'philanthropy' was the responsibility of a chosen senior executive who spent corporate dollars on causes of CEO choice are long gone and in their place a number of well-researched and very strategic programs have emerged. The transition from an older style of philanthropy to the more contemporary concept of *corporate social responsibility* has occurred both in terms of theory and pragmatics—the conceptual changes which saw a transition to a "*two way-street approach*" to philanthropy laid the foundation for the changes in the structure and policies of the then existing philanthropy programs (Smith 1994:109).

Conceptual changes saw a movement from an 'arms-length' kind of philanthropy where CEOs and other senior executives gave monies away to causes determined by personal preference, family affiliation, and "old boy" business affiliations (see Galaskiewicz 1997:467). This older style of donations was seen as unrelated to core business goals, with the exception of receiving a tax write off. Under such a system it was not considered appropriate to link private causes to business operations and as a result, the older style of corporate philanthropy may have given an impression of being more altruistic than its more strategic and business oriented counterpart. However, the transition to a two-way street approach to philanthropy saw a change in which it became more acceptable to link business concerns with giving practices—a process where

corporations and non-profit organizations can help meet each other's goals. Another concept which became a prevalent idea during the transition period of philanthropy was that of *enlightened self-interest* which, coming out of two beliefs, suggested that because corporations exist in a society they must be responsible to that society, and that through such socially responsible behaviour corporations could expect to receive some kind of benefit (Stendardi 1992:22).

With the conceptual movement towards strategic corporate giving becoming established in business practice, the practical changes were soon to occur with a shift from CEO and/or senior management directed 'philanthropy' programs to strategic programs that encompass core business objectives. This restructuring of philanthropy was the beginnings of what is known today to be *corporate social responsibility*, a concept that includes all aspects of stakeholder relations, rather than simply donating funds. As discussed in Chapter V, stakeholder relations considers the needs of the various interest groups who are influenced by a given corporation—namely its shareholders, employees, customers, and the communities within which it has operations. CSR's broader range of activities which includes donations, sponsorship, partnership programs, employee volunteer incentives, employee treatment, environmental safety initiatives, and ethical operations is much more comprehensive bundle of issues than the realm of charitable donations. The breadth of CSR issues reflects the interest areas of the entire corporation, and is presumably a central reason in why CSR issues have been linked so readily to the concept of corporate reputation.

The anthropological significance of studying corporate social responsibility lies in the strategic exchange nature of donations and partnership activities—particularly in

understanding how characteristics of *gift* vs. *commodity* transactions are played out in CSR operations. A central argument in this work has been that the CSR activities that take place in the form of corporate sponsorships, donations, and partnerships, in which there is an exchange situation where corporations give financially with the expectation that they will receive a return of some form. The social elements such as improved reputation, prestige, and the benefits that stem from good corporate citizenship encompass the predominantly social realm associated with gifting. Conversely, ideas relating to calculated returns, improving shareholder value, and making money by giving away are those associated with the economic sphere of commodity transactions. Understanding CSR in this way is critical because these different forces reflect that which Mauss and Levi-Strauss discussed in their classic anthropological studies of the gift and how social gifting practices differed from the more economic commodity transaction.

Mauss suggested that a key factor in gift exchanges was the embeddedness of the concepts of honour and credit (Mauss 1967:34). Giving practices allowed the giving party to acquire a form of credit, and inscribed in the receiver the obligation to repay. The link between CSR and reputation management that was illustrated in the interview data suggested that indeed it is possible to think about the exchanges taking place in CSR in a similar way to Mauss' analyses of gifting practices. Classic anthropological approaches emphasized the strategic nature of the gift primarily in terms of strategy—that is, the social nature of the economic prestation—the interview data suggests that such strategies are employed in CSR and that it is at the intersection of economic exchange and gift prestation that corporate benefits are derived. However, while it is well understood that self-interest and business goals play a central role in determining CSR

policies and actions, understanding the nature of the benefit to corporations is difficult to determine and is the source of a considerable degree of tension within the corporations—the tension that comes out of the fundamentally different priorities of gift and commodity exchanges. The corporate profiles in Appendix A suggest that a relationship between CSR activities and business goals is quite direct; whereas the interview data, which bears the testimony of corporate representatives who are involved in CSR, would suggest that the relationship between business objectives and CSR initiatives may be more difficult to determine. The case study which speaks to the situation where the community wanted a cash payment for a company's right to drill on its land suggests that an explicit relationship between CSR and profit oriented goals is taking place, with corporate 'donations' dollars being used to secure drilling operations rights. The interview data resonates with this tension between gift and commodity interests, in which the goals of economic self-interest and good corporate citizenship are played out in the creation and execution of corporate social responsibility initiatives. As one corporate donations officer suggests: "corporate social responsibility operates in the 'gray area' that exists between the two poles of philanthropy and marketing"(Interview Data). This statement is critical because it speaks to this tension between the economic and the social—between the altruistic motivation of giving back to the community and to the profit oriented motivation of mobilizing CSR for marketing and the purpose of increasing shareholder value. Because this debate is not black and white, but rather encompasses that 'gray area', neither one of those positions reflects wholly what individuals had to say about CSR. While corporate representatives varied in their commitment to either camp, the

overriding opinion was that CSR continues to be a balancing act which must remain responsible to the interests of both sides.

The non-profit sector spoke of the need for increased communication and the need to make sure that "corporations and non-profits are working on the same page" (Interview Data). These same thoughts were reflected by Jackie-Mattock Howard of the Calgary United Way, by Lois Allen of the United Way Canada, and by Tom Axworthy of the Historica Foundation, who spoke of the importance of increased communication on the part of corporations and the non-profit sector, as well as for the government sector. As much of the research currently taking place on the subject of CSR suggests, the relationship between strong CSR initiatives and increased shareholder value is becoming increasingly apparent (see Chapter VI) and corporations and their investors are beginning to see the financial benefit in giving money away. Increased communication on both parts will only clarify what the issues are on each side, and will better facilitate a situation in which the needs of both sectors can be further negotiated. The comments made by president of the Dow Jones Index, Jon Prestbo (see Chapter VI), reveal another salient point—that one powerful way of promoting the relationship between CSR and increased shareholder value is for researchers to use a fiscally based approach that will receive undivided shareholder and investor attention.

The social and community value of corporate social responsibility that stems from altruistic motives is one part of the equation, and the other half lies in establishing the fiscal link between CSR and increased shareholder value. The ability to make that link part of the equation is important in receiving increased business support, particularly from the financially minded marketers and investor relations personnel to whom CSR

budgets are partly responsible. However, it is equally important that the social benefits of CSR not be outweighed by their financially motivated counterparts. Research whose findings suggest that "socially responsible investment assets grew at twice the rate of all assets under professional management in the United States" (1999 Trends Report on Socially Responsible Investing) is very clear, and it is important that this kind of research accompany research that supports the community value of CSR, especially research being presented to corporate representatives who believe that shareholder value is the top priority in business operations.

It is critical to conclude by addressing the context in which this research has taken place—Canada's oil industry—and to consider to degree to which the oil industry affects corporate social responsibility. Many non oil industry corporations are involved in CSR practices at present (see www.ccp.ca for a list of Canadian companies involved in CSR research and practices). What needs to be considered is the degree to which the kinds of CSR practices I have described are a result of being oil industry related, and to understand why the oil industry's CSR practices may or may not be distinctive. CSR practices are not uncommon and the idea that a corporation would use CSR in such a way as to bolster its company image and improve stakeholder relations is not something that is necessarily distinctive of the oil industry. What may be characteristic of the oil industry are the kinds of strategies that are employed and the areas that receive such strategic attention.

Of the nine companies with whom I spoke, eight have specific profiles that focus on key 'target areas' which receive the majority of their CSR support. What's more, out of those eight corporations with formal profiles, every one supports education and

community initiatives, and six out of the eight support environmental initiatives (see Table One, Chapter VI, page 44). These profiles indicate that education and environmental initiatives play the strongest role in CSR strategies, followed in turn by employee volunteerism and arts and culture support. Without engaging in a cross industry analysis, it is difficult to determine whether or not these trends are distinctive to the oil industry or not. However, given the degree to which educational initiatives are centered around industry specific learning (science initiatives) and the degree to which environmental accountability is important in a potentially environmentally disastrous industry, it makes sense that oil industry companies would specifically fund these kinds of initiatives as a part of their CSR support programs.

Such an argument is further supported in the data where corporate representatives stated about environmental support: "the public has the perception, in a way, that we're [oil companies] making all this money and that the environment may be suffering because of it . . . making sure that the public sees our commitment to the environment is really a top priority in maintaining the public's loyalty to our particular brand" (Interview Data). Moreover, another representative talked about education initiatives when he suggested that "we need to get kids excited about science . . . it is in our [corporate] best interests to maximize this kind of [oil industry related] learning for the next generation of workers" (Interview data). These statements make clear that there are environmental and education related issues that apply directly to the oil industry, and which may account for education and environment playing such a strong role in oil industry CSR strategies. Furthermore, despite the fact that only two companies cite aboriginal relations as a part of their CSR strategies, I think including aboriginal relations as part of the CSR profile is

very much related to drilling rights on Native land, and to the importance, in the wake of the Lubicon crisis (see Friends of Lubicon: http://www.tao.ca/~fol/ for more information) of maintaining a positive relationship with Native bands upon whose land drilling operations take place, and in order to avoid the nasty public relations fallout that can occur from negative publicity about large and powerful oil companies taking advantage of Native lands and resources.

Finally, given the significance that oil industry company representatives placed on community development in those communities where *operations take place*, and my argument (see chapter VI) that community support is very much linked to procuring operating rights, it makes sense that community development would be a high priority in oil industry CSR strategies. I would suggest however, that corporate support of a given community is linked to increased status, appreciation, and reputational value, and that the concept of community support is likely to be a CSR strategy undertaken by many corporations, regardless of the specific industry from which they come. As well, the other kinds of support indicated in the profiles (arts & culture, civic development, health, and employee volunteerism) are ones which I would argue could be applied to other corporations in any industry, as those forms of support are ones from which the potential benefits of CSR could be drawn.

It is also critical to consider the tension that is derived from the gift and commodity forces involved in CSR operations which are such a central factor in the companies I studied, and to question whether this inherent tension is industry related, or whether it might be a core business concern rather than an oil industry specific concern. As I suggested in my analysis, the tension that surrounds CSR practices comes out of the

operation of two fundamentally different objectives within a single corporate structure—the 'commodity' transaction in which goals of profit and increased shareholder value pervade, and that of the 'gift' transaction where creating community relationships by means of donating monies and services is seen as good corporate citizenship and responsible business behaviour. Although it is not fair to suggest that these divergent goals work *directly* in opposition to each other, it is certainly possible to argue that proponents of each 'side' hold very different views on the matter.

Individuals working with social responsibility issues make the case that corporations need to be accountable to the communities in which they operate and suggest that corporations hold a responsibility to those communities to invest in sustainable partnerships and to donate monies and/or services. Conversely, individuals who work closer to the financial side of the picture, such as in shareholder relations and marketing management, would suggest that a corporation's number one priority is to make a profit and to increase shareholder value, and if CSR initiatives can further those goals then so much the better. The essential difference between the two positions is that the former considers CSR to be a legitimate business practice by right of its own merits, and the latter only sees CSR as a rightful business practice if it advances the financial goals of the corporation. The corporate representative who spoke about changing perceptions of CSR practices articulates the matter perfectly: "shareholders and financiers *have* begun to change their perception about being socially responsible—however, I think where it's coming from is that the link between corporate social responsibility, the good reputation that stems from it, and the bottom line has become more apparent—not that CSR values have become more important, at least from the shareholder perspective" (Interview Data).

Taking into consideration the contrasting positions of gift vs. commodity that are operating within the corporate cultures of the companies I studied, the clear conclusion would seem to be that CSR, both as a theoretical and practical business concern, remains bound within the struggle between "looking good and doing good" (Himmelstein 1997:56-58). As my analysis suggests, much fiscally based research has taken place which supports the idea that there is an increasingly positive relationship between CSR initiatives and increased shareholder value. One might go so far as to suggest that efforts need to made to further establish this positive relationship between socially responsible business practices and increased value. However, another and more interesting argument holds that an underlying tension within the company is healthy, and that it acts as a check and balance system between these two substantially different worldviews within the corporate structure.

Social theorists have long explored the role of conflict in society. Conflict theory has been studied and expounded upon as far back as Heraclitus in classical Greece (c. 544-484), and has continued to be theorized up until the present day (see Martindale 1960:127-149). Martindale suggests that "the conception of conflict as having positive value is not new . . . economic competition is the great agency of efficiency in the production of the basic necessities of life" (Martindale 1960: 144). It is possible to use the corporation as a metaphor for society—one where economic competition plays a similar role and in which the basic necessity of (corporate) life is the procurement of increased value. Therefore, in the same way that Martindale suggests that "the most fundamental of all phenomena in human society is the struggle for the necessities of life" it is possible to see the corporate structure as one in which an inherent struggle exists, and

where competition can be seen "positively as the basis for an increase in precision and competence [or] one can also look at it negatively, as the struggle for scarce value which everyone cannot have" (Martindale 1960: 144).

I therefore take this idea of a struggle or tension for 'basic necessities' to mean, in the corporate context, that there exists a competition or struggle for the basic corporate necessities (*the struggle between looking good and doing good*), and that this struggle can form the basis for 'an increase in precision and competence', and also that such a struggle can be taken to reflect the corporate reality that corporate dollars represent a 'scarce value' that can only be directed to a certain number of parties. I would suggest that a competition between those more socially minded in the corporation and those more financially minded increases accountability on both sides, and creates a corporate situation where the CSR dollars spent and the profiles provided are done so competently and in a manner that responds to the legitimate concerns of either side. This kind of healthy competition not only creates a situation where each side is accountable to the other, it also creates a balance which controls against the generally pervasive 'shareholder value' question that is associated with commodity relations maintaining the crux of decision making control within the corporation. This kind of check and balance of powers has the potential to foster a situation where CSR can gain legitimacy based on its social merits, rather than simply by its financial value.

There is no question that the *new philanthropy*, which forms a part of contemporary corporate social responsibility practices, has evolved from its earlier ad hoc configuration to a very sophisticated and carefully planned business practice. Although CSR has gained legitimacy in the corporate world, the use of 'language of investment',

the call for profit-related measurement, and the direct relationship between that exists between areas of funding and business goals suggests that corporations continue to strive to legitimate CSR practices. The tension that exists may be a healthy one with the ability to check the actions of parties on both sides of the equation; however, a question remains of where proponents of CSR should go from this point. It is of course critical that research which supports a relationship between CSR and increased value continue to take place, and that this research be made available to all decision-making parties within a given corporation. It is important that separate CSR divisions be created and/or maintained so that CSR be accorded the same legitimacy as say a marketing or human resources department. Furthermore, national conferences (such as the Canadian Centre for Philanthropy's annual CSR conference) which promote CSR as a business practice are important, and companies serious about their CSR records need to establish their presence in the social responsibility world by sending corporate delegates to such conferences, and related courses and programs (for example Boston College's Corporate Community Relations program: http://www.bc.edu/bc_org/avp/csom/executive-ccer/frames.html).

Another critical new Manhattan based initiative is 'Culturenauts' (see http://www.culturenauts.com/), a unique organization dedicated to improving children's education, and whose mission statement includes the goal "*to uniquely bridge the gap between the* Government/Non-Profit/Private *sectors: understanding of the major players within the civic, philanthropic and corporate worlds, including their programs, possible synergies, financial support and knowledge resources*" (http://www.culturenauts.com/Site%201/vision.htm). Culturenauts director, Kamal El-

Wattar, proposes the creation of corporate/non-profit relationships in which partnerships are established that can meet the specific needs of each party involved. An example that Mr. El-Wattar and I discussed was a potential relationship between an environmental group and an oil company, where the environmental group's needs could be met (corporate dollars) in exchange for environmental research concerning oil spill emergency information, sour gas concerns, etc. Such a partnership creates the "right equation" and allows the private sector the chance to "give and not drain [by] leveraging market forces and by tapping into skills that do not generally reside in the business arena" (Interview Data).

Fiscally based CSR research including that taking place at organizations like the Canadian Conference Board, the Canadian Centre for Philanthropy and amongst many non-profit groups such as the United Way and the Calgary Centre for non-profit management, in addition to national conferences, accredited CSR programs, and organizations like Culturenauts, comprise the 'leading edge' initiatives in CSR research and practice taking place in North America at present. The efforts of groups such as these will be critical in further establishing CSR as a legitimate business practice, and may serve to lessen the gap between the values of socially responsible business and increased shareholder value that currently exists in the oil industry corporations studied in this project. The persistence of such leading edge initiatives is of paramount importance for the future of CSR, and to ensure that corporate contributions to the non-profit sector rise above their current level of 2% in Canada (Imagine Fact Sheet—No 1).

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APPENDIX A

Corporate Social Responsibility as a Business Practice:

Canadian Oil Industry Corporations

Petro-Canada[14]

Corporate Headquarters: Calgary, Alberta
Earnings per Year: $233 Million[15]
Parent Company: No

In a recent edition of *In Brief: Special Edition on Community Investment*, Petro-Canada states that:

"Canadian business is facing a new reality—that making a profit and redistributing it back to its shareholders is no longer a complete measure of success. Today, it is increasingly recognized that to sustain continued, profitable growth, a company must deliver value to shareholders, customers, employees and the communities in which it operates."

—In Brief: Special Edition on Corporate Social Responsibility (May 1998)

Petro-Canada is an Imagine Campaign designated "Caring Company" which directs 1% of its pre-tax profits to corporate donations. Proposals for donations are forwarded to Hazel Gillespie, National Director of Community Investment, who reviews proposals and presents them to the Community Investment Advisory Committee for review. Petro-Canada's community investment is focused on three key areas: Health, Environment, Education, and Arts & Culture. The following outlines key CSR initiatives that Petro-Canada has developed within its community investment strategies:

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[14] This information is based on two interviews with Hazel Gillespie, Petro-Canada's National Director of Community Investment, Petro-Canada's 1999 *Community Investment Report*, "In Brief: Special Edition on Community Investment".
[15] Based on Petro-Canada's 1999 Annual Report (online).

Education

- University of Calgary and Memorial University of Newfoundland—Women in Engineering Chairs: Petro-Canada has made a five-year pledge of $250,000 each to support a chair in Calgary and St. John's.
- Shad Valley: Founded in 1981 and supported by PC since 1983, this program provides students across Canada with the opportunity to attend Shad Valley each summer to undergo programming courses followed by a practical work term with sponsor companies.
- College Montgomery: Located in Laval, Quebec, college Montgomery is a Business Training Centre that prepares students for retail trade. Petro-Canada has pledged a five-year support of $45,000.
- The Petro-Canada Young Innovators Award Program: In its fifth year, this program recognizes and supports the work of outstanding young faculty researchers at Canadian Universities and colleges.
- Peter Gzowski Invitational: The Annual Peter Gzowski invitational (PGI) Golf Tournaments for literacy has a received national attention—Petro-Canada supports the Poet Laureate component of this fundraiser and through this funds literacy programs at the community level.
- Aboriginal Education Awards Program: This program was created in 1984 to help individuals complete their university degrees in areas that relate to the oil and gas industry. Canadians of Aboriginal or Inuit descent can receive up to $5,000 annually to cover tuition, books, and living costs. This program is overseen by the National Aboriginal Achievement Foundation.

Health and Community Services

- Canuck Place, Vancouver: This restored mansion is the first hospice for terminally ill children in Canada. Support for this hospice is supported by Petro-Canada's local retail outlets, which have been raising funds for Canuck Place since 1992.
- Women of Courage: Petro-Canada funds this Outward Bound initiative which provides an opportunity for women survivors of violence to experience the adventures and challenges of the wilderness.
- The Huron Carole: A joint initiative with actor, singer, and social activist Tom Jackson, Petro-Canada helps support country-wide performances to raise funds for Canadian food banks.
- Cancer Research: Petro-Canada supports and is the leading corporate sponsor of "Comfort Heart Month" in a partnership with Ann Cole, where pewter hearts are sold for $10 in various corporate offices with $4 going to cancer research.

Arts and Culture

- Northern Saskatchewan Children's Festival: One of seven local festivals that Petro-Canada supports. These festivals challenge and enrich children with performances of mime, theatre, dance, comedy, puppetry, story-telling, and music.
- Royal Winnipeg Ballet: Petro-Canada has been a long-term supporter of the Winnipeg Ballet Company and donates $14,000 annually.

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http://www.petro-canada.ca/html/investor/disclosure/annual/PCAR1999_E.pdf.

- Lunchbox Theatre: Petro-Canada funds lunchbox theatre which supports the development of Canadian playwrights and is Canada's longest running noon-time theatre. Petro-Canada donates $30,000 annually.
- Pier 21—Petro-Canada Stage: Located in Halifax, Pier 21 is a heritage centre which re-creates the Canadian Immigrant experience. Petro-Canada has committed to $150,000 worth of funding over a five year period.

Environment

- World Wildlife Fund (WWF)—Campaign for Tomorrow: The WWF, having benefited from over $900,000 in funding from Petro-Canada, works to protect the wildlife habitat and safeguard species under threat in Canada and worldwide.
- Harmony Foundation: Petro-Canada supported this Victoria based foundation with $60,000 in funding, in its goal to provide professional development opportunities for environmental educators who are interested in making practical contributions to environmental solutions within their own communities.
- Nature Conservancy: In partnership with Chevron Canada Resources, Shell Canada, and Mobil Oil Canada, Petro-Canada supported an initiative in which they relinquished 320,000 acres of exploration and production rights off the east coast of the South Moresby area of the Queen Charlotte Islands in BC. The Nature Conservancy is holding this contribution in trust for the creation of the Gwaii Haanas National Marine Conservation Area.

In addition to these more formalized CSR initiatives Petro-Canada encourages the values of volunteerism and encourages its employees to play an active role in this capacity in their communities. In addition, Petro-Canada employees are active supporters of the United Way and Petro-Canada as a corporation matches a percentage of employee donations. As well, Petro-Canada holds 'Days of Caring' days in which Petro-Canada employees can volunteer for non-profit organizations which they are interested in. Other CSR initiatives are fundraising lunches and casino nights.

Shell Canada[16]

[16] This information taken from the *Shell Canada in the Community* report, and from data gathered in two interviews with Elvia Picco of Shell Canada.

Corporate Headquarters: Calgary, Alberta
Earnings per year: $432 Million[17]
Parent Company: Yes, Shell international (UK)

Shell's Corporate Social Responsibility philosophy states that:

"At Shell Canada, we work to provide energy in a socially and environmentally responsible manner. This means that everything we do must incorporate economic objectives, meet social expectations of the communities where we operate, and minimize the environmental impact of our presence."

–Shell Canada in the Community Report

Shell's corporate giving, or *community investment* profile, is called the 'Three Es" and concentrates giving in the areas of Education, Environment, and Employees. These focus areas have changed in the last ten years, moving away from an emphasis on the 'arts and culture' to the current Three E's initiative. There is no Shell foundation through which donations can be made: therefore, donations become a business expense, which, if given to a federally registered Canadian charity are tax deductible. At present all funding proposals from non-profits are reviewed directly by Elvia Picco, Shell's coordinator of community and Public affairs. Proposals are sent directly to Ms. Picco who has the authority to fund proposals up to $50,000. Proposals above $50,000 must be approved by the Shell's president.

The Three E's

Education

- Economics of Staying in School Program (ESIS): Shell employees, retirees, and marketing partners volunteer their time to present ESIS to Alberta schools, in which students learn the importance of staying in school.
- National Aboriginal Achievement Foundation (NAAF): Sponsorship of scholarships that support post-secondary education of Aboriginal students.
- Shell Smart Classroom: A partnership program with Mount Allison University where university commerce students can access course files and the Internet from anywhere on campus.

[17] Based on 1998 Annual Report.

Environment

- Shell Environmental Fund: Created to help individuals and groups contribute to the environment. Shell donates creates environmental partnerships by providing grants to groups to help Canadians protect their environment.
- Nature Conservancy of Canada (NCC): Shell partners with the NCC to fund conservation projects in Canada.
- Pacific Salmon Foundation: Shell is involved in a three-year partnership in which Shell makes a cash donation to the Pacific Salmon Foundation based on every litre of gasoline sold at retail locations on Vancouver Island, and for every litre of Nautilus Premium Marine Lubricant sold throughout British Columbia.

Employees

- United Way: Shell matches, dollar for dollar, contributions made to the United Way by Shell employees. Shell and its Calgary area employees have contributed more than 1 million dollars in donations per year for the last two years to United Way Calgary.
- United Way—Days of Caring: Shell employees and retirees donate their time by giving 'hands-on' assistance, in the form of volunteer hours, to United Way supported agencies.
- Shell Community Service Fund: This fund helps organizations where an employee, retiree, or marketing partner regularly volunteers. With a minimum annual contribution of 48 hours, the Shell volunteer's non-profit group can receive a grant of up to $1,000.

In addition to funding the areas of the three E's, there are also 'regional contingency' budgets in which monies are available to fund or provide help for things that do not fit within the Three E's profile. Some examples of this are the 1999 ice Storm where Shell donated $50,000 to the Red Cross, the recent flooding in Manitoba where Shell donated $25,000, Forests Fires in B.C. where Shell has donated up to $10,000, and the Ecoli water scare in Ontario where Shell donated a significant amount of support in the form of free gas coupons to local authorities.

PanCanadian Petroleum Limited[18]

Corporate Headquarters: Calgary, Alberta

[18] This information taken from PanCanadian's 1999 Community Report, as well as from the data from two interviews with Charline Boudreau of PanCanadian.

Earnings: $350 Million[19]
Parent Company: No

PanCanadian's president's message, which appeared in the PanCanadian 1999 Community report states:

"A deeply rooted aspect of PanCanadian's corporate culture is a strong desire to make a difference—both in out work lives and in our personal lives. That's why we support organizations that work every day to address the challenges affecting the quality of life in our communities. PanCanadian supports these organizations because we feel that the work they do touches us all. And, like these organizations, we take social responsibility seriously"

—David A. Tuer, President and CEO, PanCanadian Petroleum Limited

PanCanadian's Corporate Social Responsibility profile is called their *social vision* and states that this vision "guides our actions in our relationships with all our communities from our investors to our neighbours". Their CSR practices are focused into four *focus areas:* community and family, environment, creativity, and employment and education. At PanCanadian proposals for funding are directed to Charline Boudreau, Director, Community Investment in Corporate and Community Relations, who reviews such proposals and meets, every two months, with a committee represented by a broad section of the company, that decides upon which groups will receive funding dollars. As there is no foundation at PanCanadian charitable donations are a business expense and when donated to a registered charity are tax deductible according to the charitable rules of the Income Tax Act.

The following, referenced in accordance to PanCanadian's focus areas, outlines some of the organizations which PanCanadian currently supports:

Community and Family

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[19] Based on PanCanadian's 1999 Annual Report.

- Children: Alberta Children's Hospital Foundation, Child Friendly Calgary, Child Witness Court Preparation Program, Special Olympics team Alberta, and Unicef.
- Civic: Calgary Center for Non-Profit Management, United Way of Calgary and Area, and Young Women's Christian Association.
- Family: Alberta Adolescent Recovery Center, Corner Brook Canada Winter Games, Hospice Calgary, Parents and Children Together, South Fish Creek Recreation Complex, and Western Heritage Center.
- Safety: Alberta Children's Hospital Foundation, Alberta Shock Trauma Air Rescue Service, Bethany Care Society, Calgary Block Watch Council, Calgary Women's Emergency Shelter, and Children's Cottage Society.
- Seniors: Calgary Seniors Resource Society
- Wellness: Alzheimer Society of Calgary, Big Sister & Big Brothers Society of Calgary, Calgary Health trust, Canadian Breast Cancer Foundation, The Canadian Cancer Society, and the Canadian National Institute for the Blind.
- Youth: CenAlta Futures Foundation, and Wood's Homes.

Environment

- Conservation: Alberta Emerald Foundation for Environmental Excellence
- Education: Encompass Magazine, FEESA, An Environmental Education Society, Land Stewardship Centre, SEEDS Canada Foundation, and the SAIT.
- Projects: Alberta Ecotrust Foundation and the Parks Foundation Calgary.

Creativity and innovation

- Arts and Culture: Alberta Ballet, Alberta Performing Arts Stabilization Fund, Alberta Theatre Projects, Art Gallery of Calgary, Calgary Opera Association, Decidedly Jazz Danceworks, Glenbow Museum, Quest Theatre, Theatre Calgary, Theatre Junction, and Wordfest: Banff—Calgary International Writers.
- Science and Technology: Calgary Science Center, Calgary Youth Science Fair Society, Petroleum Society of CIM, and the Science Alberta Foundation.

Employment and Education

- Education: Athol Murray College of Notre Dame, Calgary Academy, Calgary Arts Partners in Education, Calgary Learning Centre, Calgary public Library, Famous Five Foundation, Foothills Academy Society, Hull Child and family Services, Junior Achievement of Southern Alberta, Mount Royal College Foundation, Nickle Arts Museum, SAIT, University of Alberta, University of Calgary, and the University of Saskatchewan.
- Employment: Calgary Achievement Centre for Youth, Canadian Executive Service Organization, and Career Edge.

In addition to funding these programs, PanCanadian will support initiatives that do not necessarily fall under one of the four focus areas. One such example is the Student's Choice Awards. Although this program does not fall specifically within the four areas.

Ms. Boudreau states that it "speaks to the concept of lifelong learning" and goes on to suggest that "we need to look beyond the dollars given or specific areas so that we can see the larger scope of a relationship between a corporation and the community".

Alberta Energy Corporation[20]

Corporate Headquarters: Calgary, Alberta
Earnings per year: $180 Million
Parent Company: No

Alberta Energy Corporation's position on CSR states that:

> *"The company believes its commitment and proactive approach—partnering through time and resources with employees, neighbours and other businesses—help to create and sustain vibrant communities. Vibrant communities contribute, in turn, to a nation's strength. While our community leadership is clearly evident in our domestic operations, it is now expanding to countries impacted by AEC's international business strategy"*
>
> —1999 AEC Annual Report

At Alberta Energy Corporation (AEC), proposals for funding are directed to MaryAnn Stean, AEC's Corporate Relations Coordinator, who overlooks and determines which proposals will go to department meetings to meet final funding decisions. For large donation requests, Ms. Stean must receive permission from the AEC's CEO. AEC is a member of the *Imagine Program*, a non-profit initiative established by the Canadian Centre for Philanthropy, where corporations pledge to promote employee giving and volunteering and to meet the minimum standard of donating 1% of their pre-tax profits. (For further information on the *Imagine Campaign* see Chapter 8: Non-Profit Organizations and the issue of Corporate Social Responsibility). At AEC, corporate donations focus on the four areas of Health & Wellness, Youth & Education, the

[20] Taken from Alberta Energy Corporation's 1999 Annual Report and from two interviews with MaryAnn Stean of Alberta Energy Corporation.

Environment, and Community & Civic Development. While funding for programs that support these target areas come out of AEC's corporate budget, there is a separate '*Go AEC Charitable Foundation*' where employee donations are matched, and then directed through the foundation. For example, if employees donate $300,000 to *Go AEC*, the corporation will match that figure resulting in $600,000 in total contribution, $300,000 coming from employee donations and $300,000 coming from AEC's corporate budget. The following are programs which AEC supports:

Health & Wellness

- The Integrative Health Institute of Calgary: Supporting a community-based resource centre that promotes preventative initiatives for individual wellness
- The Alberta Tobacco Reduction Alliance: Program support for an aggressive public Education campaign on the health risks of tobacco
- D.A.R.E.: a province-wide drug abuse awareness aimed at Grade Six students

Youth & Education

- The Canada Wide Science Fair: A national level science fair that brings together the top 400 out of 500,000 science students each year who entered science fair projects in schools across Canada.
- The Manning Awards: A program that recognizes, annually, the talent and innovation among young people.
- Educational Partnerships: Partnerships with schools in operating regions that provide student bursaries for the pursuit of post-secondary education in industry-related disciplines.
- Public Policy Forums for Youth: Through the Fraser Institute, a program that enables high school students to examine a broad range of current national issues.
- Job Safety Skills: A unique high school safety program, developed by employees of AEC and other companies, which is now a part of the Alberta Education curriculum.

Community & Civic Development

- Aboriginal Capacity Building: Aboriginal communities adjacent to AEC's operations are a particular focus for the company's capacity building initiatives. AEC works with community leaders investing in the development of programs that improve the capacity of local people to help themselves. During the past year AEC continued this initiative by awarding contracts to Aboriginal owned or partnered companies for on site services in Northern Alberta and Northeastern BC, and the NWT. AEC seeks out opportunities to provide onsite job training,

and continues to sponsor scholarships specifically for Aboriginal students pursuing oil and gas related studies.

- Fundacion NanPaz (Road to Peace): A capacity building program in Ecuador, a community based, non-profit foundation focused on improving the economic and social well being of indigenous and migrant populations through innovative training programs and economic self-supporting initiatives.

Environment

—AEC was awarded the Putumayo Civil Order "Francisco de Paula Santander" for submission of an Environmental Impact Assessment in Columbia

—AEC was granted gold level recognition for its 1998 Voluntary Challenge Registry report, which featured innovative ideas by employees to conserve energy and reduce greenhouse emissions.

- Deep Water Research Project: In Azerbaijan, AEC is participating with its project partners in an unprecedented deep-water research project to assess deep water ecological processes, biological conditions and the ecology of deep water petroleum seeps
- Ombudsman project: AEC created the industry's first oil and gas ombudsman to ensure concerns and complaints of the company's neighbours were heard and resolved.
- Peace River Airshed Study: AEC commissioned a preliminary regional study on the peace river airshed, the results of which have led to the establishment of a more formal air quality evaluation involving industry, provincial and municipal governments, environmental and community based organizations.

Nova Chemicals Corporation[21]

Corporate Headquarters: Calgary, Alberta
Earnings per Year: $217 Million (US)
Parent Company: No

Nova Chemicals Corporate Social Responsibility philosophy is:

"*To give where there are barriers to full participation in society*".

Nova Chemicals is a responsible Care corporation and conforms to the *Imagine* Program's 1% initiative. Nova Chemicals CSR practices are not specifically directed at

[21] This information based on two interviews I conducted with Kathryn Ward of Nova Chemicals Corporation.

target areas. rather they involve a variety of initiatives that include community support. employee participation. and Health and Education support. Kathryn Ward. Nova Chemicals Coordinator of Community Relations works with Nova Chemicals giving budget and manages the corporate—community partnerships that are fostered by Nova Chemicals.

Some of the initiatives funded or supported by Nova Chemicals include:

Health

- The Grace Hospital for Women
- The Grace Women's Health Conference
- The NOVA Grace mobile Health resources Truck.

Education

- The Alberta Teacher's Association
- The Science 2000 conference.

Community

- Annual support of the United Way of Calgary
- A partnership with the YWCA of Calgary that promotes Women of Distinction Awards

Employees

- Nova Chemicals matches employee donations to the Calgary United Way

In addition. Nova Chemicals is involved in high school partnership programs in the Calgary. area as well as being known as a long time supporter of women's issues in Calgary. Furthermore. there are community development programs that are currently being developed in many of the communities in the Eastern United States where Nova Chemicals has operations. Because Nova Chemicals does not. at present. put out an annual community report it is difficult to outline all of the CSR initiatives with which Nova Chemicals is involved. However. at this time Nova is in the process of developing a Community Relations Audit. which will measure the impact of Nova Chemicals on the community.

TransAlta[22]

Corporate Headquarters: Calgary, Alberta
Earnings per year: $97 Million[23]
Parent Company: No

TransAlta's social responsibility philosophy states that:

> "*We make every reasonable effort to engage our stakeholders in a meaningful dialogue with the intent of seeking a long-term mutually agreeable outcomes. We conduct our business ethically and responsibly, with the best interests of our shareholders, employees, and customers in mind*".
>
> —1999 TransAlta Sustainable Development Annual Report

While actively involved in corporate donation activities, TransAlta does not approach the concept of CSR in terms of specific focus or target areas. Rather, TransAlta talks about stakeholder relations and the need to satisfy "the diverse and often competing expectations of a growing number of important stakeholders" (see 1999 TransAlta Sustainable Development Annual Report). Incoming funding proposals are directed to Sue Tomney, Director of Communications, and are then decided upon via a committee basis. TransAlta does not operate with a foundation; therefore, corporate donations are considered a business expense and can be written off if given to a registered Canadian charity.

Stakeholder Relations

Community Relations/ Environment

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[22] This information is based on an interview with Sue Tomney, TransAlta's director of Communications and from the 1999 TransAlta Sustainable Development Annual Report.
[23] Based on TransAlta's 1999 Sustainable Development 1999 Report.

- Wabamun Lake Operating Area: TransAlta holds public consultation forums and stakeholder meetings, in which they communicate future plans, answer questions, identify concerns, and develop solutions in the lakeshore communities, the Paul band, and community groups such as the North and South Wabamun Community Relations Committee, Wabamun Lake Public Advisory Groups, and the Committee on Keephills Environment.
- The Wabamun Lake Public Advisory Group (PAG): TransAlta supported the PAG by supplying a facilitator, administrative support, funding for advice from reputable scientists, and community outreach materials and programs such as newsletters, surveys, and open-house events. The PAG made four recommendations that TransAlta is acting upon which include: A watershed management plan led by Alberta Environment, a water treatment plant expansion, shoreline maintenance, and weed harvesting.
- Hydro Operations: TransAlta meets with interested stakeholders in Saskatchewan communities where they have operations. Such meetings take the form of individual or group meetings and consider the impact of TransAlta's hydroelectric operations on the surrounding communities.

Aboriginal Relations

- Aboriginal Relations Policies:
  1. Aboriginal communities and Aboriginal people are key customers, suppliers, stakeholders and associates and are important to business
  2. TransAlta approaches such relationships as learning relationships
  3. TransAlta approaches such relationships with openness, respect and trust;
  4. TransAlta believes that its relationships with Aboriginal people and communities will be strengthened through a commitment to open dialogue, committed listening, being sensitive to concerns, and addressing those concerns in a timely and proactive manner;
  5. TransAlta believes it is essential to honour the distinctiveness of Aboriginal people and communities when developing plans and policies;
  6. TransAlta believes that Aboriginal communities are interested in developing relationships based on clearly identified mutual benefits and trust;
  7. TransAlta believes that the Aboriginal population should be fairly represented in their workforce and provides appropriate opportunities and support by proactively implementing initiatives to improve employment and business opportunities within TransAlta for Aboriginal individuals.
- Donations and Scholarships: In 1999 TransAlta donated more than $57,000 to Aboriginal communities and awarded 19,500 in scholarships to Aboriginal students.
- Employment/ In-House Seminars: TransAlta operates a millwright apprenticeship program, an Aboriginal employment information database, and the Aboriginal Educational Awards Program. As well, TransAlta offers in-house Aboriginal Awareness seminars designed to help employees understand the issues and concerns of Aboriginal peoples and to enhance employees' awareness and appreciation of cultural differences.

Corporate Donations and Sponsorships

Environment/ Education

- Project Planet Challenge: An environmental initiative, endorsed by Wayne Gretzky, which challenges children across Alberta to come up with innovative ideas to improve their local environment.
- Wabamun Lake Provincial Park: TransAlta and Alberta Environment put the final touches on a unique partnership between the provincial government and the private sector that will see TransAlta manage the day-use areas of Wabamun Lake Provincial Park for the next five years.
- Environmental Research and Teaching: In 1999, TransAlta donated $316,5000 in support of environmental research and teaching to the University of Calgary, the University of Alberta, Queen's University and the Banff Centre for Management.

Employee Volunteerism

- St. Monica's School Partnership: TransAlta employees donate hundreds of hours of volunteer time every year to work with the children of this inner city Calgary school. Their time and devotion help these students receive much needed one on one instruction that would otherwise not be possible.
- Projects Organized with Energetic Retirees (POWER): TransAlta retirees logged over 5,000 hours of volunteer time in 1999. Thanks to this dedicated group, 900 families received 14,000 pounds of fresh vegetables in the retirees' community garden.

Arts/Culture

- Fringe Theatre Adventures: TransAlta and the FTA welcomed more than 450,000 guests to performances from the 140 international theatre companies that converged on Edmonton for the 1999 Fringe festival.

Community

- United Way: TransAlta matches employee donations to the United Way. TransAlta received the United Way's award of excellence for best overall employee campaign in the city. In the Alberta capital region, TransAlta received recognition including two gold awards for highest average gift per employee and employee participation rate.
- Wildlights: TransAlta's wildlights helped the Calgary Zoo reach an attendance milestone in 1999—the one millionth visitor came through the gates in December during wildlights.
- TransAlta community transformers Act (TACT): Formed in 1999, TACT is a group of TransAlta employees who volunteer to help the company direct local community investment in Wabamun area communities.

Suncor[24]

Corporate Headquarters: Calgary, Alberta
Earnings per Year: $187.5 Million[25]
Parent Company: No

Suncor's social responsibility philosophy states:

> *"Suncor is committed to maintaining and improving the quality of life in society, particularly in communities where its employees work and live. This commitment includes investing in communities, encouraging employee volunteerism and building mutually beneficial relationships with stakeholders"*
>
> —1999 Suncor Progress Report on Environment, Health and Safety, and Social Responsibility

Unlike in the previous company profiles, Suncor directs its corporate donation activities exclusively through its corporate foundation, the Suncor Energy Foundation (SEF) (see Chapter Six for a discussion of the differences between giving through a foundation or via business expense), which was established in 1998. Marie Stevens is the Director of Community Relations for Suncor, as well as being the Manager of the SEF. Proposals for funding are sent to and reviewed by Ms. Stevens; however, decisions regarding proposals that exceed 25,000 must be overseen by the nine-member Board of Directors of the SEF.

According to the 1999 Suncor Progress Report on Environment, Health and Safety, and Social Responsibility, the SEF donates 30% of its grants to education, 30% to the environment, and 40% to the community. The following outlines some of the specific CSR initiatives with which Suncor has been involved:

Education

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[24] This information based on one interview with Marie Stevens, Suncor's Director of Community Investment and Manager of the Suncor Energy Foundation, as well as from the 1999 Suncor Progress Report on Environment, Health and Safety, and Social Responsibility.
[25] Based on the Suncor 1999 Progress report on Environment and Safety, and Social Responsibility.

- The Next Generation: A government-industry program that promotes trades as career choices in Alberta schools.
- The University of Calgary's Corporate Environmental Management Program: Offering graduate students an opportunity to study how business can improve environmental performance while maintaining competitiveness.
- The Sustainable Enterprise Academy at York University: This program educates executives about the principles and practices of sustainable development.
- College Support: The Suncor Educational Technology Centre at Keyano College, Fort McMurray; the Investing in Futures capital campaign for Mount Royal College, Calgary
- The Climate Change Teacher Support Program: An Alberta based initiative sponsored in collaboration with FEESA, an Environmental Education society, and the Pembina Institute for Appropriate development.
- BIOCAP Program: Support for Queen's University's BIOCAP program which identifies and tests greenhouse reduction strategies, such as the potential use of Canada's biosphere as an enhanced carbon sink.

Environmental

- The Pembina Institute for Appropriate Development's Eco-efficient Communities Initiative in Alberta: Program Support.
- Earth Day: Tree Planting Activities.
- Middle Island: Financial Support to the Nature Conservancy of Canada's purchase of Middle Island, a wildlife habitat in Ontario.

Community

- United Way: In 1998, Suncor employees and the SEF donated $500,000 to the United Way
- The Northern Lights Regional Health Centre: In 1999, the SEF gave a $250,000 donation to The Northern Lights Regional Health Centre to help assist the hospital in serving Fort McMurray's growing population.

* Suncor supports other community investments in areas where they have operations; however these were not document in the report.

Employee Volunteerism

- Employee donations from the Sarnia: used to support a local women's shelter and to assist victims of Hurricane Mitch.
- Toronto Food Banks: Toronto area employees donated time at and money to local foodbanks
- YMCA camp: Alberta area employees helped to renovate a Fort McMurray YMCA camp.
- United Way's Days of Caring: Calgary area staff constructed wheelchair ramps as part of the United Way's Days of Caring program in Calgary.
- We Care Connection: Funded by the SEF and established as a pilot project in Calgary, this program encourages employees to volunteer time to community

projects. The SEF also grants funds to charities to whom employees volunteer time.

Diversity in the Workplace

"Suncor values the strength that diversity of thought, perspective, culture, and talent can add to its business. The company strives to achieve a workforce that is representative of the labour market and appropriate to local, regional, or national interests."

—1999 Suncor Progress Report on Environment, Health and Safety, and Social Responsibility

- Employment Equity: In 1997, Suncor conducted an external audit of its employment equity practices.

Aboriginal Peoples

"Suncor seeks to develop strong relationships with its neighbors, including regional aboriginal communities. The company believes responsible development of energy resources must take into account their needs and expectations."

—1999 Suncor Progress Report on Environment, Health and Safety, and Social Responsibility

- Kehewin Cree Nation: In 1998, Suncor's E&P business and the Kehewin Cree Nation initiated a training program at the Burnt Lake heavy oil project at Cold Lake, Alberta. Participants in the program will gain valuable experience working at the plant while receiving opportunities to become qualified steam operators.
- Aboriginal Business Development Committee: An initiative which looks for opportunities at Oil Sands to increase the total value of aboriginal business contracts while ensuring the company receives quality and cost-effective goods and services.

Imperial Oil[26]

Corporate Headquarters: Toronto, Ontario
Earnings per Year: $582 Million[27]

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[26] This information based on one meeting with Imperial Oil's Barbara Hegduk, and from the Imperial Oil Charitable Foundation information manual, as well as the Spring 2000 *Imperial Oil Review*.

Parent Company: No

Imperial Oil puts out a comprehensive corporate giving pamphlet which states that:

> "*At Imperial Oil, contributing to communities has been a way of life for over a century . . . We know that contributing to worthwhile causes greatly enriches community life and that a prospering community creates, in turn, a positive climate for business. Imperial's success depends on how effectively the company responds to the expectations of the millions of Canadians who have a direct or indirect stake in the company, and Canadians expect companies like Imperial to make a positive contribution to the broader life of their communities.*"
>
> —Imperial Oil Pamphlet titled "Imperial Oil Charitable Foundation: A Tradition of Giving"

Imperial Oil donations practices are carried out through the Imperial Oil Charitable Foundation, which was created in 1994. Imperial's Corporate donations are directed to the following areas:

• *Education Grants*—which account for 55% of donations, support programs that enhance science, math, and technology skills, particularly those aimed at young children or that enhance teacher skills in those areas. Donations to universities are aimed at supporting programs that relate specifically to Imperial's business activities. One example is the *Let's Talk Science* program, which, in partnership with Western University and founded in 1996, supports sponsorship of workshops that emphasize the importance of science in elementary schools in Ontario and Quebec. This program recently won the *Michael Smith* award for outstanding recognition.

• *Community Activities*—which make up 30% of donations, include health, social services, and civic causes. Donations in this area are aimed at supporting community-based programs which enhance the quality of life in communities in which the company has employees. Imperial's donations in this area included a strong degree of support to the United Way. Included in this focus area is a *Volunteer Involvement Program* in which Imperial supports the volunteer efforts of employees by providing cash grants to organizations in which employees, retirees, and their spouses volunteer.

• *Arts and Culture Programs*—which make up 15% of donations, include support for arts and cultural activities in those communities where Imperial Oil has employees.

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[7] Based on Imperial Oil's 1999 Annual report (online): http://www.imperialoil.ca/.

The Imperial Oil Charitable Foundation limits its donations to organizations which are registered charities. and specifies that all proposals for donations must be made in writing and must be submitted on a yearly basis for review.

Canadian Hunter Exploration Ltd.

Corporate Headquarters: Calgary, Alberta
Earnings per year; $68.5 Million[28]
Parent Company: No

Canadian Hunter's vision statement states that:

> *"Canadian Hunter will be a spirited and entrepreneurial leader in our industry. We will meet and exceed the expectations of our shareholders. our employees and our communities."*
>
> —Canadian Hunter Exploration Ltd: Corporate Mission Statement

While Canadian Hunter does not have a public document that talks about CSR. their mission statement information sheet does suggest that Canadian Hunter is involved in CSR initiatives. Canadian Hunter's information sheet states that:

For our Employees we will:

- Provide opportunities for personal and professional growth through challenging work. learning. and education.
- Reward successful performance.
- Be a confident. energetic. well managed and considerate company.

For our communities we will:

- Operate safe and environmentally sound programs
- Exercise and encourage outstanding levels of community responsibility and involvement.
- Conduct our business and community relationships with respect and integrity.

According to Ron Olson. Canadian Hunter's manager of insurance and projects. Canadian Hunter does not operate with a structured donations package. However.

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[28] Based on Investor Relations section of the Canadian. Hunter Website: http:/ www.chel.com/ invest/ first.html.

Canadian Hunter has been actively involved in corporate giving since as early as 1973. There was never a giving committee: rather, donations related decisions were made by one or two of the corporation's senior executives. At present, such decisions are made by Canadian Hunter president and CEO, Steve Savidant: manager of insurance and projects, Ron Olson, and the director of Human Resources. Proposals for donations must be made in writing and according to Ron Olson, donations are generally made to communities in which Hunter maintains business operations. There are no strategic groups or focus areas for giving: however, Hunter's donations can be broken down into the following categories:

- Education 35%
- Health 23%
- Social Causes 23%
- Cultural Events 8%
- Community and Civic Causes 10%

Although there is no documented list of organizations with whom Hunter is involved Mr. Olson did suggest that Hunter's previous president and current chairman of the board has been a longtime supporter of women's issues in Calgary and Hunter has held a strong partnership with the Calgary Emergency Women's shelter for over five years. And, in addition, Hunter has an established employee volunteering program within their corporation, where employees may volunteer on company time and in which Hunter will give in-kind donations (such as building supplies) in order to help with volunteer projects that employees are involved with.

APPENDIX B

Corporate Donations: Tax Implications

Oil and gas industry corporations structure their corporate donations in two ways: giving through a private corporate foundation, or writing donations off as legitimate business expenses. In both cases, to be eligible for tax write-offs, donations *must* be made to an organization that is registered as a *Canadian Charity*, under Revenue Canada's designation

Corporations are not legally obligated to donate dollars to federally registered charities; however, as suggested above, to receive the tax credit, such donations must be made to a federally registered charity. Furthermore, a charitable donation can be carried forward into the next tax year whereas a non-charitable donation cannot.

In terms of donations that are given through the corporation as a business expense, assuming that such donations are made to a federally registered charitable organization, tax credits, under Canadian Tax Law, are calculated in the following manner:[29]

- Donations of $200 or less reduce basic federal taxes by 17% of the amount donated.
- Donation amounts above $200 reduce basic federal taxes by 29% of the amount donated.
- Provincial income taxes are calculated as a percentage of basic federal taxes, so the federal tax credit reduces provincial income taxes, too (*except in Quebec, where donations get a separate provincial tax credit.*)

[29] This information comes from Voluntary Roundtable website via the Canadian Center for Philanthropy's website link http: www.ccp.ca information documents gd23.htm which posted the Canadian Voluntary Roundtable's pamphlet entitled "*How to Save Money by Giving it Away*".

- Federal and provincial surtaxes are also calculated as a percentage of basic federal taxes, which further increases the value of the tax credit for charitable donations.
- The tax break for charitable donations is a credit, not a deduction from taxable income - it's subtracted directly from your taxes.

It is also important to address some important changes in Federal Tax Law that occurred in the 1997 federal budget. The 1997 budget included an increase in the income threshold for claiming donations that rose from 20% to 75% of annual income, and a reduction by half in the capital gains tax on gifts to charities of publicly traded securities. What this means is that corporations could now donate up to 75% of their annual income, and, as well, the capital gains tax that corporations must pay on sales of publicly traded securities are decreased by half if they are donated to a federally registered charitable organization.

When giving through a foundation the same tax write off rates apply, although the way in which tax receipts are collected and accounted for are different for foundations than in the case of a business expense. Unlike in a business expense donation, donations through a foundation must be given to a federally registered charity—the foundation cannot choose to give to an organization that is not registered as a charity. In addition, from a financial standpoint, there are major advantages to giving through a foundation that do not come into play for business expenses.[30] Like charitable business donations, a foundation's donations can be carried forward into the next tax year to maximize the receipt of tax credits. Furthermore, unlike in the case of a business, foundations are only

[30] This information comes from an interview I conducted with George Jones, QC, a corporate tax lawyer affiliated with Jones Emery Inc, a Victoria, British Columbia based law firm.

legally required to spend 4.5% of their annual income on charitable activities.[31] What this means is that a foundation can use the remaining 95.5% of their income to increase their growth which will result in increased funds to give away in ensuing years. Theoretically a foundation can grow itself like a business without paying tax and only having to spend a minute percentage of its income on charitable activities. This generates a higher amount of income to give away and in turn creates increased publicity for a given foundation.

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[31] Johnson, Patrick. 1997. Presentation to the House of Commons Standing Committee on Finance. Ontario: Canadian Centre for Philanthropy: http: www.ccp.ca information legal regulatory proposed changes finttee.htm.

APPENDIX C:

Making Your Presence Felt: Marketplace Measurement[32]

How do you measure it? Managed properly, corporate social responsibility should add to the key performance indicators for the business. If it has the opposite effect, the company's approach is not sustainable. A poorly performing company may strive to be socially responsible but enforced downsizing operations will produce a much higher negative impact on society.

The days when all a business had to do was to be profitable are now long gone. But it remains true that a truly socially responsible company is, above all, a profitable one. Certain impact measures are more appropriate for some companies than for others, but, taking legal compliance as read, there is a range of basic measures that are widely applicable:

Checklist of impact indicators

Level 1	Level 2	Level 3
• Companies Just beginning to Measure Progress	• Companies Wishing to Move beyond A Basic Commitment	• Companies Aiming at Further Improvement of their performance
• Number of Customer Complaints Re: Products and Services	• Customer Satisfaction	• The Social Costs of Core benefits/Services
• Advertising Complaints Upheld?	• Customer retention	• Customer loyalty
• Complaints about late payment of Bills	• Provision for Customers with Special needs	• Perception of the Company as a Desirable Commercial Partner
• Upheld Cases of Anti-Competitive Behaviour	• Average Time to Pay Bills To Suppliers	• Extra sales gained attributable to social policy/ cause-related marketing

Key Principles: Integrity, Transparency, Sincerity, Mutual respect, Partnership, Mutual benefit.

[32] Taken from http:/ www.business-impact.org bi impact areas measuring market.cfm Business In The Community's Web Guide to Social responsibility.