THE CHRONICLE OF PHILANTHROPY

Corporate CEO's Say They Feel New Urgency About Solving Social Problems, Report Finds

By Caroline Preston

Most chief executives of large companies say they feel more pressure today than they did five years ago to help solve social and environmental problems, according to a new study. Yet the majority say their corporate philanthropy isn't doing an adequate job of meeting social or business goals.

The report — produced by the Committee Encouraging Corporate Philanthropy, a membership organization in New York for corporate leaders, and based on research by McKinsey and Company, the management-consulting firm, also in New York — surveyed more than 700 chief executives and top leaders at companies in the United States and overseas. It also drew on interviews with 24 of them.

The survey found that 84 percent of executives believe the public expects them to play a bigger role in solving social problems than they were playing a few years ago. Most say their philanthropy can have both social and business benefits.

Thirty-four percent of survey respondents said new business opportunities and social concerns should be given equal weight in crafting corporate-philanthropy programs. Twenty-four percent placed greater emphasis on social issues, while 21 percent said business objectives should take precedence. Just 14 percent said that business interests should play no role in the shaping of philanthropy programs.

But most corporate leaders said their businesses could do a better job of advancing both sets of goals. Only 11 percent said corporate philanthropy was "very effective" or "extremely effective" at meeting both social and business goals.

Giving Goals

The report showed that corporate leaders pursue a range of business goals in their charitable giving.

Ninety percent of respondents who said their giving was "very effective" or "extremely effective" in meeting both social and business objectives, and 69 percent of other respondents, said their company tried to enhance its reputation through philanthropy. Sixty-two percent of those who said their philanthropy successfully achieved both sets of goals, and 42 percent of other leaders, cited building employee leadership as a goal.

Attracting and retaining talented staff members, standing out from competitors, and furthering innovation were among other top business goals for corporate philanthropists in the survey.

The survey also looked at the factors that influence how corporate philanthropists shape their giving programs.

Forty-nine percent of those who said they successfully met social and business goals, and 37 percent of other respondents, cited local needs as a top priority in crafting their giving. Thirty-nine percent of corporate leaders concerned with both objectives gave the potential to make a difference as a main reason, compared with 18 percent of other corporate leaders.

The personal interests of chief executives and trustees was cited by 33 percent of philanthropists in the survey who said they were very effective at meeting both social and business concerns, and 49 percent of others. Aligning with business needs, interest from employees, and company tradition were the next-most-cited factors in shaping corporate giving.

The report, "Capturing the Corporate Philanthropy Opportunity: Insights from CEOs on Achieving Efficient Philanthropy," can be downloaded free from the Committee Encouraging Corporate Philanthropy's Web site.